

**PARTICIPATION AND SERVICING AGREEMENT**

**BY AND BETWEEN**

**INDYMAC VENTURE, LLC**

**AND**

**THE FEDERAL DEPOSIT INSURANCE CORPORATION**

**AS RECEIVER FOR**

**INDYMAC FEDERAL BANK, FSB**

**Dated as of March 19, 2009**

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**Exhibits**

Exhibit A	Loan Schedule
Exhibit B	Form of Account Control Agreement
Exhibit C	Form of Custodial Agreement
Exhibit D	Form of Electronic Tracking Agreement
Exhibit E	Form of Servicing Agreement
Exhibit F	Form of Participation Certificate
Exhibit G	Form of Monthly Report
Exhibit H	Form of Transfer Supplement

## PARTICIPATION AND SERVICING AGREEMENT

THIS PARTICIPATION AND SERVICING AGREEMENT (as the same shall be amended or supplemented, this “**Agreement**”) is made and entered into as of the 19th day of March, 2009 by and between INDYMAC VENTURE, LLC, a Delaware limited liability company (the “**Company**”), and THE FEDERAL DEPOSIT INSURANCE CORPORATION AS RECEIVER FOR INDYMAC FEDERAL BANK, FSB (including its successors and assigns, the “**Participant**”).

### RECITALS

WHEREAS, on July 11, 2008, the FDIC (as defined below) was appointed Receiver for IndyMac Bank, FSB (the “**Failed Thrift**”) and certain assets and obligations of the Failed Thrift were transferred to a newly-formed thrift, IndyMac Federal Bank, FSB (“**IndyMac Federal**”), for which the FDIC was appointed Conservator (the “**Conservator**”), and on the date hereof, the FDIC was appointed Receiver for IndyMac Federal (the “**Receiver**”);

WHEREAS, under the Federal Deposit Insurance Act, as amended, the FDIC is authorized to sell or otherwise dispose of the assets of thrift institutions for which it serves as conservator or receiver;

WHEREAS, the Receiver owns the Loans (as defined below) described on the Loan Schedule (as defined below) attached hereto as Exhibit A;

WHEREAS, the Receiver has formed the Company and holds the sole membership interest in the Company (the “**LLC Interest**”);

WHEREAS, the Receiver and the Company have entered into an Asset Contribution and Assignment Agreement dated as of even date hereof (the “**Contribution Agreement**”), pursuant to which the Receiver has agreed to make a capital contribution of and transfer and convey all of the Receiver’s right, title and interest in and to the Loans to the Company, and the Company has agreed to transfer and convey to the Receiver a participation interest in the Loans (evidenced by a participation certificate), as more fully set forth herein;

WHEREAS, pursuant to the Limited Liability Company Interest Sale and Assignment Agreement dated as of even date hereof (the “**LLC Interest Sale Agreement**”), the Receiver has agreed, subject to the terms and conditions of the LLC Interest Sale Agreement and the other Ancillary Documents, to sell and transfer the LLC Interest to OneWest Ventures Holdings LLC (the completion of such sale, the “**Closing**”); and

WHEREAS, the Participant and the Company desire to memorialize their agreement relating to such participation interest and certain other matters as set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and agreements hereinafter contained, and for other good and valuable consideration the receipt and

sufficiency of which are hereby acknowledged, the Participant and the Company hereby agree as follows.

## ARTICLE I

### **DEFINITIONS AND CONSTRUCTION**

Section 1.01 Definitions. For purposes of this Agreement, the following terms shall have the meanings and definitions hereinafter respectively set forth:

“**Acceptable Rating**” means any of the top three rating categories that may be assigned to any security, obligation or entity by the Rating Agencies.

“**Account Control Agreement**” means an agreement substantially in the form of Exhibit B, with such commercially reasonable changes as may be requested by the Eligible Institution thereunder and agreed to by the Company, as the same may be supplemented or modified.

“**Acquired Collateral**” means real or personal property to which title is acquired by the Company by foreclosure, by deed in lieu of foreclosure, by power of sale or by sale pursuant to the Uniform Commercial Code, in any such case in accordance with the Loan Documents.

“**Adjustment Date**” means, as to each Loan, the date on which the Mortgage Interest Rate is adjusted in accordance with the terms of the related Note and Mortgage.

“**Affiliate**” means, with respect to any specified Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified Person); provided, however, that for purposes of this Agreement, the Participant shall not be deemed to be an Affiliate of the Company or of any Affiliate of the Company. For purposes of this definition, the term “**control**” (including the phrases “**controlled by**” and “**under common control with**”) when used with respect to any specified Person means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or interests, by contract or otherwise.

“**Agreement**” has the meaning given in the preamble and shall include all exhibits and schedules hereto.

“**Ancillary Documents**” means the Contribution Agreement, the LLC Interest Sale Agreement (and the Guaranty required to be delivered thereby), the Company Operating Agreement, the Servicing Agreement, the Custodial Agreement, the Electronic Tracking Agreement, the Master Purchase Agreement and the FDIC Guaranty, in each case once executed and delivered, and any and all other agreements and instruments executed and delivered contemporaneously in connection with the Closing, including all Account Control Agreements entered into pursuant to the terms hereof.

**“Authorized Funding Draw”** means any principal advance after the Closing Date with respect to a Loan listed on the Loan Schedule (which shall include any unfunded principal commitment that is permitted to be allocated to an interest reserve pursuant to the Loan Documents and is set forth in the column of the Loan Schedule entitled “Undisbursed Balance - Interest Reserve”), up to the Maximum Authorized Funding Draw; provided, however, that (i) if required by applicable Law or if otherwise deemed necessary by the Company and the related Loan Documents provide for the Company’s right to request the same, an endorsement to the title policy insuring the Loan, which endorsement shall be in form and content acceptable to the Company, is obtained that (a) brings down the effective date of the title policy to the date on which the applicable Authorized Funding Draw it covers is made, (b) increases the liability limit of the title policy by an amount at least equal to the principal amount of such Authorized Funding Draw, and (c) contains no new exceptions to title that have not been authorized or consented to by the Company in accordance with the Servicing Standard prior to the time the request for such principal advance is made; (ii) notwithstanding the Servicing Standard, the Company shall make or permit an Authorized Funding Draw if the then outstanding principal balance of the Loan exceeds the value of the Collateral (as reasonably determined by the Company or the Servicer) only if the Company determines, in its reasonable judgment, that the Borrower is reasonably likely to be able to repay the Loan or that the making of the Authorized Funding Draw is in the best interests (in terms of maximizing the value of the Loan) of the Company and the Participant; and (iii) such advance is made in accordance with the terms of the Loan and the Loan Documents; provided, however, if any term with respect to the Loan or the Loan Documents precludes such advance in the event of a Borrower default, such term may be waived if the Company determines, in its reasonable judgment, that such waiver is in the best interests of the Company and the Participant in terms of maximizing the value of the Loan.

**“Borrower”** means the borrower or other obligor with respect to a Loan.

**“Business Day”** means any day except a Saturday, Sunday or other day on which federal savings banks in California, New York or Washington, D.C. or United States federal government offices are required or authorized by Law to close.

**“Clean-Up Call”** has the meaning given in Section 9.01.

**“Closing”** has the meaning given in the recitals.

**“Closing Date”** means the date on which the Closing occurs.

**“Code”** has the meaning given in Article XI.

**“Collateral”** means any and all real or personal property, whether tangible or intangible, securing or pledged to secure a Loan, including any account, equipment, Guarantee or contract right, or other interest that is the subject of any Collateral Document and, as the context requires, includes Acquired Collateral, whether or not expressly so specified.

**“Collateral Document”** means any pledge agreement, security agreement, personal or corporate guaranty, deed of trust, deed, mortgage, contract for the sale of real property, assignment, collateral agreement or other agreement or document of any kind, whether an original or a copy, whether similar to or different from those enumerated, (i) securing in any

manner the performance or payment by any Borrower of its obligations or the obligations of any other Borrower under any of the Loans or the Notes evidencing the Loans or (ii) evidencing the Acquired Collateral.

**“Collection Account”** means one or more segregated trust or custodial accounts established and maintained with an Eligible Institution for the sole purpose of holding and distributing Loan Proceeds.

**“Company”** has the meaning given in the preamble.

**“Company Operating Agreement”** means the Limited Liability Company Operating Agreement of the Company in effect as of the Closing Date, as amended pursuant to the terms thereof.

**“Company’s Share”** has the meaning given in Section 2.02.

**“Conservator”** has the meaning given in the recitals.

**“Contribution Agreement”** has the meaning given in the recitals.

**“Custodial Agreement”** means an agreement substantially in the form of Exhibit C, with such commercially reasonable changes as may be requested by the Custodian thereunder and agreed to by the Company, as it may be supplemented or amended.

**“Custodial Documents”** has the meaning given in the Custodial Agreement.

**“Debt”** of any Person means (i) all indebtedness of such Person for borrowed money, (ii) all obligations of such Person for the deferred purchase price of property or services (excluding trade payables arising in the ordinary course of business), (iii) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (iv) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (v) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, or (vi) all indebtedness or obligations of others of the kinds referred to in clauses (i) through (v) above in respect of which such Person has entered into or issued any Guarantee.

**“Deemed Effective Date”** has the meaning given in Section 12.02(c).

**“Default Rate”** means the default interest rate prescribed in a Note.

**“Document Custodian”** has the meaning given in Section 8.01(c).

**“Electronic Tracking Agreement”** means an agreement in the form of Exhibit D, as it may be supplemented or amended.



**“Eligible Institution”** means a Person that is not a Related Person of the Company and that is a federally insured depository institution that is well capitalized; provided that a Related Person of the Company may be deemed to be an Eligible Institution if the Participant provides written consent (which may be withheld in the Participant’s sole and absolute discretion), which consent may be withdrawn by the Participant upon written notification to the Company, in which case such Related Person of the Company shall no longer constitute an Eligible Institution as of the receipt of such notice and any accounts maintained pursuant to this Agreement at such institution shall be moved to an Eligible Institution within three (3) Business Days after the receipt of such notice.

**“Enforcement Action”** means the commencement of the exercise of any of the following remedies against any Borrower, any Guarantor or any other Person: (a) acceleration of the maturity of any liability or obligation of any Borrower or any Guarantor; (b) commencement of any litigation or proceeding, including the commencement of any foreclosure proceeding, the exercise of any power of sale, the sale by advertisement, obtaining of a receiver or taking of any other remedial action with respect to, or the enforcement of any remedy against, any Collateral or any of the property or assets of any Borrower or any Guarantor; (c) filing or joining in the filing of any petition against any Borrower or any Guarantor of any Insolvency Proceeding or any other commencement of an Insolvency Proceeding; (d) entering upon, taking possession of, exercising control over or taking title (legal or equitable) to any Collateral or taking of a deed or assignment in lieu of foreclosure; or (e) any legal action or proceeding pursuant to any intercreditor agreement.

**“Entitlement”** means any final zoning, platting, site plan or other applicable development approval or permit from any governmental agency or instrumentality having jurisdiction relating to the development, construction, ownership or operation of any Collateral property, including a conditional use permit or a building permit.

**“Environmental Hazard”** means the presence at, in or under any real property constituting part of the Collateral (whether held in fee simple estate or subject to a ground lease, or otherwise, and including any improvements whether by buildings or facilities, and any personal property, fixtures, leases and other property or rights pertaining thereto) of any “hazardous substance,” as defined in Section 101(14) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601(14), or any petroleum (including crude oil or any fraction thereof that is liquid at standard conditions of temperature and pressure), at a level or in an amount that requires remediation or abatement under applicable environmental Law.

