



Mortgage Backed Security

Pooling and Servicing Agreement

February 12, 2009

§1 Introduction

This article is meant to help interpret the contractual relationships that generally exist in a Pooling and Servicing Agreement (PSA) of a Mortgage Backed Security (MBS). The majority of PSAs look very similar, so the example used in this article will likely correlate with your PSA.

§2 Mortgage Backed Security

To help begin to understand a PSA it is first important to be familiar with Mortgage Backed Securities. Essentially a Mortgage Backed Security is a collection of single mortgage loans gathered into one securitized pool. The pool is then divided into tranches based on the degree of risk and transferred as a whole to a trust. The trust then issues a series of bonds and these bonds

are then sold to investors. It seems like an excessive amount of handling, but the theory is that pooling the loans gives investors opportunities to gain rewards that would not be available in a single loan. Of course, with the opportunity for financial returns, there is always risk involved. However, the theory is, or was, that by creating a diverse pool of loans it will decrease the investors' risk.

§3 Pooling and Servicing Agreement

Once a loan has been securitized, the need for a PSA becomes apparent. The PSA is essentially a contract that exists between the parties involved in the securitization of the loans. This contract will dictate how the investment proceeds and losses will be distributed to the parties and investors. Most important though it will also describe how the Mortgage Backed Security pool of loans will be serviced and transferred from the parties.

§4 Parties Involved in a PSA

In general there are four parties involved in a MBS PSA and each has important responsibilities. The following is a list of the parties most often involved in the securitization of a loan along with their individual responsibilities:

Depositor: The entity that accumulates the mortgages and transfers them to the Trust along with the issuance of the securities to the certificate holders. The Depositor can be the seller of a portfolio of mortgages or an entity established just for the purpose of holding the mortgages until the pool accumulation is completed.

Master Servicer: The Master Servicer services the loans in the pool through maturity and is regularly expected to process all requests made by the borrower. However, if the borrower defaults then they may subcontract duties to a Special or Sub-Servicer but the Master Servicer is still generally responsible for their performance.

Securities Administrator/ Custodian: Responsible for safeguarding the financial assets. The role of a custodian is to hold the assets in safekeeping, arrange settlement of any purchases and sales of securities, and collect information on the income from the assets.

Special Servicer: In the event of a default or other specified incident, the loan's administration is transferred to the Special Servicer. They also have the authority to oversee actions such as loan assumptions. Furthermore, the Special Servicer may have the right to "put" the defaulted loan

back to the loan originator in the event of a document defect or breach of a representation or warranty by the borrower which materially and adversely affects the value of the loan.

Credit Risk Manager: Evaluates the credit risk and communicates with the Trustee.

Trustee: Holds loan documents and distributes payments received from the Master Servicer to the bondholders and is often granted a broad authority regarding aspects of the loan under the pooling and servicing agreement. However, it is usual for them to delegate authority to the Special Servicer or the Master Servicer. Because the Trustee holds the loan documents, the Trustee is the one who will be named in lawsuits or non-judicial foreclosures.

EXAMPLE: THIS POOLING AND SERVICING AGREEMENT, dated as of April 1, 2007, among HSI ASSET SECURITIZATION CORPORATION, as depositor (the “Depositor”), WELLS FARGO BANK, N.A., a national banking association, as master servicer (in such capacity, the “Master Servicer”), as securities administrator (in such capacity, the “Securities Administrator”) and as custodian (in such capacity, “the Custodian”), OFFICETIGER GLOBAL REAL ESTATE SERVICES INC., as credit risk manager (the “Credit Risk Manager”), and DEUTSCHE BANK NATIONAL TRUST COMPANY, a national banking association, as trustee (the “Trustee”).

§5 Contents of a PSA

This section is an overview of what one would expect to find in a MBS PSA along with an interpretation of the intended objective of each Article.

Again, the PSA can most often be found in file 8-K of the Current Report in the Prospectus. As with most large legal documents there is a Table of Contents. The following is an example Table of Contents that are generally found in a PSA:

Article I: Definitions

Article II: Conveyance of Mortgage Loans; Representations and Warranties

Article III: Administration and Servicing of Mortgage Loans

Article IV: Distributions

Article V: Certificates

Article VI: Depositor

Article VII: Default

Article VIII: Concerning the Trustee

Article IX: Administration of the Mortgage Loans by the Master Servicer

Article X: Concerning the Securities Administrator

Article XI: Termination

Article XII: Miscellaneous Provisions

Exhibits

Article I **Definitions**

The following is a list of important terms pulled from this article that are specifically relevant to the relationship and contractual obligations of the PSA.

Assignment of Mortgage: An assignment of the Mortgage, notice of transfer or equivalent instrument in recordable form reflecting the sale of the Mortgage to the Trustee.

Certificateholder or Holder: The person in whose name a Certificate is registered in the Certificate Register, and is the owner of the bond that is sold.

Closing Date: This is the day the agreement starts.