**“Escrow Advance”** means any advance made to pay taxes or insurance premiums or any other cost or expense that, but for a shortfall in the Borrower’s escrow account, is payable using funds in the Borrower’s escrow account.

**“Event of Default”** has the meaning given in Section 10.01.

**“Failed Thrift”** has the meaning given in the recitals.

“**Fannie Mae**” means the Federal National Mortgage Association of the United States, or any successor thereto.

“**FDIC**” means the Federal Deposit Insurance Corporation in any capacity.

“**FDIC Guaranty**” means the Guaranty Agreement, dated as of March 18, 2009, by and among the FDIC, in its corporate capacity, IMB HoldCo LLC and each other Beneficiary (as defined therein) that executes a joinder thereto.

“**Final Distribution**” means the distribution of all remaining Loan Proceeds in accordance with the terms of this Agreement after liquidation of all of the Loans and related Collateral, including Acquired Collateral.

“**Final LIP Distribution**” has the meaning given in Section 4.03(c)(iii).

“**Final LIP Distribution Amount**” means the amount received by the Participant as a result of the Final LIP Distribution.

“**GAAP**” means United States generally accepted accounting principles as in effect from time to time.

“**Governmental Authority**” means any United States or non-United States national, federal, state, local, municipal or provincial or international government or any political subdivision of any governmental, regulatory or administrative authority, agency or commission, or judicial or arbitral body.

“**Gross Margin**” means, with respect to each Loan, the fixed percentage amount set forth in the related Note which is added to the Index in order to determine the related Mortgage Interest Rate, as set forth in the Loan Schedule.

“**Guarantor**” means any guarantor of all or any portion of any Loan or all or any of any Borrower’s obligations set forth and described in the Loan Documents.

“**Guarantee**” means, with respect to any particular indebtedness or other obligation, (i) any direct or indirect guarantee thereof by a Person other than the obligor with respect to such indebtedness or other obligation or any transaction or arrangement intended to have the effect of directly or indirectly guaranteeing such indebtedness or other obligation, including without limitation any agreement by a Person other than the obligor with respect to such indebtedness or other obligation (A) to pay or purchase such indebtedness or other obligation or to advance or supply funds for the payment or purchase of such indebtedness or other obligation, (B) to purchase, sell or lease (as lessee or lessor) property of, to purchase or sell services from or to, to supply funds to or in any other manner invest in, the obligor with respect to such indebtedness or other obligation (including any agreement to pay for property or services of the obligor irrespective of whether such property is received or such services are rendered), primarily for the purpose of enabling the obligor to make payment of such indebtedness or other obligation or to assure the holder or other obligee of such indebtedness or other obligation against loss, or (C) otherwise to assure the obligee of such indebtedness or other obligation against loss with respect thereto, or (ii) any grant (or agreement in favor of the obligee of such indebtedness or

other obligation to grant such obligee, under any circumstances) by a Person other than the obligor with respect to such indebtedness or other obligation of a security interest in, or other Lien on, any property or other interest of such Person, whether or not such other Person has not assumed or become liable for the payment of such indebtedness or other obligation.

“**Immediate Family Member**” means, with respect to any individual, his or her spouse, parents, parents-in-law, grandparents, descendants, children (whether natural or adopted), children-in-law, stepchildren, grandchildren and grandchildren-in-law.

“**Indemnified Parties**” has the meaning given in Section 8.02(a).

“**Index**” means, with respect to any Loan, the index set forth in the related Note for the purpose of calculating interest therein.

“**IndyMac Federal**” has the meaning given in the recitals.

“**Insolvency Event**” means, with respect to any specified Person, the occurrence of any of the following events:

- (1) the specified Person makes a general assignment for the benefit of its creditors;
- (2) the specified Person files a voluntary petition for relief in any Insolvency Proceeding;
- (3) the specified Person is adjudged bankrupt or insolvent or there is entered against the specified Person an order for relief in any Insolvency Proceeding;
- (4) the specified Person files a petition or answer seeking for the specified Person any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any Law;
- (5) the specified Person seeks, consents to, or acquiesces in the appointment of a trustee, receiver or liquidator of the specified Person or of all or any substantial part of the specified Person’s properties;
- (6) the specified Person files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the specified Person in any proceeding described in clauses (1) through (5);
- (7) the specified Person becomes unable to pay its obligations as they become due, or the sum of such specified Person’s debts is greater than all of such Person’s property, at a fair valuation; or
- (8) at least 90 days have passed following the commencement of any proceeding against the specified Person seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any Law, and such proceeding has not been dismissed, or at least 90 days have passed following the

appointment of a trustee, receiver or liquidator for the specified Person or all or any substantial part of the specified Person's properties without the specified Person's agreement or acquiescence and such appointment has not been vacated or stayed, or if the appointment is stayed, at least 90 days have passed following the expiration of the stay if the appointment has not been vacated.

**"Insolvency Proceeding"** means any proceeding under Title 11 of the United States Code (11 U.S.C. §§101, *et seq.*) or any proceeding under the Law of any jurisdiction involving any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief.

**"Interest Rate"** means the rate at which the outstanding principal balance of a Loan bears interest, as more particularly set forth in a Note, including, without limitation, the Default Rate, if applicable.

**"Law"** means any applicable statute, law, ordinance, regulation, rule, code, injunction, judgment, decree or order (including any executive order) of any Governmental Authority.

**"Lien"** means any mortgage, pledge, security interest, equity interest, participation interest, lien or other charge or encumbrance, including the lien or retained security title of a conditional vendor, upon or with respect to any property or assets.

**"LIP Account"** means a segregated trust or custodial account established and maintained with an Eligible Institution for the sole purpose of holding and distributing the LIP Funds.

**"LIP Funds"** has the meaning given in Section 4.03(c)(i).

**"Liquidity Reserve Account"** means a segregated trust or custodial account established and maintained with an Eligible Institution for the sole purpose of holding and distributing the funds in the Liquidity Reserve.

**"Liquidity Reserve"** has the meaning given in Section 4.03(a).

**"Litigation Reserve Account"** means a segregated trust or custodial account established and maintained with an Eligible Institution for the sole purpose of holding and distributing the funds in the Litigation Reserve.

**"Litigation Reserve"** has the meaning given in Section 4.03(b).

**"LLC Interest"** has the meaning given in the recitals.

**"LLC Interest Sale Agreement"** has the meaning given in the recitals.

**"Loan"** means any loan or Loan Participation listed on the Loan Schedule and any loan into which any listed loan or Loan Participation is refinanced, and includes with respect to each such loan or Loan Participation: (i) any obligation evidenced by a Note; (ii) all rights, powers or Liens of the Receiver or the Failed Thrift in or under the Collateral Documents; (iii) any contract

for deed or installment land contract and the real property which is subject to any such contract for deed or installment land contract; and (iv) any lease and the related leased property.

**“Loan Documents”** means all documents, agreements, certificates, instruments and other writings (including all Collateral Documents) now or hereafter executed by or delivered or caused to be delivered by any Borrower, any Guarantor or any other obligor evidencing, creating, guaranteeing or securing, or otherwise executed or delivered in respect of, all or any part of a Loan or any Acquired Collateral or evidencing any transaction contemplated thereby, and all Modifications thereto.

**“Loan Participation”** means any loan subject to a shared credit, participation or similar intercreditor agreement (excluding, for the avoidance of doubt, this Agreement) under which the Failed Thrift, the Conservator or the Receiver was the lead or agent financial depository institution or otherwise managed or held the credit or sold participations, or under which the Failed Thrift, the Conservator or the Receiver was a participating financial depository institution or purchased participations in a credit managed by another Person.

**“Loan Participation Agreement”** means an agreement (excluding, for the avoidance of doubt, this Agreement) under which the Failed Thrift, the Conservator or the Receiver was the lead or agent financial depository institution or otherwise managed or held a shared credit or sold participations, or under which the Failed Thrift, the Conservator or the Receiver was a participating financial depository institution or purchased participations in a credit managed by another Person.

**“Loan Proceeds”** means (i) any and all proceeds (net of such proceeds as are payable to others under any Loan Participation Agreement) with respect to any or all of the Loans and any or all of the Collateral that are received at any time after the Closing Date, including principal, interest, interest at the Default Rate, prepayment fees, premiums and charges, extension and exit fees, late fees, assumption fees, other fees and charges, insurance proceeds and condemnation payments (or any portion thereof) that are not used and disbursed to repair, replace or restore the related Collateral in accordance with the terms of the Loan Documents; (ii) any and all proceeds from sales or other dispositions of any or all of the Loans or the Collateral; (iii) any proceeds from making a draw under any letter of credit or certificate of deposit held with respect to any Loan, provided that such draw is permitted by the terms of the Loan Documents; (iv) any recoveries from Borrowers or Guarantors of any kind or nature with respect to the Loans; and (v) any interest or other earnings accrued and paid on any of the foregoing clauses (i) through (iv) while held in the Collection Account or any other account. For the avoidance of doubt, the term Loan Proceeds shall not include any payments of the Repurchase Price received on repurchase of any Loan.

**“Loan Schedule”** means the schedule of Loans attached as Exhibit A (and delivered in electronic format to the Company), which shall be updated as of the Closing Date. The Loan Schedule shall contain the following fields of information:

- (1) the Loan number;
- (2) the address, city, state and zip code of the Mortgaged Property;
- (3) the current Mortgage Interest Rate;

- (4) the current Monthly Payment;
- (5) the original term to maturity;
- (6) the scheduled maturity date;
- (7) the unpaid principal balance of the Loan;
- (8) the Gross Margin, if applicable;
- (9) the next Adjustment Date, if applicable; and
- (10) the paid through date or due date.

“**Losses**” has the meaning given in Section 8.02(a).

“**Management Fee**” means a fee, payable monthly to the Company on the 15th day of each month, or, if such day is not a Business Day, the immediately preceding Business Day, through (and including) the month in which the Final Distribution occurs, equal to one-twelfth (1/12th) of the annual rate of (i) 1.10% (with respect to Loans that are consumer construction loans and any Acquired Collateral acquired with respect to any such loans), (ii) 2.50% (with respect to Loans that are homebuilder loans and any Acquired Collateral acquired with respect to any such loans) and (iii) 0.55% (with respect to Loans that are lot loans and any Acquired Collateral acquired with respect to any such loans), in each case multiplied by the Unpaid Principal Balance of the applicable Loans or Acquired Collateral calculated as of the first day of the immediately preceding month; provided, however, that the rate shall be 0.55% with respect to all Loans that have been converted to permanent loans.

“**Master Purchase Agreement**” means the Master Purchase Agreement, dated as of March 18, 2009, by and among the Conservator (and, on the date hereof, following the appointment of the FDIC as Receiver for IndyMac Federal, the Receiver by joinder as of the date hereof), IMB HoldCo LLC, OneWest Bank Group LLC and OneWest Bank, FSB (by joinder as of the date hereof).

“**Maximum Authorized Funding Draw**” means, with respect to any Loan, the maximum aggregate amount of principal advances set forth in the column of the Loan Schedule entitled “Maximum Authorized Funding Draw” (which shall include any unfunded principal commitment that is permitted to be allocated to an interest reserve pursuant to the Loan Documents and is set forth in the column of the Loan Schedule entitled “Undisbursed Balance - Interest Reserve”), as the same may be adjusted with the consent of the Participant (such consent not to be unreasonably withheld) to correct errors due to a miscalculation of the maximum aggregate amount of the unfunded principal commitment for such Loan under the relevant Loan Documents.

“**MERS**” means Mortgage Electronic Registration Systems, Incorporated.

“**MERS® System**” means the MERSCORP, Inc. mortgage electronic registry system, as more particularly described in the MERS Procedures Manual (a copy of which is attached as an exhibit to the Electronic Tracking Agreement).

**“Modification”** means any extension, renewal, substitution, replacement, supplement, amendment or modification of any agreement, certificate, document, instrument or other writing, whether or not contemplated in the original agreement, document or instrument.

**“Monthly Payment”** means, with respect to any Loan, the scheduled monthly payment of principal and interest on such Loan which is payable by the related Borrower from time to time under the related Note.

**“Mortgage”** means, with respect to a Loan, a mortgage, deed of trust or other security instrument creating a Lien upon real property and any other property described therein which secures a Note, together with any assignment, reinstatement, extension, endorsement or modification of any thereof.

**“Mortgaged Property”** means the real property, including any land, fixtures and improvements, securing repayment of the debt evidenced by a Note.

**“Mortgage Interest Rate”** means, with respect to each fixed rate Loan, the fixed annual rate of interest provided for in the related Note and, with respect to each adjustable rate Loan, the annual rate that interest accrues and adjusts in accordance with the provisions of the related Note.

**“Note”** means each note or promissory note, lost instrument affidavit, loan agreement, shared credit or Loan Participation Agreement, intercreditor agreement, reimbursement agreement, any other evidence of indebtedness of any kind, or any other agreement, document or instrument evidencing a Loan, and all Modifications to the foregoing.

**“Ownership Entity”** has the meaning given in Section 6.02.

**“Participant”** has the meaning given in the preamble.

**“Participant’s Share”** has the meaning given in Section 2.02.

**“Participation”** or **“Participation Interest”** means an undivided ownership interest and participation, effective as of the Closing Date, in, to and under (i) the Loans, including all future advances (including Authorized Funding Draws) made with respect thereto, (ii) the Loan Documents, (iii) all amounts payable to the Company under the Loan Documents and all obligations owed to the Company in connection with the Loans and the Loan Documents, (iv) all Collateral (including Acquired Collateral), (v) all claims, suits, causes of action and any other right of the Company, whether known or unknown, against a Borrower, any Guarantor or other obligor or any of their respective Affiliates, agents, representatives, contractors, advisors or any other Person arising under or in connection with the Loans or the Loan Documents or that is in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity arising under or in connection with the Loan Documents or the transactions related thereto or contemplated thereby, (vi) all cash, securities and other property received or applied by or for the account of the Company under the Loans, including all distributions received through redemption, consummation of a plan of reorganization, restructuring, liquidation or otherwise of a Borrower, Guarantor or other obligor under or with respect to the Loans, and any securities, interest,

dividends or other property that may be distributed or collected with respect to any of the foregoing, and (vii) all proceeds of the foregoing.

**“Participation Certificate”** has the meaning given in Section 2.03(a).

**“Partnership”** has the meaning given in Article XI.

**“Permitted Investments”** means any one or more of the following obligations or securities having at the time of purchase, or at such other time as may be specified, the required ratings, if any, provided for in this definition:

(1) direct obligations of, or guaranteed as to timely payment of principal and interest by, the United States of America, or any agency or instrumentality of the United States of America the obligations of which are backed by the full faith and credit of the United States of America;

(2) demand and time deposits in or certificates of deposit of, or bankers’ acceptances issued by, any bank or trust company, savings and loan association or savings bank, provided that, in the case of obligations that are not fully FDIC-insured deposits, the commercial paper and/or long-term unsecured debt obligations of such depository institution or trust company (or in the case of the principal depository institution in a holding company system, the commercial paper or long-term unsecured debt obligations of such holding company) have an Acceptable Rating;

(3) general obligations of or obligations guaranteed by any state of the United States or the District of Columbia receiving ratings of not less than the highest rating of each Rating Agency rating such obligations;

(4) mutual funds in which investments are limited to the obligations referred to in clauses (1), (2) or (3) of this definition; and

(5) with the prior written consent of the Participant, any other demand, money market or time deposit or other obligation, security or investment.

**“Person”** means any individual, corporation, partnership (general or limited), limited liability company, limited liability partnership, firm, joint venture, association, joint-stock company, trust, estate, unincorporated organization, governmental or regulatory body or other entity.

**“Pre-Approved Charges”** has the meaning given in the Contribution Agreement.

**“Qualified Custodian”** means any Person that (i) is a bank, trust company or title insurance company subject to supervision and examination by any federal or state regulatory authority, (ii) is experienced in providing services of the type required to be performed by the Document Custodian under the Custodial Agreement, (iii) is not prohibited from exercising custodial powers in any jurisdiction in which the Custodial Documents (as defined in the Custodial Agreement) are or will be held, and is qualified and licensed to do business in each such jurisdiction to the extent required unless and to the extent the failure to be so qualified or



licensed will not have a material adverse effect on the Document Custodian or the ability of the Document Custodian to perform its obligations under the Custodial Agreement, (iv) has combined capital and surplus of at least \$50,000,000 as reported in its most recent report of condition, (v) is acceptable to and approved by the Participant (such approval not to be unreasonably withheld, delayed or conditioned), (vi) has the facilities to safeguard the Loan Documents as required by the Custodial Agreement, and (vii) is not a Related Person of the Company or the Servicer.

**“Qualified Servicer”** means any Person that (i) is properly licensed and qualified to conduct business in each jurisdiction in which such licenses and qualifications to conduct business are necessary for the servicing of the Loans and management of the Collateral and the Acquired Collateral, (ii) is a member of MERS (if any of the Loans being serviced are registered on the MERS® System), (iii) has the management capacity and experience to service loans of the type held by the Company, especially performing and non-performing construction loans secured by residential properties, including the number and types of loans serviced, and the ability to track, process and post payments, to furnish tax reports to borrowers, to monitor construction, and to approve and disburse construction draws, and (iv) (x) has an Acceptable Rating as a mortgage loan servicer or special servicer, (y) is an FDIC-insured depository institution or an Affiliate of an FDIC-insured depository institution, or (z) in the case of any mortgage loan servicer or special servicer that does not have an Acceptable Rating, is acceptable to and approved by the Participant (such approval not to be unreasonably withheld, delayed or conditioned).

**“Rating Agencies”** means each of Moody’s Investors Service, Inc., Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., Fitch IBCA, Inc. and such other rating agencies as are nationally recognized.

**“Receiver”** has the meaning given in the recitals.

**“Recovery Threshold Amount”** means an amount equal to 4.15 multiplied by the Groups 6-8 Final Purchase Price, as such term is defined in the LLC Interest Sale Agreement.

**“Related Person”** means, with respect to any specified Person, (i) any Affiliate of such specified Person, (ii) any Person owning or controlling five percent (5%) or more of the outstanding voting securities, voting equity interests, or beneficial interests of the Person specified, (iii) any officer, director, general partner, managing member, trustee, employee or promoter of the Person specified or any Immediate Family Member of such officer, director, general partner, managing member, trustee, employee or promoter, (iv) any corporation, partnership, limited liability company or trust for which any Person referred to in clause (ii) or (iii) (other than an Immediate Family Member referred to in clause (iii)) acts in any capacity referred to in clause (iii), or (v) any Person who is an officer, director, general partner, managing member, trustee or holder of five percent (5%) or more of the outstanding voting securities, voting equity interests or beneficial interests of any Person described in clauses (i) through (iv); provided, however, that for purposes of this Agreement, the Participant shall not be deemed to be a Related Person of the Company or of any Related Person of the Company.

**“Secured Assets”** has the meaning given in Section 2.06.

“**Servicer**” has the meaning given in Section 5.03.

“**Servicing Agreement**” means an agreement in the form of Exhibit E, as it may be supplemented or amended.

“**Servicing Expenses**” means all customary and reasonable out-of-pocket fees, costs, expenses and indemnified amounts incurred in connection with servicing the Loans and the Acquired Collateral, including (i) any and all out-of-pocket fees, costs, expenses and indemnified amounts which a Borrower is obligated to pay to any Person or to reimburse to the lender pursuant to the applicable Note or any other Loan Documents, including Escrow Advances, (ii) any and all reasonable out-of-pocket expenses necessary to protect or preserve the value of the Collateral or the priority of the Liens and security interests created by the Loan Documents relating thereto, including taxes, insurance premiums (including forced place insurance premiums), payment of ground rent, the costs of prevention of waste, repairs and maintenance, foreclosure expenses and legal fees and expenses relating to foreclosure or other litigation with respect to the Loans, and (iii) any and all direct expenses related to the preservation, operation, demolition, management and sale of the Acquired Collateral, including real estate broker fees and expenses; provided, however, that Servicing Expenses shall not include Authorized Funding Draws nor any of the costs, expenses or other amounts listed in Section 3.04(b).

“**Servicing Obligations**” has the meaning given in Section 5.02.

“**Servicing Standard**” has the meaning given in Section 5.02.

“**Single Purpose Entity**” means a corporation or limited liability company that (i) is organized under the laws of any state of the United States or the District of Columbia, (ii) has no material assets other than the Loans and any Acquired Collateral, its right, title and interest in, to and under this Agreement and the other instruments contemplated by this Agreement, (iii) is not engaged in any significant business operations except its ownership of the Loans and any Acquired Collateral and the conduct of its business pursuant to this Agreement, (iv) does or causes to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises, (v) at all times holds itself out to the public as a legal entity separate from any other Person (including any Affiliate), (vi) except as expressly contemplated hereby or by the Ancillary Documents, does not commingle its assets with assets of any other Person, (vii) conducts its business in its own name and strictly complies with all organizational formalities to maintain its separate existence, (viii) maintains an arm’s length relationship with any Affiliate upon terms that are commercially reasonable and on terms no less favorable to it than could be obtained in a comparable arm’s length transaction with an unrelated Person, and (ix) has no Debt.

“**Site Assessment**” has the meaning given in Section 6.02.

“**Subservicer**” has the meaning given in Section 5.03.

“**Subservicing Agreement**” has the meaning given in Section 5.03.

“**Third Party Claim**” has the meaning given in Section 8.02(a).

**“Transfer Supplement”** has the meaning given in Section 12.02(a).

**“Treasury Regulations”** means the regulations promulgated by the United States Department of the Treasury pursuant to and in respect of provisions of the Internal Revenue Code of 1986, as amended. All references herein to sections of the Treasury Regulations shall include any corresponding provision or provisions of succeeding, substitute, proposed or final Treasury Regulations.

**“Uniform Commercial Code”** means, with respect to each discrete element or category of the personal property Collateral, the Uniform Commercial Code in effect in the applicable jurisdiction, as the same may be amended from time to time.

**“Unpaid Principal Balance”** means, at any time, (i) for each Loan, an amount equal to the then aggregate outstanding principal balance of the Loan and (ii) for each Loan with respect to which some or all of the related Collateral has been converted to Acquired Collateral, until such time as the Acquired Collateral (or portion thereof) is liquidated, an amount equal to the unpaid principal balance of the related Loan (adjusted pro rata for partial collateral sales, debt forgiveness or retained indebtedness) at the time such Loan was converted to Acquired Collateral, plus any outstanding balance remaining on such Loan which is evidenced by a modification agreement or a replacement or successor promissory note executed by the Borrower.