Cut-off Date: This is the day the last loan is allowed into the pool.

Debt Service Reduction: With respect to any Mortgage Loan, a reduction by a court of competent jurisdiction in a proceeding under the United States Bankruptcy Code in the Scheduled Payment for such Mortgage Loan which became final and non-appealable, except such a reduction resulting from a Deficient Valuation or any reduction that results in a permanent forgiveness of principal.

EDGAR: The Security and Exchange Commission Electronic Data Gathering and Retrieval System. This data base can be found at www.sec.gov under the Filing and Forms section.

Final Recovery Determination: With respect to any defaulted Mortgage Loan or any REO Property the Servicer, in its reasonable good faith judgment, expects to be finally recoverable in respect thereof have been so recovered.

Form 8-K Disclosure Information: This form.

Liquidated Mortgage Loan: A defaulted Mortgage Loan (including any REO Property) which was liquidated in the preceding calendar month. As to which a Servicer has certified to the Securities Administrator that it has received all amounts it expects to receive in connection with the liquidation of such Mortgage Loan.

Loan-to-Value Ratio or LTV: As of any date and as to any Mortgage Loan, the ratio (expressed as a percentage) of the outstanding principal balance of the Mortgage Loan in relation to its appraised value at the time of sale or at the time of the refinancing or modification.

MERS: Mortgage Electronic Registration Systems, Inc., is an electronic mortgage filing service that allows for little to no paper work.

Mortgage: The mortgage, deed of trust or other instrument identified on the Mortgage Loan Schedule as securing a Mortgage Note.

Mortgage File: The items pertaining to a particular Mortgage Loan contained in either the Servicing File or Custodial File.

Mortgage Loan: An individual Mortgage Loan that is the subject of this Agreement, each Mortgage Loan originally sold and subject to this Agreement being identified on the Mortgage Loan Schedule.

Mortgage Loan includes: the Mortgage File, the Scheduled Payments, Principal Prepayments, Liquidation Proceeds, Subsequent Recoveries, Condemnation Proceeds, Insurance Proceeds, REO Disposition proceeds, Prepayment Charges, and all other rights, benefits, proceeds and obligations arising from or in connection with such Mortgage Loan, excluding replaced or repurchased Mortgage Loans.

Mortgage Loan Seller: Any entity which sold Mortgage Loans to the Sponsor pursuant to a Transfer Agreement.

Mortgage Loan Schedule: A schedule of Mortgage Loans prepared by the Depositor, delivered to the Trustee on the Closing Date and referred to on Schedule I, such schedule setting forth the Data Tape Information with respect to each Mortgage Loan.

Mortgage Note: The note or other evidence of the indebtedness of a Mortgagor under a Mortgage Loan.

Mortgaged Property: With respect to each Mortgage Loan, the real property (or leasehold estate, if applicable) identified on the Mortgage Loan Schedule as securing repayment of the debt evidenced by the related Mortgage Note.

Mortgagor: The obligor(s) on a Mortgage Note.

REO Property or Real Estate Owned: A Mortgaged Property acquired by the Trust Fund through foreclosure or deed-in-lieu of foreclosure in connection with a defaulted Mortgage Loan.

Responsible Officer: When used with respect to the Trustee, the Securities Administrator, the Master Servicer, any vice president, any assistant vice president, any assistant secretary, any assistant treasurer, any associate, or any other officer of the Trustee, the Securities Administrator or the Master Servicer customarily performing functions similar to those performed by any of the above designated officers who at such time shall be officers to whom, with respect to a particular matter, such matter is referred because of such officer's knowledge of and familiarity with the particular subject and who, in each case, shall have direct responsibility for the administration of this Agreement.

Sub-Servicer: Any Person that services Mortgage Loans on behalf of a Servicer, and is responsible for the performance (whether directly or through sub-servicers or Subcontractors) of servicing functions required to be performed under this Agreement.

Trust Fund: The trust fund consists of (i) the Mortgage Loans and all interest and principal with respect thereto received on or after the related Cut-off Date; (ii) the Collection Account, the

Distribution Account, the Cap Termination Receipts Account, the Cap Replacement Receipts Account the Swap Termination Receipts Account, the Swap Replacement Receipts Account; (iii) property that secured a Mortgage Loan and has been acquired by foreclosure, deed-in-lieu of foreclosure or otherwise; (iv) the Insurance Policies.

Article II

Conveyance of Mortgage Loans; Representations and Warranties

§2.01 Conveyance of Mortgage Loans

This section sets out how the Loans are to be transferred from the Depositor to the Trustee.