**“Working Capital Advance”** means amounts advanced by or on behalf of the Company to fund the Company’s operations and operating deficits.

Section 1.02 Construction. This Agreement shall be construed and interpreted in accordance with the following:

(a) References to “Affiliates” and “Related Persons” include only other Persons which from time to time constitute “Affiliates” or “Related Persons” of such specified Person, as the case may be, and do not include, at any particular time, other Persons that may have been, but at such time have ceased to be, “Affiliates” or “Related Persons”, as the case may be, of such specified Person, except to the extent that any such reference specifically provides otherwise.

(b) The term “or” is not exclusive.

(c) A reference to a law includes any amendment, modification or replacement to such law.

(d) Accounting terms shall have the meanings assigned to them by GAAP applied on a consistent basis by the accounting entity to which they refer.

(e) References to any document, instrument or agreement (a) shall be deemed to include all appendices, exhibits, schedules and other attachments thereto and all documents, instruments or agreements issued or executed in replacement thereof, and (b) shall mean such document, instrument or agreement, or replacement thereto, as amended, modified and

supplemented from time to time in accordance with its terms and as the same is in effect at any given time.

(f) Unless otherwise specified, the words “hereof,” “herein” and “hereunder” and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(g) The words “include” and “including” and words of similar import are not limiting, and shall be construed to be followed by the words “without limitation,” whether or not they are in fact followed by such words.

(h) The word “during” when used with respect to a period of time shall be construed to mean commencing at the beginning of such period and continuing until the end of such period.

(i) Unless the context otherwise requires, singular nouns and pronouns when used herein shall be deemed to include the plural and vice versa and impersonal pronouns shall be deemed to include the personal pronoun of the appropriate gender.

## ARTICLE II

### **PARTICIPATION INTERESTS**

Section 2.01 Acquisition and Sale. The Company hereby irrevocably grants, conveys, transfers and assigns to the Participant, and the Participant hereby irrevocably acquires and takes from the Company, the Participation Interest. It is the intention of the parties hereto that the conveyance of the Participation Interest as contemplated by this Agreement shall constitute a conveyance, transfer and assignment of that Participation Interest, including a beneficial interest in the Loans, the Acquired Collateral and the Loan Proceeds, as and to the extent provided under New York Law, from the Company to the Participant and that such Participation Interest (including such beneficial interest in the Loans, the Acquired Collateral and the Loan Proceeds) shall not be part of the Company’s estate, as determined pursuant to 11 U.S.C. § 541(d), as amended, in the event of the filing of a bankruptcy petition by or against the Company under any bankruptcy Law.

Section 2.02 Participant’s Share. The Participation Interest shall entitle the Participant to receive 80% of all remaining Loan Proceeds, after payment of the items set forth in Section 3.04, until the later to occur of (i) the receipt by the Participant of the Recovery Threshold Amount, after aggregating the proceeds received by the Participant from the sale of the LLC Interest (before deducting any fees due to advisers), the proceeds received by the Participant from the Final LIP Distribution Amount, and the proceeds received by the Participant from the Participant’s share of Loan Proceeds and (ii) the date that is one (1) year after the Closing Date and, thereafter (automatically and without any action on the part of any Person), the Participation Interest shall entitle the Participant to 60% of all remaining Loan Proceeds (such percentage share, the “**Participant’s Share**”; and the balance, the “**Company’s Share**”). Upon the later to occur of (x) the receipt by the Participant of the Recovery Threshold Amount and (y) the date that is one (1) year after the Closing Date, unless the Recovery Threshold

Amount is achieved as a result of a single sale of the remaining Loans and Acquired Collateral following a Clean-Up Call, the Participant shall submit its Participation Certificate to the Company for replacement, and the Company shall issue a new Participation Certificate to the Participant evidencing the change in the Participant's Share from 80% to 60%.

Section 2.03      Participation Certificates.

(a)      Issuance of Certificate. The Participation Interest shall be evidenced by a Participation Certificate executed and delivered to the Participant by the Company in the form of Exhibit F attached hereto (as the same may be replaced from time to time, the "**Participation Certificate**").

(b)      Register. The Company shall maintain a register in which ownership of the Participation (including any transfer thereof) is recorded. The Company and any agent of the Company may treat as the owner of the Participation the Person in whose name the Participation is registered on the register on any applicable date for the purpose of receiving payments under such Participation and on any other date for all other purposes.

(c)      Missing, Damaged and Destroyed Certificates. Upon the surrender of any mutilated Participation Certificate to the Company, or upon the receipt by the Company of evidence satisfactory to it that a Participation Certificate has been destroyed, lost or stolen, the Company shall replace the damaged, lost, stolen or destroyed Participation Certificate.

Section 2.04      Nature of Participation. Except as is expressly provided in this Agreement, the Participation Interest shall not impose any obligations or liabilities on the Participant with respect to the Loans or the Acquired Collateral, and the Participant shall not be liable for or obligated to pay (and the Participant's Share shall not be reduced by) any funding obligations of the Company or any costs or expenses incurred in connection with the ownership, servicing, management or administration of the Loans or the Acquired Collateral.

Section 2.05      Company as Lender of Record; Third Parties. Notwithstanding the Participation Interest in favor of the Participant created by this Agreement, the Company shall be and remain the lender under the Loans, retaining the Loans and the Loan Documents in the Company's own name (or in the name of MERS as nominee, if applicable). The Company shall be, and hereby is, authorized to deal with all Persons with respect to the Loans, including Borrowers, Guarantors, parties to intercreditor agreements and parties to Loan Participation Agreements. The Participant hereby authorizes any Person, without inquiry as to whether any action by the Company is authorized hereunder, to deal with the Company concerning the Loans in the same manner as if the Participant's Participation Interest therein were not outstanding. As between the Participant and the Company, nothing in the foregoing shall modify any obligation of the Participant to the Company or of the Company to the Participant set forth in this Agreement or any Ancillary Document. All communications with Borrowers shall be made by (or on behalf of) and through the Company, and the Participant shall not communicate directly with any Borrower, any Guarantor, any party to any Loan Participation Agreement or any property manager or leasing agent or broker for the Collateral or any part thereof, or any of the respective principals of the foregoing parties, regarding this Agreement or the Participant's

Participation Interest, or cause any such party to be involved in or affected by any dispute between the Participant and the Company.

Section 2.06 Security Interest. This Agreement shall constitute a security agreement under applicable Law and, in furtherance thereof, the Company shall be deemed to have granted, and does hereby grant, to the Participant a first priority security interest in the following for the benefit of the Participant and its assignees as security for the Company's obligations under this Agreement, including its obligation to pay the Participant's Share hereunder: (i) the Loans, including all future advances (including Authorized Funding Draws) made with respect thereto; (ii) the Loan Documents; (iii) all amounts payable to the Company under the Loan Documents and all obligations owed to the Company in connection with the Loans and the Loan Documents; (iv) all Collateral (including Acquired Collateral, whether held by the Company directly or indirectly through an Ownership Entity) relating to the Loans; (v) all claims, suits, causes of action and any other right of the Company, whether known or unknown, against a Borrower, any Guarantor or other obligor or any of their respective Affiliates, agents, representatives, contractors, advisors or any other Person arising under or in connection with the Loans or the Loan Documents or that is in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity arising under or in connection with the Loan Documents or the transactions related thereto or contemplated thereby; (vi) all cash, securities and other property received or applied by or for the account of the Company under the Loans, including all distributions received through redemption, consummation of a plan of reorganization, restructuring, liquidation or otherwise of a Borrower, Guarantor or other obligor under or with respect to the Loans, and any securities, interest, dividends or other property that may be distributed or collected with respect to any of the foregoing; (vii) the Collection Account, the LIP Account, the Liquidity Reserve Account and the Litigation Reserve Account, and all amounts on deposit therein; (viii) all Ownership Entities; and (ix) any and all distributions on, or proceeds or products of or with respect to, any of the foregoing, and the rights to receive such proceeds thereof (collectively, the "**Secured Assets**"). All of the Notes and other Custodial Documents shall be held by the Document Custodian as set forth in Section 8.01(c) (except and to the extent the same are permitted to be removed from the Document Custodian's possession as provided in the Custodial Agreement). The Participant shall retain possession of the Notes and other Custodial Documents with respect to the Loans until such time as the Company retains the Document Custodian pursuant to the provisions of Section 8.01(c) and, at such time, the Company shall cause the Document Custodian to take possession of the Notes and other Custodial Documents with respect to the Loans on behalf of the Participant and the Company. The Company hereby authorizes the filing by the Participant of such financing statements in such jurisdictions as the Participant deems appropriate (in its sole and absolute discretion) with respect to the Loans, the Loan Documents and the Loan Proceeds. The Company shall deliver to the Participant (i) for each Loan, an allonge, endorsed in blank, and executed by the Company, and (ii) for each Loan that is not registered on the MERS® System, an assignment, in blank, and executed by the Company. Such allonges and assignments shall be held by the Document Custodian with the Notes and other Custodial Documents. The Participant shall not use the allonge to effect the endorsement of a Note or the assignment to effect the assignment of a mortgage to the Participant unless the Participant is entitled to exercise its rights as a secured party in accordance with this Agreement upon the occurrence and during the continuance of an Event of Default. The Company shall also execute and deliver to the Participant, and cause the

Servicer to execute and deliver to the Participant, the Electronic Tracking Agreement. The Company shall be designated as the “servicer” and the “investor” with respect to the Loans that are registered on the MERS® System, and the Servicer shall be designated as the “subservicer” with respect to such Loans. No other Person shall be identified on the MERS® System as having any interest in any of such Loans unless otherwise consented to by the Participant. The Company shall provide the Participant with such reports from MERS as the Participant, from time to time, may request, including to allow the Participant to verify the Persons identified on the MERS® System as having any interest in any of the Loans and to confirm that the Loans registered on the MERS® System continue to be so registered. Without limiting the foregoing, upon the request of the Participant, the Company shall request that MERS run a query with respect to any and all specified fields on the MERS® System with respect to any or all of the Loans registered on the MERS® System and provide the results to the Participant and, if requested by the Participant, shall request that MERS change the information in such fields, to the extent MERS will do so in accordance with its policies and procedures and otherwise consistent with this Agreement, to reflect its instructions.

### ARTICLE III

#### **ADVANCES; USE OF LOAN PROCEEDS**

Section 3.01 Servicing Expenses. After the Closing Date, the Company shall cause all Servicing Expenses to be funded and paid in accordance with the Loan Documents and the terms of this Agreement, to the extent not paid by the Borrower or any Guarantor. Notwithstanding anything to the contrary contained herein, in no event shall the Company be obligated to advance any amount to pay Servicing Expenses if the Company determines, in its discretion exercised in accordance with the Servicing Standard, that such amount, when combined with all previous Servicing Expenses for such Loan, would not ultimately be recoverable from the Loan Proceeds from such Loan (including from the related Collateral). Subject to the provisions of Section 3.04, all Servicing Expenses shall be funded by (or through or on behalf of) the Company and not by the Participant.