- a) The Depositor will sell, transfer, assign, set over and otherwise convey to the Trustee all rights, title and interest with respect to the Mortgage Loans on or after the Cut-Off date.
- b) In connection with the transfer and assignment of each Mortgage Loan, the Depositor delivers the Custodian the original Mortgage Note. If the original Mortgage Note cannot be located then the Mortgage Loan Seller must send an affidavit and record of the Mortgage being recorded in a public recording office. If the Mortgage had been previously assigned there must be evidence of the complete chain of ownership from the originator to the last assignee.
- c) The parties agree that is the policy and intention to acquire Mortgage Loans meeting the requirements set forth in the Transfer Agreements and in the Purchase Agreements.
- d) The Trustee has the power and authority to accept the sale, transfer, and assignment for the Trustee of the right, title and interest that is held by the Depositor.

§2.02 Acceptance by the Custodian of the Mortgage Loans

The Custodian will hold the documents named in §2.01 for the benefit of the present and future investors. The Custodian is required to inform the Depositor, Securities Administrator, the Trustee and the Servicer by facsimile certifying that they received the Mortgage Note and Assignment of Mortgage for each Mortgage Loan (exhibit E). Furthermore, within 90 days of the Closing Date the Custodian shall have all of the required documents for each Mortgage Loan listed in the Mortgage Loan Schedule. This basically means that they must have every document for every Mortgage Loan within 90 days of the Closing Date.

§2.03 Remedies for Breaches of Representation and Warranties with Respect to the Mortgage Loans

a) Upon the removal of a Deleted Mortgage Loan the Custodian shall release the Mortgage File to the applicable Mortgage Loan Seller and the Trustee. Upon receipt of a Request for Release, all amounts required to be deposited have been deposited in the related Collection Account. The Trustee shall execute and deliver at the applicable Mortgage Loan Seller's direction such instruments of transfer or assignment prepared by the applicable Mortgage Loan Seller that are necessary to vest title in the applicable Mortgage Loan Seller of the Trustee's interest in any Deleted Mortgage Loan substituted for pursuant to this Section 2.03.

b) The Sponsor shall indemnify the Depositor, any of its Affiliates, the Master Servicer, each Servicer, the Securities Administrator, the Trustee and the Trust and hold such parties harmless against any losses, damages, penalties, judgments and other costs and expenses resulting from any third party claim resulting from, a breach by the Sponsor of any of its representations and warranties or obligations contained in this Agreement.

c) Upon receipt of a Request for Release, at the direction of the Servicer, the Custodian shall release the Custodial File to the related Mortgage Loan Seller or the Sponsor. The Trustee shall execute and deliver instruments of transfer or assignment as shall be necessary to transfer title from the Trustee. The Securities Administrator shall notify each Rating Agency of a purchase of a Mortgage Loan pursuant to this Section 2.03 or pursuant to a Transfer Agreement.

d) The Trustee acknowledges that the Sponsor shall not have any obligation or liability with respect to any breach of a representation or warranty made by it with respect to a Mortgage Loan sold by it provided that such representation or warranty was also made by a Mortgage Loan Seller with respect to the related Mortgage Loan.

The representations and warranties of the Sponsor and assigned to the Trustee by the Depositor shall survive the transfer of the Mortgage Loans by the Depositor to the Trustee on the Closing Date. It will insure the benefit of the Trustee and the Certificateholders any restrictive or qualified endorsement on any Mortgage Note or Assignment of Mortgage and shall continue throughout the term of this Agreement. Upon the discovery by any of the Sponsor, the Depositor, the Securities Administrator, the Trustee, the Master Servicer or any Servicer of a breach of any of the Sponsor's representations and warranties the party discovering the breach shall give prompt written notice to the others.

§2.04 Execution and Delivery of Certificates

The Trustee acknowledges that the execution and delivery of the Certificates are in authorized denominations evidencing the entire ownership of the Trust Fund.

§2.05 REMIC Matters

This states that the Preliminary Statement (which can be found prior to the Table of Contents) sets forth that the Trust meets federal income tax code for Real Estate Mortgage Investment Conduits (REMIC).

§2.06 Representation and Warranties of the Depositor

The Depositor warrants and covenants that as of the date of the agreement that:

- a) They exist in good standing under Delaware law;
- b) They have the power to convey the Mortgage Loans and enter into these types of agreements;
- c) They understand they are entering into a legally binding agreement;
- d) That it is not required to inform any governmental authority of the transactions prior to the Closing Date;
- e) That this agreement does not break any of their by-laws or breach other agreement that they are a part of or violate any law, rule, or regulation;
- f) There are no actions or investigations against them;
- g) They are not in default with any government;
- h) That they had good title and was the sole owner of each Mortgage Loan and that they transferred all interest in each Mortgage Loan to the Trustee.

Article III

Administration and Servicing of Mortgage Loans

§3.01 Establishment of Certain Accounts

This section sets forth how the Securities Administrator will set up the Excess Fund Account and Distribution Account. The sub-sections of §3.01 go into further detail as to how the Securities Administrator maintain the Distribution Account and how the Servicers pay into the Distribution Account.

§3.02 Investment of Funds in Distribution Account

The Securities Administrator may invest funds from the Distribution Account and any income gained by the investment is for the benefit of the Securities Administrator. However, if there is a loss then the Securities Administrator is liable to the Trust for that amount.