Section 3.02 Working Capital Advances. The Company shall be required to make Working Capital Advances if, at any time, the Loan Proceeds, including funds available in the Collection Account or in any Liquidity Reserve Account or Litigation Reserve Account, are insufficient to pay all costs and expenses incurred by the Company. Without limiting the foregoing, to the extent not paid or reimbursed by a Borrower or Guarantor or available from Loan Proceeds or, if unavailable from either source, from the Liquidity Reserve or Litigation Reserve (to the extent applicable), the Company shall make Working Capital Advances to pay Servicing Expenses, the costs and expenses payable to the Document Custodian pursuant to the Custodial Agreement and Pre-Approved Charges. Working Capital Advances shall be unsecured, and the failure of any amount thereof to be reimbursed shall not in any way increase the Company’s Share. Working Capital Advances shall be payable only out of the assets of the Company and only as and to the extent provided in Section 3.04(a), and the Participant shall have no liability for, and no Person shall have any recourse against the Participant for, any Working Capital Advance or the repayment thereof. Working Capital Advances shall not bear interest.

Section 3.03 Authorized Funding Draws. As provided in Section 4.03(c), the Company shall cause Authorized Funding Draws to be disbursed from the LIP Account as and when requested by or on behalf of the Borrower in accordance with the Loan Documents.

Section 3.04 Use of Loan Proceeds.

(a) Permitted Payments. Except as otherwise provided in Section 3.04(b), and subject to Section 9.03, on or prior to the fifteenth (15<sup>th</sup>) day of every month (or if the fifteenth (15<sup>th</sup>) day is not a Business Day, the immediately following Business Day of the month), commencing on the fifteenth (15<sup>th</sup>) of the month following the Closing Date, the Company shall utilize or distribute the Loan Proceeds received in the immediately preceding month in the following order of priority:

(i) first, to pay the Participant 100% of any interest payments received with respect to interest accrued up to but not including the Closing Date for Loans that were less than thirty (30) days past due as of the Closing Date;

(ii) then, to reimburse the Company for Working Capital Advances, but only to the extent that the same were used to pay or reimburse costs or expenses constituting Servicing Expenses, fees and expenses of the Document Custodian or Pre-Approved Charges;

(iii) then, to pay the Company the Management Fee;

(iv) then, to pay the fees and expenses of the Document Custodian in accordance with the terms of the Custodial Agreement (without duplication of any amounts paid pursuant to clause (ii) above);

(v) then, to reimburse the Company for any then outstanding Servicing Expenses (without duplication of any amounts paid pursuant to clause (ii) above);

(vi) then, to reimburse the Company for Pre-Approved Charges (without duplication of any amounts paid pursuant to clause (ii) above);

(vii) then, to fund any Liquidity Reserve Account or any Litigation Reserve Account as and to the extent permitted by Section 4.03(a) and (b); and

(viii) last, to make distributions pursuant to Section 4.01 of the Participant's Share and the Company's Share of the remaining Loan Proceeds.

(b) Costs That Are Not Reimbursable. Notwithstanding anything else to the contrary contained herein or in any Ancillary Document, without the prior written consent of the Participant (which may be withheld in the Participant's sole and absolute discretion), in no event may the Company deduct from the Loan Proceeds, or otherwise use Loan Proceeds to reimburse itself or pay for, any of the following:

(i) any expenses or costs that are not incurred in accordance with the Servicing Standard;



(ii) any expenses or costs that are paid to any Related Person of the Company, or any Related Person of the Servicer or any Subservicer, other than to IndyMac Financial Services (or any successor thereto) or as is otherwise expressly permitted pursuant to this Agreement;

(iii) any expenses incurred by the Company to become a MERS member or to maintain the Company as a MERS member in good standing;

(iv) any fees or other compensation to or expenses of financial advisers, except to financial advisers (a) retained as provided in Section 9.03 or (b) retained by the Company with the prior express approval of the Participant (it being understood that the term “financial advisers” as used in this clause (iv) does not include any sales agents or commercial brokers retained by the Company from time to time in order to assist with the disposition of Acquired Collateral whose fees constitute Servicing Expenses);

(v) any fine, tax or other penalty, late fee, service charge, interest or similar charge, costs to release Liens or any other costs or expenses (including legal fees and expenses) incurred, and relating only to the period after the Closing Date, by or on behalf of the Company as a result of the Company’s or the Servicer’s or any Subservicer’s failure to service any Loan or Collateral properly in accordance with the applicable Loan Documents, this Agreement, the Servicing Agreement, any Subservicing Agreement, the Servicing Standard or otherwise, or failure to make a payment in a timely manner, or failure otherwise to act in a timely manner; except in each of the foregoing cases, to the extent such failure was caused by (x) the action or inaction of the Participant or MERS or (y) a technical failure or other malfunction of the MERS® System, and in either case, without any fault of the Company;

(vi) any interest on any Servicing Expenses or Working Capital Advances;

(vii) any overhead or administrative costs incurred by the Company or any other Person;

(viii) any servicing, management or similar fees paid to the Servicer, any Subservicer or any other Person, unless such fees constitute Servicing Expenses; or

(ix) any expenses incurred by the Company or the Servicer or any Subservicer in connection with compliance with Section 5.05, except to the extent expressly provided to the contrary in Section 5.05(b).

## ARTICLE IV

### ALLOCATIONS; ACCOUNTS

#### Section 4.01 Allocations and Distributions.

(a) Allocations. After the use and distribution of Loan Proceeds as and to the extent permitted by Section 3.04(a)(i) through (vi), or as otherwise provided in Section 9.03, the remaining Loan Proceeds shall be allocated monthly as follows: the Participant shall be

allocated and entitled to receive the Participant's Share of such remaining Loan Proceeds, and following the disbursement of the Participant's Share (and not until the Participant's Share has been disbursed to the Participant), the Company shall be entitled to retain the Company's Share of such remaining Loan Proceeds.

(b) Distributions. The Company shall cause to be forwarded to the Participant on or prior to the fifteenth (15<sup>th</sup>) day of each month (or if the fifteenth (15<sup>th</sup>) day is not a Business Day, the immediately following Business Day of the month), commencing on the fifteenth (15<sup>th</sup>) day of the month following the Closing Date, the Participant's Share of the remaining Loan Proceeds received in the prior calendar month. All amounts due to the Participant under this Agreement shall be remitted by wire transfer, in immediately available funds, to such account or accounts as the Participant may, from time to time, direct. Upon the receipt by the Participant of the Participant's Share of the remaining Loan Proceeds, the Participant shall be deemed to have released its security interest in the Company's Share with respect to such Loan Proceeds and the Company's Share may be disbursed to the Company. At such time as a Loan or the related Collateral is liquidated in its entirety (and the balance of the Loan reduced to zero, all related Collateral is sold or otherwise disposed of in accordance with this Agreement, a discounted payoff is accepted as payment in full, or the Loan is otherwise satisfied or discharged or the remaining balance charged-off in accordance with this Agreement), and upon receipt by the Participant of the Participant's Share with respect thereto, the Participant shall be deemed to have released its security interest in the Note related to such Loan and the Company's Share with respect to such Loan Proceeds. At such time, the Company may (and is hereby authorized by the Participant to) request the release of such Note from the Document Custodian. If any release filing with respect to any financing statement shall be required, the Company shall prepare the necessary filing documents, submit such documents to the Participant for execution (or the granting of a limited power of attorney for such purpose) and file such release documents in the relevant jurisdiction.

Section 4.02 Collection Account. On or prior to the Closing Date, the Company shall establish, or cause to be established, the Collection Account to be held in trust for the benefit of the Participant and the Company, and the Company shall maintain or cause the Servicer to maintain the Collection Account. The Company shall cause all Loan Proceeds to be deposited into the Collection Account on a daily basis. No funds from any other source (other than interest or earnings on the Loan Proceeds) shall be commingled in the Collection Account. Amounts on deposit in (or that are required to have been deposited into) the Collection Account (including interest and earnings thereon) shall be allocated and may be withdrawn and disbursed only in accordance with the provisions of Sections 3.04(a) and 4.01; provided, however, that if the Company, the Servicer or any Subservicer at any time erroneously deposits any amount into the Collection Account, it may withdraw such amount. Amounts on deposit in the Collection Account shall be invested in Permitted Investments, but with a maturity that allows for their allocation and distribution on a monthly basis in accordance with Section 4.01. The Servicer shall be authorized and directed to withdraw funds from the Collection Account only to make disbursements in accordance with this Agreement and not for any other purpose. The Collection Account (and all funds therein) shall be subject to the security interest granted to the Participant in Section 2.06 of this Agreement and, prior to or concurrently with the establishment of the Collection Account, and in any event prior to the making of any deposit therein, the Company, the Participant and the Eligible Institution that will hold such Collection Account shall have

executed and delivered an account control agreement in substantially the form attached hereto as Exhibit B.

Section 4.03 Liquidity Reserve Account, Litigation Reserve Account and LIP Account.

(a) Liquidity Reserve Account. The Company, in its discretion, may establish a liquidity reserve (the “**Liquidity Reserve**”) from which to fund Servicing Expenses other than litigation costs and expenses. If the Company elects to establish a Liquidity Reserve, it shall establish a Liquidity Reserve Account. The Liquidity Reserve Account shall be held in trust for the benefit of the Participant and the Company and shall be established and maintained for the sole purpose of holding and distributing the Liquidity Reserve funds. The Company may fund the Liquidity Reserve with such portion of the Loan Proceeds as it deems appropriate, in the exercise of its reasonable discretion. Such determination will be made at the beginning of each month and if the Company determines to fund the Liquidity Reserve Account for that month, it will fund such amount for such month in accordance with the provisions of Section 3.04(a). At any time after the Company funds the Liquidity Reserve Account, the Company may, in the exercise of its reasonable discretion, determine to release some or all of the funds from the Liquidity Reserve Account and allocate and distribute such released funds in accordance with Section 4.01. At the time of the Final Distribution, all remaining funds held in the Liquidity Reserve Account shall be allocated and distributed in accordance with Section 4.01. Amounts on deposit in the Liquidity Reserve Account shall be invested in Permitted Investments, shall not be used to pay costs or expenses other than Servicing Expenses (excluding litigation costs and expenses), and shall be used to pay Servicing Expenses (other than litigation costs and expenses) only in any month in which the Loan Proceeds received during that month do not provide sufficient cash to pay all Servicing Expenses due and payable (without prepayment) during that month. No funds from any other source (other than interest or earnings on the funds held in the Liquidity Reserve Account) shall be commingled in the Liquidity Reserve Account. Amounts on deposit in the Liquidity Reserve Account (including interest and earnings thereon) shall be used and may be withdrawn and disbursed only in accordance with the provisions of this Section 4.03(a). The Servicer shall be authorized and directed to withdraw funds from the Liquidity Reserve Account only to make disbursements in accordance with this Agreement and not for any other purpose. The Liquidity Reserve Account (and all funds therein) shall be subject to the security interest granted to the Participant in Section 2.06 of this Agreement and, as such, prior to establishing the Liquidity Reserve Account or making any deposits therein, the Company shall provide the Participant with an account control agreement in substantially the form attached hereto as Exhibit B and such agreement shall be executed and delivered by the Participant, the Company and the Eligible Institution that will hold such Liquidity Reserve Account.