§3.03 Report on Assessment of Compliance with Relevant Servicing Criteria

This section sets forth a policy that once a calendar year the Master Servicer, the Securities Administrator and the Custodian will furnish a report on an assessment of compliance with the Relevant Servicing Criteria set forth in Exhibit S to the Securities Administrator and the Depositor. The report will contain a statement regarding each party's assessment of compliance

with the Relevant Servicing Criteria, including, any material instance of noncompliance with the Relevant Servicing Criteria.

Furthermore, after receipt of the report the Depositor will review each such report and consult with the Master Servicer, the Securities Administrator, the Custodian, as to the nature of any material instance of noncompliance. Furthermore, the Securities Administrator shall confirm that the assessment addresses all of the Servicing Criteria for each party as set forth on Exhibit S or in the applicable Servicing Agreement.

The Master Servicer will enforce any obligation of each Servicer and submit an annual report on assessment of compliance to the Securities Administrator within the time frame set forth in the Servicing Agreement.

§3.04 Report on Attestation of Compliance with Relevant Servicing Criteria

This section sets forth a policy that once a calendar year the Master Servicer, the Securities Administrator and the Custodian will furnish a Certified Public Accountants to furnish an attestation report to the Securities Administrator and the Depositor. The attestation report includes information regarding the Relevant Servicing Criteria.

§3.05 Annual Officer's Certificates

The Master Servicer and the Securities Administrator will deliver an Officer's Certificate to the Depositor which states that the Officer reviewed the business activities of their party. Furthermore, the Certificates must adhere to the standards of the Sarbanes-Oxley Act.

§3.06 Indemnification

The Depositor, Master Servicer, Securities Administrator, Custodian, Trustee, and any Servicing Participant are considered an "Indemnifying Party." In the case that any one of those parties fail to submit any required information, data or materials that party is indemnified and held harmless from and against any and all claims, losses, damages, penalties, fines, forfeitures, reasonable legal fees and related costs, judgments and other costs and expenses. So long as that dispute arose out of or based upon (a) any breach by such party of any if its obligations hereunder; (b) any material misstatement or omission in any information, data or materials provided by such party including any material misstatement or material omission, or (c) the negligence, bad faith or willful misconduct in connection with its performance hereunder.

If the indemnification provided is unavailable or insufficient to hold the party harmless then each Indemnifying Party agrees that it shall contribute to the amount paid or payable as a result of any claims, losses, damages or liabilities incurred by the at fault party. Furthermore, the indemnification shall survive the termination of this Agreement or the termination of any party to this Agreement.

The Depositor, the Securities Administrator, the Custodian and the Trustee shall immediately notify the Master Servicer if a claim is made by a third party with respect to this Agreement or the Mortgage Loans. Whereupon, the Master Servicer shall assume the defense of any such claim and pay all expenses to discharge and satisfy any judgment. If any indemnified parties

have a conflict of interest with respect to any such claim, the indemnified party shall have the right to retain separate counsel.

§3.07 Advances

This section states a number of ways that the advances can be made to the pursuant to the Servicing Agreement.

Article IV **Distributions**

§4.01 The Distribution Account

The Master Servicer will deposit the funds collected into Distribution Account pursuant to the Servicing Agreements.

§4.02 Priorities of Distribution

On each Distribution Date the Securities Administrator will distribute payments pursuant to REMIC standards. Furthermore, this section states how the funds will be distributed to different sets of investors. The investors will often times set up accounts to invest in different classes or tranches. The classes with the less risk will be paid first with the higher risk classes to be paid last.

§4.03 Monthly Statements to Certificateholders

The Securities Administrator is required to have a report available on each Distribution Date for the Master Servicer, the Servicers, the Credit Risk Manager, the Depositor, the Trustee, and each Certificateholder. The report will have information about the balances and interest in each of the accounts. More importantly, the report will have the following (1) the number and aggregate outstanding principal balances of Mortgage Loans that are delinquent 31 to 60 days, 61 to 90 days and 91 or more days, (2) that have become REO Property, (3) that are in foreclosure and (4) that are in bankruptcy, as of the close of business on the last Business Day of the immediately preceding month.

§4.04 Certain Matters Relating to the Determination of LIBOR

This section basically states that the Securities Administrator will use the London Interbank Offered Rate (LIBOR) to determine interest. However, they have option of choosing which Reference Bank that will determine the LIBOR.

§4.05 Allocation of the Applied Realized Loss Amount

The Securities Administrator will apply a loss to the Class M Certificates.

§4.06 Supplemental Interest Trust

The section requires the Securities Administrator to set up a Supplemental Interest Trust for the purpose of managing Permitted Investments and Swap accounts. A Swap is a side agreement between two parties to exchange or insure future cash flows.

§4.07 Rights of the Swap Counterparty

The Swap Counterparty shall be deemed a third-party beneficiary of this Agreement to the same extent as if it were an original party and shall have the right to enforce its rights under this Agreement.