(b) Litigation Reserve Account. The Company, in its discretion, may establish a litigation reserve (the “**Litigation Reserve**”) from which to fund litigation costs and expenses (including attorneys’ fees) that constitute Servicing Expenses. If the Company elects to establish a Litigation Reserve, it shall establish a Litigation Reserve Account. The Litigation Reserve Account shall be held in trust for the benefit of the Participant and the Company and shall be established and maintained for the sole purpose of holding and distributing the Litigation Reserve funds. The Company may fund the Litigation Reserve with such portion of the Loan Proceeds as it deems appropriate, in the exercise of its reasonable discretion. Such determination

will be made at the beginning of each month and if the Company determines to fund the Litigation Reserve Account for that month, it will fund such amount for such month in accordance with the provisions of Section 3.04(a). At any time after the Company funds the Litigation Reserve Account, the Company may, in the exercise of its reasonable discretion, determine to release some or all of the funds from the Litigation Reserve Account and allocate and distribute such released funds in accordance with Section 4.01. At the time of the Final Distribution, all remaining funds held in the Litigation Reserve Account shall be allocated and distributed in accordance with Section 4.01. Amounts on deposit in the Litigation Reserve Account shall be invested in Permitted Investments, shall not be used to pay costs or expenses other than litigation costs and expenses that constitute Servicing Expenses, and shall be used to pay such litigation costs and expenses only in any month in which the Loan Proceeds received during that month do not provide sufficient cash to pay all Servicing Expenses due and payable (without prepayment) during that month. No funds from any other source (other than interest or earnings on the funds held in the Litigation Reserve Account) shall be commingled in the Litigation Reserve Account. Amounts on deposit in the Litigation Reserve Account (including interest and earnings thereon) shall be used and may be withdrawn and disbursed only in accordance with the provisions of this Section 4.03(b). The Servicer shall be authorized and directed to withdraw funds from the Litigation Reserve Account only to make disbursements in accordance with this Agreement and not for any other purpose. The Litigation Reserve Account (and all funds therein) shall be subject to the security interest granted to the Participant in Section 2.06 of this Agreement and, as such, prior to establishing the Litigation Reserve Account or making any deposits therein, the Company shall provide the Participant with an account control agreement in substantially the form attached hereto as Exhibit B and such agreement shall be executed and delivered by the Participant, the Company and the Eligible Institution that will hold such Litigation Reserve Account.

(c) LIP Account. The Company shall establish and, until such time as the Servicer is retained, maintain and, thereafter, cause the Servicer to maintain the LIP Account, held in trust for the benefit of the Participant and the Company.

(i) The LIP Account shall be funded at such time as the LLC Interest is sold (or such later time as is agreed to by the Participant and the Company) with an initial principal amount equal to the aggregate Maximum Authorized Funding Draw as of such date (such amount, the "LIP Funds"), as follows: The Participant shall deposit cash in an amount equal to 80% of the initial principal amount of the LIP Funds into the LIP Account, and the Company shall deposit cash in an amount equal to 20% of the initial principal amount of the LIP Funds into the LIP Account. The Participant and the Company shall, promptly upon the Company's request therefor, deposit additional amounts into the LIP Account, in the same proportion as in the preceding sentence, as may be necessary to reflect any adjustment to the Maximum Authorized Funding Draw with respect to any Loan that is permitted under the definition of the term "Maximum Authorized Funding Draw" in Section 1.01 hereof. No funds from any other source (other than interest or earnings on the LIP Funds) shall be commingled in the LIP Account.

(ii) The Servicer shall be authorized, at the Company's direction, to withdraw funds from the LIP Account only to make Authorized Funding Draws, and the

LIP Account and the LIP Funds shall not otherwise be used for any purpose. The Company shall not permit withdrawals from the LIP Account for any other purpose.

(iii) The LIP Funds shall be invested in Permitted Investments, but with a maturity that allows for (x) distribution of the LIP Funds as and when needed to make Authorized Funding Draws and (y) liquidation of the LIP Account and distribution of the remaining LIP Funds as required by this Section 4.03(c). On the date that is the last date on which Authorized Funding Draws are permitted to be made pursuant to the Loan Documents, unless otherwise agreed by the parties, the LIP Account shall be liquidated (and no further Authorized Funding Draws may be made on or after such date), and all remaining LIP Funds then on deposit in the LIP Account, including all interest and earnings thereon, shall be distributed. Interest and earnings on the LIP Funds and the final distribution of cash remaining upon the liquidation of the LIP Account (the “**Final LIP Distribution**”) shall be distributed 80% to the Participant and 20% to the Company along with the Participant’s Share and the Company’s Share of Loan Proceeds (in accordance with Section 4.01) for the month in which the LIP Account is liquidated. The LIP Account (and all funds therein) shall be subject to the security interest granted to the Participant in Section 2.06 and, prior to or concurrently with the establishment of the LIP Account, and in any event prior to making any withdrawals therefrom, the Company, the Participant and the Eligible Institution that will hold such LIP Account shall have executed and delivered an account control agreement in substantially the form attached hereto as Exhibit B.

## ARTICLE V

### **SERVICING OBLIGATIONS OF THE COMPANY**

Section 5.01 Appointment and Acceptance as Servicer. Effective as of the Closing Date, the Company is appointed (and accepts the appointment as) servicer for the Loans, the Collateral and any Acquired Collateral (sometimes referred to herein as the “servicer”).

Section 5.02 Servicing Standard. The Company shall be responsible for servicing the Loans, the Collateral and the Acquired Collateral in accordance with this Section 5.02 (collectively, the “**Servicing Standard**”) and the other provisions of this Article V, including the provisions of Section 5.03 (which require that servicing be performed through the Servicer). The Company shall cause the Loans, the Collateral and the Acquired Collateral to be serviced, administered, managed and disposed of (collectively, the “**Servicing Obligations**”): (i) in the best interests and for the benefit of the Participant and the Company; (ii) in accordance with the terms of the Loans (and related Loan Documents); (iii) in accordance with the terms of this Agreement (including Article III and Article IV and this Article V); (iv) in accordance with all applicable Law; and (v) to the extent consistent with the foregoing terms, in the same manner in which a prudent servicer would service and administer similar loans and in which a prudent servicer would manage and administer similar properties for its own portfolio or for other Persons, whichever standard is higher, but using no less care and diligence than would be customarily employed by a prudent servicer following customary and usual standards of practice of prudent mortgage lenders, loan servicers and asset managers servicing, managing and administering similar loans and properties on an arms’ length basis. The Company shall cause

its Servicing Obligations with respect to the Loans, the Collateral and the Acquired Collateral to be performed without regard to (w) any relationship that the Company, or the Servicer or any Subservicer, or any of their respective Affiliates may have to any Borrower, Guarantor or other obligor, or any of their respective Affiliates, including any other banking or lending relationship, (x) the Company's, or the Servicer's or any Subservicer's, obligation to make disbursements and advances with respect to the Loans and the Collateral, (y) any relationship that the Servicer or any Subservicer may have to each other or to the Company or any of its Affiliates, or any relationship that any of their respective Affiliates may have to the Company or any of its Affiliates (other than the contractual relationship evidenced by this Agreement or the Servicing Agreement or any Subservicing Agreement), and (z) the Company's, or the Servicer's or any Subservicer's, right to receive compensation (including the Management Fee or any portion of the Company's Share) for its services under this Agreement, the Servicing Agreement or any Subservicing Agreement. Without limiting the generality of the foregoing, the Company's Servicing Obligations hereunder shall include the following:

(a) discharging in a timely manner each and every obligation which the Loan Documents provide is to be performed by the lender thereunder, on its own behalf and on behalf of the Participant;

(b) incurring costs (including Servicing Expenses) in accordance with the provisions of the Loan Documents;

(c) causing to be maintained for the Collateral (including any Acquired Collateral) with respect to each Loan with respect to which the Borrower has failed to maintain required fire, hurricane, flood and hazard insurance with extended coverage as is customary in the area in which the Collateral is located and in such amounts and with such deductibles as the Company may, in the exercise of its reasonable discretion, determine are prudent;

(d) ensuring compliance with the terms and conditions of each insurer under any hazard policy and preparing and presenting claims under any policy in a timely fashion in accordance with the terms of the policy;

(e) taking such actions with respect to supervising and coordinating the construction, ownership, management, leasing and preservation of the Acquired Collateral, as well as all other matters involved in the administration, preservation and ultimate disposition of the Acquired Collateral, as would be taken by a prudent asset manager managing properties similar to the Acquired Collateral;

(f) to the extent consistent with the foregoing, seeking to maximize the timely and complete recovery of principal and interest on the Loans and otherwise to maximize the value of the Loans, the Collateral and the Acquired Collateral;

(g) making all Authorized Funding Draws pursuant to the Loan Documents and this Agreement;

(h) except as otherwise set forth in this Agreement, making decisions under, and enforcing and performing in accordance with, the Loan Documents all loan administration,

inspections, review of financial data and other matters involved in the servicing, administration and management of the Loans, the Collateral and the Acquired Collateral; and

(i) ensuring that all filings required to maintain perfection in any Collateral remain up to date and in force, including Uniform Commercial Code financing statements.

Section 5.03 Retention of Servicer. On the date hereof, the Company shall enter into one or more Servicing Agreements to provide for the servicing, administration and management of the Loans, the Collateral and the Acquired Collateral by a Qualified Servicer (the “**Servicer**”). The Loans shall at all times be serviced (and any Collateral or Acquired Collateral managed) by or through the Servicer (including any subservicers engaged by the Servicer (“**Subservicers**”) as permitted hereunder) and the performance of all day-to-day Servicing Obligations of the Company shall be conducted by or through the Servicer (including any Subservicers permitted hereunder). Subject to the other terms and conditions of this Agreement, the Servicer may be a Related Person of the Company. The Servicer may engage or retain one or more Subservicers, including Related Persons of the Company, to perform certain of its duties under the Servicing Agreement as it may deem necessary and appropriate by entering into a subservicing agreement with each such Subservicer (“**Subservicing Agreement**”), provided that any Subservicer meets the requirements set forth in clauses (i) and (iv) of the definition of Qualified Servicer and, to the extent applicable to the services to be performed by such Subservicer, clauses (ii) and (iii) of the definition of Qualified Servicer. The costs and fees of the Servicer (and any Subservicers) shall be borne exclusively by the Company (and not the Participant), without reduction in the amounts due hereunder with respect to the Participant’s Share. Under no circumstances is the Company to transfer to the Servicer any ownership interest in the servicing to the Loans or any right to transfer or sell the servicing to the Loans (other than in connection with the sale of any Loan), and the Servicer shall not assign, pledge or otherwise transfer or purport to assign, pledge or otherwise transfer any interest in the servicing to the Loans (other than in connection with the sale of any Loan), and any purported assignment, pledge or other transfer in violation of this provision shall be void *ab initio* and of no effect.

(a) Servicing and Subservicing Agreement Requirements. Except as is otherwise agreed in writing by the Participant, the Servicing Agreement (and any Subservicing Agreement with any Subservicer) shall, among other things, (i) provide for the servicing of the Loans and management of the Collateral (including the Acquired Collateral) by the Servicer (or any Subservicer) in accordance with the Servicing Standard and the other terms of this Agreement; (ii) be terminable upon no more than 30 days’ prior notice upon the occurrence and during the continuance of an Event of Default or any default under the Servicing Agreement (or Subservicing Agreement); (iii) provide that the Participant as well as the Company (and, in the case of any Subservicing Agreement, the Servicer) shall be entitled to exercise termination rights upon the occurrence and during the continuance of an Event of Default; (iv) provide that the Servicer (or any Subservicer) and the Company acknowledge that the Servicing Agreement (or Subservicing Agreement) constitutes a personal services agreement between the Company and the Servicer (or between the Servicer and the Subservicer); (v) provide that the Participant, and in the case of any Subservicing Agreement, the Company, is a third party beneficiary thereunder and entitled to enforce the same upon the occurrence and during the continuance of any Event of Default; (vi) provide that, upon the occurrence and during the continuance of any Event of Default, the Participant may exercise all of the rights of the Company (or, in the case of a

Subservicing Agreement, the Servicer) thereunder and cause the termination or assignment of the same to any other Person, without penalty or payment of any fee; (vii) provide that the Participant and the Company (and their respective representatives) shall have access to and the right to review, copy and audit the books and records of the Servicer and any Subservicers and that the Servicer and all Subservicers shall make available their respective officers, directors, employees, accountants and attorneys to answer the Participant's (and its representatives') questions or to discuss any matter relating to the Servicer's or any Subservicer's affairs, finances and accounts, as they relate to the Loans, the Collateral, the Acquired Collateral, the Collection Account or any other accounts established or maintained pursuant to this Agreement or the Servicing Agreement or Subservicing Agreement, or any matters relating to this Agreement or the rights or obligations hereunder (to the extent provided in Section 5.05); (viii) provide that all Loan Proceeds are to be deposited into the Collection Account on a daily basis and that under no circumstances are funds other than Loan Proceeds and interest and earnings thereon to be deposited into the Collection Account; (ix) provide that under no circumstances are any funds other than LIP Funds and interest and earnings thereon to be deposited into the LIP Account; (x) provide that the Servicer consents to the immediate termination of the Servicer upon the occurrence of any Event of Default as described in Section 10.01(b) or a similar event with respect to the Servicer, Subservicer or any Affiliate thereof; (xi) provide that the Servicer shall not transfer or assign its rights under the Servicing Agreement, other than its rights to delegate to Subservicers certain responsibilities thereunder as and to the extent permitted by this Agreement, and that any prohibited transfer shall be void ab initio; (xii) provide that all Loans registered on the MERS® System shall remain registered unless default, foreclosure or similar legal or MERS requirements dictate otherwise; (xiii) provide for such other matters as are necessary or appropriate to ensure that the Servicer and any Subservicer are obligated to comply with the Servicing Obligations of the Company hereunder; (xiv) provide a full release and discharge of the Participant and any predecessor Servicer, and all of their respective officers, directors, employees, agents, attorneys, contractors and representatives, and all of their respective successors, assigns (other than the Company) and Affiliates, from any and all claims (including any counterclaim or defensive claim), demands, causes of action, judgments or legal proceedings and remedies of whatever kind or nature that the Servicer had, has or might have in the future, whether known or unknown, which are related in any manner whatsoever to the servicing of the Loans by the Participant or such other predecessor servicer prior to the Closing Date (other than due to gross negligence or willful misconduct of the Participant or other predecessor servicer), which for the avoidance of doubt, shall not release any claims for breaching this Agreement or any of the Ancillary Documents and shall not relieve the Participant of any liability for losses to be reimbursed under any of the Ancillary Documents; and (xv) not conflict with the terms and provisions of this Agreement or the Ancillary Documents insofar as the terms and provisions apply to the Servicer or the Servicing Obligations. Nothing contained in the Servicing Agreement or any Subservicing Agreement shall alter any obligation of the Company under this Participation Agreement (without reference to the Servicing Agreement) and, in the event of any inconsistency between the Servicing Agreement (or any Subservicing Agreement) and the terms of this Agreement (without reference to the Servicing Agreement), the terms of this Agreement (without reference to the Servicing Agreement) shall control.

(b) Company Liable for Servicer and Subservicers. Notwithstanding anything to the contrary contained herein, the use of the Servicer (or any Subservicer) shall not release the Company from any of its Servicing Obligations or other obligations under this Agreement, and



the Company shall remain responsible and liable for all acts and omissions of the Servicer (and each Subservicer of the Servicer) as fully as if such acts and omissions were those of the Company. All actions of the Servicer (or any Subservicer) performed pursuant to the Servicing Agreement (or a Subservicing Agreement) shall be performed as an agent of the Company (or, in the case of Subservicers, the Servicer).

(c) Copies of Servicing and Subservicing Agreements. Copies of all fully executed Servicing Agreements and Subservicing Agreements, including all supplements and amendments thereto, shall be provided to the Participant.

(d) Servicer Fees. No Servicer or Subservicer shall be paid any fees or indemnified out of any Loan Proceeds other than any Loan Proceeds distributed to the Company as the Management Fee or distributed to the Company pursuant to Section 4.01.

(e) MERS Requirements. All Loans registered on the MERS® System shall remain registered unless default, foreclosure or similar legal or MERS requirements dictate otherwise.

Section 5.04 Fidelity Bond; E&O Insurance. The Servicer and each Subservicer shall at all times maintain in effect a blanket fidelity bond and an errors and omissions insurance policy affording, in each case, coverage with respect to all officers, directors, employees and other Persons acting on behalf of the Servicer or the Subservicer, as applicable, and covering errors and omissions in the performance of the Servicer's, or the Subservicer's, as applicable, obligations under this Agreement, the Servicing Agreement and any Subservicing Agreement. The errors and omissions insurance policy and the fidelity bond shall be, at all times, in such form and amount that would meet the requirements, as amended from time to time, of Fannie Mae if Fannie Mae were the purchaser of the Loans, unless the Servicer or Subservicer, as the case may be, has received a waiver from Fannie Mae of any requirement to maintain such insurance in the form and amount required by Fannie Mae. Copies of certificates evidencing fidelity bonds and insurance policies required to be maintained pursuant to this Section 5.04 shall be made available to the Participant or its representatives upon request.

Section 5.05 Books and Records; Reports; Certifications; Audits.

(a) Maintenance of Books and Records. The Company shall cause to be kept and maintained (including by the Servicer, any Subservicer, the Document Custodian and any Ownership Entity, as the case may be, and including records transferred by the Participant to the Company in connection with its conveyance of the Loans and the Collateral (including the Acquired Collateral) to the Company under the Contribution Agreement), at all times, at the Company's principal place of business, a complete and accurate set of files, books and records regarding the Loans, the Collateral and the Acquired Collateral, and the Company's and the Participant's interests in the Loans, the Collateral and the Acquired Collateral, including records relating to the LIP Account, the Collection Account, any Liquidity Reserve Account, any Litigation Reserve Account and the disbursement of all Loan Proceeds. This obligation to maintain a complete and accurate set of records shall encompass all files in the Company's custody, possession or control pertaining to the Loans, the Collateral and the Acquired Collateral, including all original and other documentation pertaining to the Loans, the Collateral

and the Acquired Collateral, all documentation relating to items of income and expense pertaining to the Loans, the Collateral and the Acquired Collateral, and all of the Company's (and the Servicer's and any Subservicers') internal memoranda pertaining to the Loans, the Collateral and the Acquired Collateral.

(b) Retention of Books and Records. The Company shall cause all such books and records to be maintained and retained until the date that is the later of ten (10) years after the Closing Date or three (3) years after the date on which the Final Distribution is made. All such books and records shall be available during such period for inspection by the Participant or its representatives (including any Governmental Authority) and agents at the office of the Company described in Article XV hereof, or at the offices of the Servicer, any Subservicer or any Ownership Entity, as the case may be, at all reasonable times during business hours on any Business Day (or, in the case of any such inspection after the term hereof, at such other location as is provided by notice to the Participant), in each instance upon two (2) Business Days' prior notice to the Company. Upon request by the Participant, the Company, at the sole cost and expense of the Participant, shall promptly send copies (the number of copies of which shall be reasonable) of such books and records to the Participant. The Company shall provide the Participant with reasonable advance notice of the Company's intention to destroy or dispose of any documents or files relating to the Loans and, upon the request of the Participant, shall allow the Participant, at its own expense, to recover the same from the Company.

(c) Monthly Reports. The Company shall cause to be furnished to the Participant, on or prior to the fifteenth (15<sup>th</sup>) day of each month (or if the fifteenth (15<sup>th</sup>) day is not a Business Day, then the first Business Day thereafter), commencing on the fifteenth (15<sup>th</sup>) day of the second month following the Closing Date, an electronic report on the Loans, the Collateral and the Acquired Collateral (including the LIP Account, the Collection Account, any Liquidity Reserve Account, any Litigation Reserve Account, and the disbursement of all Loan Proceeds) containing the information and substantially in the form set forth on Exhibit G or as may otherwise be agreed by the parties.

(d) Annual Compliance Certificates. The Company shall, and shall cause the Servicer and each Subservicer to, deliver to the Participant, on or before March 15 of each year, commencing in the year 2010, an officer's certificate stating, as to the signer thereof, that (i) a review of such party's activities during the preceding calendar year (or portion thereof) and of its performance under this Agreement (or, as applicable, the Servicing Agreement or any Subservicing Agreement) has been made under such officer's supervision, and (ii) to the best of such officer's knowledge and belief, based on such review, such party has fulfilled all of its obligations under this Agreement (or, as applicable, the Servicing Agreement or Subservicing Agreement) in all material respects throughout such year or portion thereof or, if there has been a failure to fulfill any such obligation in any material respect, specifying each such failure and the nature and status thereof. In the event the Servicer or any Subservicer was terminated, resigned or otherwise performed in such capacity for only part of a year, such party shall provide an officer's certificate pursuant to this Section with respect to such portion of the year.

(e) Annual Compliance Report. On or before March 15 of each year, commencing in the year 2010, the Company shall cause the Servicer and each Subservicer, each at its own expense or the expense of the Company, to provide a report prepared by a nationally

recognized firm of independent certified public accountants to the effect that, with respect to the most recently ended fiscal year, such firm has examined certain records and documents relating to compliance with the servicing requirements in this Agreement and that, on the basis of such examination conducted substantially in compliance with the Uniform Single Attestation Program for Mortgage Bankers, such firm is of the opinion that the Company or its servicer's activities have been conducted in compliance with this Agreement, or that such examination has disclosed no material items of noncompliance except for (i) such exceptions as such firm believes to be immaterial, and (ii) such other exceptions as are set forth in the report.

(f) Audits by Participant. Until the later of the date that is ten (10) years after the Closing Date and the date that is three (3) years after the Final Distribution, the Company shall, and shall cause the Servicer and each Subservicer to, (i) provide any representative of the Participant (including any government agency or instrumentality), during normal business hours and on reasonable notice, with access to all of the books of account, reports and records relating to the Loans, any Collateral, any Acquired Collateral, the Servicing Obligations, the LIP Account, the Collection Account, any Liquidity Reserve Account, any Litigation Reserve Account or any other matters relating to this Agreement or the rights or obligations hereunder, (ii) permit such representatives to make copies of and extracts from the same, (iii) allow the Participant to cause such books to be audited by accountants selected by the Participant, and (iv) allow the Participant's representatives to discuss the Company's and the Servicer's and any Subservicer's affairs, finances and accounts, as they relate to the Loans, the Collateral, the Acquired Collateral, the Servicing Obligations, the LIP Account, the Collection Account, any Liquidity Reserve Account, any Litigation Reserve Account or any other matters relating to this Agreement or the rights or obligations hereunder, with its officers, directors, employees, accountants (and by this provision the Company hereby authorizes such accountants to discuss such affairs, finances and accounts with such representatives), the Servicer and any Subservicers, and attorneys. Any expense incurred by the Participant and any reasonable out-of-pocket expense incurred by the Company in connection with the exercise by the Participant of its rights in this Section 5.05 shall be borne by the Participant; provided, however, that any expense incident to the exercise by the Participant of its rights pursuant to this Section 5.05 as a result of or during the continuance of an Event of Default shall in all cases be borne by the Company.