§4.08 Termination Receipts

This section details what would happen if a Swap is terminated and where the money invested will be deposited.

Article V The Certificates

This article gives information in regard to how the certificates are originated and how they can be transferred. A certificate in this context is basically legal proof of ownership in a specific Class. The section also gives information on who can be deemed an owner and how a list of the owners.

Article VI The Depositor

§6.01 Liabilities of the Depositor

The Depositor is liable for the obligations set forth in this section.

§6.02 Merger or Consolidation of the Depositor

The Depositor will remain a franchise or corporation under the laws of the United States for the purposes of protecting the validity and enforceability of the Agreement and any of the Mortgage Loans.

§6.03 Limitation on Liability of the Depositor and Others

The section begins by stating that neither the Depositor nor its agents are liable to the Certificateholders for any act or omission to act that is made in good faith or error of judgment. The Depositor may rely in good faith on any document of any kind properly executed and submitted by any Person respecting any matters arising hereunder. The Depositor shall be indemnified by the Trust Fund and held harmless against any loss, liability or expense incurred in connection with any audit, controversy or judicial proceeding relating to government taxing, or any legal action relating to this Agreement. However, that

excludes any loss, liability or expense related to any specific Mortgage Loan or Mortgage Loans. Furthermore, the Depositor would be liable for any breach of representations or warranties, willful misfeasance, bad faith, negligence, or reckless disregard of obligations and duties. The Depositor is not under any obligation to appear in any legal action that is not in relation to its duties. However, the Depositor may in its discretion undertake any such action that it may deem necessary or desirable.

Article VII **Default**

§7.01 Master Servicer to Act; Appointment of Successor

The Master Servicer or Trustee can decide to terminate any Sub-Servicer and appoint a new Servicer without limitation. If they decide to terminate a Sub-Servicer then they will have a period (not to exceed 90 days) to complete the transfer of all servicing data and correct or manipulate servicing data as may be required to correct any errors or insufficiencies to service the Mortgage Loans properly and effectively.

Any successor to a Servicer shall be an institution which is willing to service the Mortgage Loans and which executes and delivers to the Depositor, the Master Servicer and the Trustee an agreement accepting all of the rights, powers, duties, responsibilities, obligations, and liabilities of Servicer, as if originally named as a party to such Servicing Agreement.

§7.02 Notification of Certificateholders

The Securities Administrator is required to notify the Certificateholders if there is a termination of a servicer.

Article VIII **Concerning the Trustee**

§8.01 Duties of the Trustee

In the event that the Master Servicer is unable to perform its duties pursuant to this Agreement the Trustee has the power to act as the Servicer. In that case the Trustee is to be furnished with all of the documents the Master Servicer held. Upon receipt the Trustee shall examine the documents but is not responsible for the accuracy or content. However, the Trustee is not to be relieved of any liability for negligence or willful misconduct.

- a) No implied covenants or obligations shall be read into this Agreement. The Trustee can rely that the documents are true and correct.
- b) The Trustee shall not be liable for error in judgment made in good faith unless the Trustee was negligent in ascertaining pertinent facts.
- c) The Trustee shall not be liable for any action taken in good faith for the Certificate Holders.

§8.02 Certain Matters Affecting the Trustee

- a) The Trustee can rely upon any document believed to be true and shall not have any responsibility to confirm the genuineness.

- b) The Trustee can receive advice from counsel or advisors that is done in good faith.
- c) The Trustee is not liable for any action or omission taken in good faith.
- d) The Trustee does not need to investigate any matters dealing with the genuineness of the documents unless requested by 25% of the Certificateholders.
- e) The Trustee may perform duties through its agents and is not responsible for the negligence of any agent appointed with due care.
- f) The Trustee is not required to expend its own funds in performance of its duties.
- g) The Trustee is not liable for any loss on investment pursuant to this Agreement.
- h) The Trustee is not responsible for knowledge of a Master Servicer being unable to perform until receiving written notice from the Master Servicer.
- i) The Trustee is not obligated to conduct or defend any litigation

§8.03 Trustee Not Liable for Certificates or Mortgage Loans

This section states that the Trustee assumes not responsibility for the correctness of and document related to this agreement or the Mortgage Loans. Furthermore, they state that the Trustee is not responsible to maintain the perfection of any security interest or lien granted to it.

§8.04 Trustee May Own Certificates

The Trustee may own or pledge Certificates.

§8.05 Trustee Fees Indemnification and Expense-

- a) The Trustee is compensated by the Master Servicer own funds pursuant to a separate agreement. The Trustee cannot put a lien on the Trust for the payment of fees.
- b) The Trustee can be reimbursed for any liability or expense associated with any claim or legal action. There are a number of exceptions which include willful misconduct or bad faith by the Trustee.

§8.06 Eligibility Requirements for the Trustee

The Trustee must be a corporation operating under United States law. This section also requires that the corporation have fifty million dollars in capital pursuant to federal authority and if it fails to do so the Trustee shall resign.

§8.07 Registration and Removal of the Trustee

The Trustee can resign or be removed at any time. If the Trustee does resign they must give written notice 60 days in advance.

§8.08 Successor Trustee

When a successor Trustee is appointed they must be eligible under 8.06 and must inform the Depositor, Servicers, and Certificateholders.

§8.09 Merger or Consolidation of Trustee

Any corporation that merges or consolidates must be eligible under 8.06.

§8.10 Appointment of Co-Trustee or Separate Trustee

The Trustee can appoint co-trustees or separate trustees and are said to have the same right and powers as the Trustee. No Trustee shall be held personally liable and the Trust Fund will be liable for payments.

§8.11 Tax Matters

This section states that the assets are intended to be qualify as Real Estate Mortgage Investment Conduits (REMIC) as defined by the Internal Revenue Service. Furthermore, it states that it is the Securities Administrator's responsibility to act as the agent to prepare, file, and maintain the REMIC assets.

§8.12 Commission Reporting

The Securities Administrator is responsible for preparing and filing reports with the Securities and Exchange Commission via EDGAR.

Article IX

Administration of the Mortgage Loans by the Master Servicer

§9.01 Duties of the Master Servicer; Enforcement of Servicer's Obligations

This section delineates the contractual obligations of the Master Servicer.

- a) The Master Servicer will, in good faith, monitor the obligations and performance of the Sub-Servicers as it relates to the Servicing Agreement.
- b) The Maaster Servicer or the Trustee pay the cost of monitoring the Sub-Sericers.
- c) If the Master Servicer or Trustee replace a Sub-Servicer as successor, the successor does not assume liability for the representations and warranties of the replaced Sub-Servicer.
- d) Only the Master Servicer or Trustee can legally consent to the assignment of Sub-Servicer's obligations.

§9.02 [Reserved]

§9.03 [Reserved]

§9.04 Maintenance of Fidelity Bond and Errors and Omissions

This section sets forth that the Master Servicer is required to have a blanket fidelity bond and an insurance policy that covers any errors or omissions in the performance of the its obligations. Furthermore, the insurance policy and fidelity bond should be in an amount generally acceptable for master servicers or trustees.

§9.05 Representation and Warranties of the Master Servicer

- a) The Master Servicer represents and warrants that as of the Closing Date:
 - i. They are a national banking association in good standing and have the power to transact in any and all business contemplated in this agreement;
 - ii. That this agreement does not break any of their by-laws or breach other agreement that they are a part of or violate any law, rule, or regulation;
 - iii. They understand they are entering into a legally binding agreement;
 - iv. They are not in default with any government;
 - v. They are not a party to or bound by any agreement or charter provision that would adversely affect its ability to perform its obligations.
 - vi. There are no actions or investigations against them;
 - vii. That it is not required to inform any governmental authority of the transactions prior to the Closing Date;
- b) If the Master Servicer materially breaches their representation and warranties set forth in §9.05 they will indemnify the Depositor, Securities Administrator, and Trustee.

§9.06 Master Servicer Event of Default

The following constitute an Event of Default:

- a) Failure to deposit a payment made by a Sub-Servicer into the Distribution Account for longer than two days;
- b) Failure to observe or perform any covenants that continue unresolved for thirty days;
- c) An order of the court entered against the Master Servicer for liquidation or bankruptcy that is unresolved for sixty days or more;
- d) If the Master Servicer attempts to assign its duties and obligations to another party without the consent of the Depositor or Securities Administrator;
- e) If the Master Servicer is indicted for fraud or criminal activity in performance of its duties under this Agreement;
- f) Failure of the Master Servicer to provide annual statements of compliance.

§9.07 Waiver of Default

An Event of Default can be waived by the Trustee along with 51% of the Certificateholders votes.

§9.08 Successor Master Servicer

Upon termination of a Master Servicer the Depositor will appoint a successor. The successor must be an approved Fannie Mae or Freddie Mac servicer in good standing. In the event the Master Servicer is terminated they still must perform their duties until a successor is appointed. If no successor can be appointed within ninety days the Trustee will become the successor and be subject to the liabilities of the former Master Service but will not be obligated to monitor Sub-Servicers.

§9.09 Compensation of the Master Servicer

The Master Servicer is paid the Master Servicing Fee. The Master Servicing Fee can generally be found in the Definitions.

§9.10 Merger or Consolidation

Any Person that is merged or consolidates with the Master Servicer must agree to service the Mortgage Loans in accordance with Fannie Mae and Freddie Mac guidelines and have a net worth no less than twenty-five million dollars.

§9.11 Resignation of the Master Servicer

This section states that the Master Servicer cannot resign unless it is no longer allowed, by law, to be the Master Servicer. If the Master Servicer does resign then it is not effective until another Master Servicer assumes the duties. In this PSA the Master Servicer and the Security Administrator are the same company therefore if the company resigns as the Master Servicer it must also resign as the Securities Administrator.

§9.12 Assignment or Delegation of Duties by the Master Servicer

The Master Servicer is not allowed to assign its duties or obligations to anyone unless the upon written consent of the Depositor.

§9.13 Limitation on Liability of the Master Servicer

The Master Servicer is has no liability to the Trustee or Certificateholders for any act, omission, or error in judgment made in good faith. However, the Master Servicer will be liable for willful misfeasance, bad faith, negligence, or reckless disregard for its obligations. The Master Servicer is not liable for any acts or omissions of any Sub-Servicer. However, the Master Servicer can be liable if the Sub- Servicer acts with willful misfeasance, bad faith, negligence, or reckless disregard for its obligations.

The Master Servicer may rely in good faith on any document that is properly executed and submitted.

The Master Servicer is under no obligation to appear in any legal action that is not in relation to its duties. However, the Master Servicer may in its discretion undertake any such action that it may deem necessary or desirable.

§9.14 Indemnification; Third Party Claims

The Master Servicer indemnifies the Trustee as successor master servicer from any claims that the Trustee may sustain as a result of liability or obligations of the Master Servicer and in connection with the Trustee's assumption of the Master Servicer's obligations, duties or responsibilities under such agreement.

The Trust will indemnify the Master Servicer against any and all claims that the Master Servicer may incur in connection with this Agreement. The Master Servicer would be entitled to reimbursement for any indemnified amount. However, if the liability or expense is related to

- i) a material breach of the Master Servicer's representations and warranties,
- ii) the Master Servicer's willful malfeasance, bad faith or negligence or by reason of its reckless disregard of its duties and obligations or
- iii) failure to provide the assessment, attestation and annual statement of compliance in accordance with Sections 3.03, 3.04 and 3.05

The Master Servicer is not liable for any action taken by a Servicer with respect to loss mitigation of defaulted Mortgage Loans at the direction of the Credit Risk Manager pursuant to a Credit Risk Management Agreement. Furthermore, the Master Servicer is not liable for the performance of a Servicer under any Credit Risk Management Agreement.

§9.15 Duties of the Credit Risk Manager

This section begins by stating the name of the Credit Risk Manager. The Credit Risk Manager provides reports and recommendations in relation to delinquent and defaulted Mortgage Loans, and the collection of Prepayment Charges. The reports are based on information given in a Monthly Statement by the Master Servicer and Sub-Servicers.

§9.16 Limitation Upon Liability of the Credit Risk Manager

The Credit Risk Manager has no liability to the Trustee, Securities Administrator, Depositor, or Certificateholders for any act, omission, or error in judgment made in good faith. However, the Credit Risk Manager will be liable for willful misfeasance, bad faith, negligence, or reckless disregard for its obligations. The Master Servicer is not liable for any acts or omissions of any Sub-Servicer. However, the Master Servicer can be liable if the Sub-Servicer acts with willful misfeasance, bad faith, negligence, or reckless disregard for its obligations. The Credit Risk Manager may rely in good faith upon the accuracy of any document furnished by the Servicers.

§9.17 Removal or Resignation of Credit Risk Manager- This section allows for the Credit Risk Manager to be removed by the Certificateholders by a two-thirds vote. The section also states that five years from the date of the Agreement and annually thereafter the Credit Risk Manager can resign or be terminated by the Depositor.

Article X

Concerning the Securities Administrator

§10.01 Duties of Securities Administrator

The Securities Administrator is responsible for obtaining all of the documents in the Agreement and examine them to make sure they are in the required form specified in the Agreement. However, the Securities Administrator is not responsible for the accuracy or content of the document. If the Securities Administrator finds that a document does not conform to the requirements then they are to request a corrected document. If at that time they do not receive a corrected document then they must notify the Certificateholders.

The Securities Administrator is not to be relieved of any liability for negligence or willful misconduct.

- a) The Securities Administrator is only liable for the duties set forth in the Agreement. No implied covenants or obligations shall be read into this Agreement. The Securities Administrator can rely on the documents furnished to them as true and correct.
- b) The Securities Administrator shall not be liable for error in judgment made in good faith unless the Trustee was negligent in ascertaining pertinent facts.
- c) The Securities Administrator shall not be liable for any action taken in good faith for the Certificate Holders.
- d) The Securities Administrator shall have no liability for the acts or omission of the Master Servicer or the Trustee.

§10.02 Certain Matters Affecting the Securities Administrator

- a) The Securities Administrator can rely upon any document believed to be true and shall not have any responsibility to confirm the genuineness.
- b) The Securities Administrator can receive advice from counsel or advisors that is done in good faith.
- c) The Securities Administrator is not liable for any action or omission taken in good faith.
- d) The Securities Administrator does not need to investigate any matters dealing with the genuineness of the documents unless requested by 25% of the Certificateholders.
- e) The Securities Administrator may perform duties through its agents and is not responsible for the negligence of any agent appointed with due care.
- f) The Securities Administrator is not required to expend its own funds in performance of its duties.
- g) The Securities Administrator is not responsible for the performance or obligations of the Master Servicer or the Trustee.
- h) The Securities Administrator is generally not obligated to conduct or defend any litigation that is not incidental to its duties.

§10.03 Securities Administrator Not Liable for Certificates or Mortgage Loans

The Securities Administrator assumes no responsibility for the correctness of the Certificates because the Certificates are statements of the Depositor. The Securities Administrator makes no representation or warranty of any Mortgage Loan or related document. The Securities Administrator executes the Certificates on behalf of the Trust Fund and not in its individual capacity or personal undertaking.

§10.04 Securities Administrator May Own Certificates

The Securities Administrator may own or pledge Certificates.

§10.05 Securities Administrator Fees and Expense

- a) The Securities Administrator is compensated from the investment funds earned from the Distribution Account during the Float Period. The Trustee cannot put a lien on the Trust for the payment of fees.

- b) The Securities Administrator can be indemnified by the Trust for any liability or expense associated with a claim or legal action. However, there are a number of exceptions which include willful misconduct or bad faith by the Trustee.

§10.06 Eligibility Requirements for the Securities Administrator

The Securities Administrator must be a corporation operating in good standing under United States law. This section also requires that the corporation have fifty million dollars in capital pursuant to federal authority and if it fails to do so the Securities Administrator shall resign.

§10.07 Registration and Removal of the Securities Administrator

The Securities Administrator can resign or be removed at any time. If the Trustee does resign they must give written notice 60 days in advance.

§10.08 Successor Securities Administrator

When a successor Securities Administrator is appointed they must be eligible under 10.06 and must inform the Depositor, Servicers, and Certificateholders.

§10.09 Merger or Consolidation of Securities Administrator

Any corporation that merges or consolidates must be eligible under 10.06.

§10.10 Assignment or Delegation of Duties by the Securities Administrator

The Securities Administrator is not allowed to assign its duties or obligations to anyone unless the upon written consent of the Depositor.

Article XI

Termination

§11.01 Termination upon Liquidation or Purchase of the Mortgage Loans

This section gives information on how the purchase price will be calculated in the event of liquidation or an Option to Purchase the Mortgage Loans.

§11.02 Final Distribution on the Certificates

This section states how the Final Distribution will be announced and paid in the event of maturity or purchase.

§11.03 Additional Termination Requirements

In the event of an Option to Purchase the Trust Fund will terminate and the Securities Administrator must give REMIC information to the buying party.

Article XII

Miscellaneous Provisions

§12.01 Amendment

This section list the reasons why the Agreement may be amended at anytime. There is a clear policy that an amendment cannot be made to adversely affect the Certificateholders.

Furthermore, the Agreement can be amended to maintain qualification with REMIC standards and avoid any tax with regards to any REMIC.

If there are any amendments made the Certificateholders and Rating Agency must be notified.

§12.02 Recordation of Agreement; Counterparts

The Agreement is to be recorded in all appropriate public offices for real property records in all jurisdictions in which the Mortgaged Properties are situated. The recordation of the Agreement can take place simultaneously with the use of counterparts. Furthermore, those counterparts constitute as the original instrument.

§12.03 Governing Law

This section states the applicable governing law.

§12.04 Intention of Parties

It is Depositor's intention to convey all right, title and interest in the property as a sale of property not a grant of security interest to secure a loan.

However, if the conveyance is deemed to be a security interest then: (i) the rights and obligations of the parties are pursuant to the Agreement; (ii) the Trustee is obligated to secure payment of the certificates; (iii) the Agreement constitutes a security agreement under the governing law.

If the Agreement is deemed to be a security interest in the Mortgage Loans the Depositor must take reasonable actions to ensure that the security interest is perfected and maintained under applicable law. The Depositor will make all initial fillings and forward a copy to the Trustee.

Furthermore, the Depositor must prepare and file the necessary documents to perfect the Trustee's security interest or lein on the Mortgage Loans. Those documents include: any change of name or jurisdiction of the Depositor, Sponsor, or Trustee; any transfer of interest of the Sponsor or Depositor in any Mortgage Loan; any change under relevant UCC or other applicable laws.

§12.05 Notices

This section set forth a number of causes that the Securities Administrator must notify the Rating Agency. Included in the list is the repurchase or substitution of Mortgage Loans.

§12.06 Severability of Provision

Each provision in the Agreement is considered severable so that if one provision is found to be invalid it does not affect the validity or enforceability of any other provision.

§12.07 Certificates Nonassessable and Fully Paid

The Certificateholders shall not be personally liable for the obligations of the Trust Fund.

§12.10 Rules of Construction

This states that the article and section heading are only for the purpose of making the document convenient to read and are to show the intent of the parties.

§12.11 Waiver of Jury Trial

This section states that each party waives their right to a jury trial and that any dispute will be tried before a judge.