Section 5.06 Recovery of Servicing Expenses; Interest; Working Capital Advances. The Company shall cause commercially reasonable efforts to be used to recover from Borrowers and Guarantors those Servicing Expenses which such Borrowers or Guarantors are obligated to pay. No Servicing Expenses shall bear interest chargeable in any way to the Participant. Notwithstanding the foregoing, to the extent necessary and regardless of whether the Company is successful in its recovery efforts from Borrowers and Guarantors, the Company shall make Working Capital Advances as required in Section 3.02.

Section 5.07 Company's Duty To Advise Participant; Delivery of Certain Notices. In addition to such other reports and access to records and reports as are required to be provided to the Participant hereunder, the Company shall cause to be delivered to the Participant such information relating to the Loans, the Collateral, the Acquired Collateral, the Company, the Servicer and any Subservicers as the Participant may reasonably request from time to time and, in any case, shall ensure that the Participant is promptly advised, in writing, of any matter of which the Company, the Servicer or any Subservicer becomes aware relating to the Loans, the

Collateral, the Acquired Collateral, the LIP Account, the Collection Account, the Liquidity Reserve Account, the Litigation Reserve Account or any Borrower or Guarantor that the Company reasonably believes materially and adversely affects the interests of the Participant hereunder. Without limiting the generality of the foregoing, the Company shall cause to be delivered to the Participant information indicating any possible Environmental Hazard with respect to any Collateral or Acquired Collateral. To the extent the Participant requests information which is dependent upon obtaining such information from a Borrower, Guarantor or other Person, the Company shall cause to be made commercially reasonable efforts to obtain such information but it shall not be a breach by the Company of this Agreement if the Company fails to cause such information to be provided to the Participant because a Borrower, Guarantor or other Person has failed to provide such information after such efforts have been made.

Section 5.08 Releases of Collateral. The Company is authorized to cause the release or assignment of any Lien granted to or held by the Company on any Collateral upon payment of any Loan in full and satisfaction in full of all of the secured obligations with respect to a Loan, upon receipt of a discounted payoff as payment in full of a Loan, or upon a sale of the Loan to any Person, or as otherwise required by the Loan Documents.

Section 5.09 Certain Servicing and Loan Administration Decisions. Subject to the other terms and conditions of this Agreement (including the Servicing Standard), the Company shall have full power and authority, acting alone or through the Servicer and any Subservicers, to cause to be done any and all things in connection with the servicing and administration of the Loans that the Company may deem necessary or desirable, and cause to be made all servicing decisions in its reasonable discretion, including the following:

(a) (i) modify or amend in any material respect any of the Loan Documents, (ii) waive or forbear from exercising any of the lenders' material rights thereunder, (iii) waive any material condition to any Borrower's right to receive disbursements, insurance proceeds, condemnation awards or other sums pursuant to the Loan Documents or to the completion of the construction or any restoration following a casualty or condemnation, and (iv) grant any material approvals or determinations with respect to modifications of or reallocations within any sources and uses schedule related to any Note;

(b) forgive or reduce, or forbear from collecting, the indebtedness of a Borrower under any of the Loan Documents (including interest at the Default Rate and late fees), increase the indebtedness evidenced by the Notes or any of the other Loan Documents, and permit the Loan Documents to secure any indebtedness other than the indebtedness secured by the Collateral on the Closing Date;

(c) reduce the Interest Rate under, or modify the maturity date of, any Note;

(d) release or approve a transfer or encumbrance of any of the Collateral or accept substitute collateral for the Loan;

(e) release any party or parties now or hereafter liable for the payment of the Loan or the performance of any other obligation relating thereto, including in connection with any Guarantee or any environmental indemnity;

(f) permit the Collateral, or any portion thereof or any interest therein, or the beneficial ownership of the Borrower, or any portion thereof, to be conveyed or transferred to any other Person or Persons or permit the indebtedness, or any portion thereof, to be assumed by any other Person or Persons;

(g) cancel or agree to the termination of any of the Loan Documents;

(h) approve any change order, even if the same would materially alter the use, type or construction quality of the Collateral;

(i) consent to any agreement in any Insolvency Proceeding relating to any Loan, any Borrower, any Guarantor, any other obligor with respect to a Loan, or any Collateral, including voting for a plan of reorganization, and take any and all actions reasonably necessary to obtain relief from any stay imposed as part of (or seek dismissal of) any Insolvency Proceeding relating to any Loan, any Borrower, any Guarantor, any other obligor with respect to a Loan or any Collateral;

(j) consent to any direct or indirect transfers or pledges of the ownership interests in any Borrower, any change in management of any Borrower (or its permitted successors and assigns), or any material change in the organizational documents of any Borrower;

(k) approve any material modification, extension or termination of any lease to the extent such material modification, extension or termination requires the Company's consent pursuant to the terms of the Loan Documents;

(l) subordinate the Liens of the Collateral Document or any other Loan Document;

(m) consent to any senior or subordinate financing affecting the Borrower or the Collateral, or any mezzanine financing affecting the Borrower or any direct or indirect member of the Borrower;

(n) waive any material default under the Loan Documents;

(o) consent to material physical alterations of the Collateral;

(p) settle, or consent to the settlement of, (i) any insurance claim, (ii) any condemnation claim or (iii) any deficiency;

(q) consent to the application of condemnation awards or insurance proceeds for any purpose for the restoration of any Collateral in accordance with the terms of the Loan Documents or application to the secured obligations;

(r) amend, or waive any provision of, any intercreditor agreement, and make all decisions with respect to the Loans under any intercreditor agreement;

(s) take any Enforcement Action;

- (t) sell any Loan or deficiency to a third party;
- (u) accept a deed in lieu or in aid of foreclosure;
- (v) approve a mezzanine loan on the terms set forth in the Note or other Loan Documents and enter into an intercreditor agreement in connection therewith; and
- (w) if the applicable Loan is subject to an intercreditor agreement or Loan Participation Agreement with any entity other than a Related Person of the Company, exercise any buy-sell rights, redemption rights or similar rights under such intercreditor agreement or Loan Participation Agreement.

Section 5.10 Management and Disposition of Collateral or Acquired Collateral. Subject to the other terms and conditions of this Agreement (including the Servicing Standard), the Company shall have full power and authority, acting alone or through the Servicer and any Subservicers, to cause to be done any and all things in connection with the Company's management of any Collateral or Acquired Collateral that the Company may deem necessary or desirable, and cause to be made all asset management decisions in its reasonable discretion, including the following:

- (a) The Company may cause the retention of property management and leasing firms and other agents and contractors.
- (b) If required because construction has not been completed, the Company may enter into contracts for the completion and maintenance of the construction project, including contracts with the general contractor, the architect and the major subcontractors.
- (c) The Company shall have the sole right to cause to be hired and terminated any property managers, sales agents and, if the project is not then fully complete at the time in question, contractors, architects and other design and construction professionals and consultants.
- (d) The Company shall cause reasonable efforts to be used to sell any Acquired Collateral to third parties that are not Related Persons for cash, and shall be responsible for the documentation of such sales.
- (e) The Company shall cause legal counsel to be hired when necessary or desirable in connection with any Acquired Collateral.
- (f) The Company may permit the sale, transfer or release of all or any portion of any Acquired Collateral.
- (g) The Company may permit capital improvements and physical or structural changes to be made to the Acquired Collateral to complete partially completed projects, and the costs of all such improvements shall be deemed to be Servicing Expenses.
- (h) The Company may permit the authorization of any easements or other changes to title.

(i) The Company may permit the settlement of any insurance claim or condemnation awards.

(j) The Company may release a Borrower, any Guarantor, or any other party now or hereafter liable for the payment of a Loan or the performance of any other obligation relating thereto, including in connection with any Guarantee, any environmental indemnity, or any intercreditor agreement or Loan Participation Agreement, or amend in any way any intercreditor agreement or Loan Participation Agreement.

(k) The Company may permit any lease for the Acquired Collateral or any new property management agreement relating to the property, or approve any modification to any lease, property management agreement, exclusive sales agreement, architect's agreement, construction agreement, or other material agreements relating to the property.

(l) The Company may permit any change in the property that would result in the termination or unavailability of any material Entitlement, franchise, license or approval for the property as contemplated by the Loan Documents.

(m) The Company may permit the institution of any new Enforcement Action against a Borrower, any Guarantor or any other Person.

(n) To the extent not precluded by Section 2.05 of the Contribution Agreement, the Company shall seek to recover from any Person, such as title companies and other insurers, such amounts as the Company may be entitled to claim therefrom with respect to any Loan, Collateral or Acquired Collateral.

## ARTICLE VI

### **LOAN DEFAULTS; ACQUISITION OF COLLATERAL**

Section 6.01 Discretion of the Company in Responding to Defaults of Borrower. Upon the occurrence of an event of default under any of the Loan Documents, but subject to the other terms and conditions of this Agreement (including the Servicing Obligations of the Company), the Company shall cause to be determined the response to such default and course of action with respect to such default, including (a) the selection of attorneys to be used in connection with any action, whether judicial or otherwise, to protect the respective interests of the Company and the Participant in the Loan and the Collateral, (b) the declaration and recording of a notice of such default and the acceleration of the maturity of the Loan, (c) the institution of proceedings to foreclose the Loan Documents securing the Loan pursuant to the power of sale contained therein or through a judicial action or otherwise, (d) the institution of proceedings against any Guarantor, (e) the acceptance of a deed in lieu of foreclosure, (f) the purchase of the real property Collateral at a foreclosure sale or trustee's sale or the purchase of the personal property Collateral at a Uniform Commercial Code sale, and (g) the institution or continuation of proceedings to obtain a deficiency judgment against such Borrower or any Guarantor.

Section 6.02 Acquisition of Collateral. Nothing in this Section 6.02 or anything else in this Agreement shall be deemed to affirmatively require the Company to acquire or cause to be acquired all or any portion of any Collateral with respect to which there exists any

Environmental Hazard. Prior to acquisition of title to any Collateral (whether by foreclosure, deed in lieu of foreclosure, by power of sale or by sale pursuant to the Uniform Commercial Code, or otherwise), the Company shall cause to be commissioned with respect to such Collateral either (i) a Transaction Screen Process consistent with ASTM Standard E 1528-06, by an environmental professional or (ii) such other site inspections and assessments, if any, as would customarily be undertaken or obtained by a prudent lender servicing loans similar to the Loans and as would be customary for the jurisdiction in which the Collateral is located (including, for the avoidance of doubt, conducting no site inspections or assessments if consistent with the standards of this clause) in order to ascertain whether there are any actual or threatened Environmental Hazards (a “**Site Assessment**”), and the cost of such Site Assessment shall be reimbursable as a Servicing Expense as long as the costs for such Site Assessment were not paid to any Related Person of the Company, or any Related Person of the Servicer or any Subservicer. If title to any Collateral with respect to which there exists any Environmental Hazard is to be acquired by foreclosure, by deed in lieu of foreclosure, by power of sale or by sale pursuant to the Uniform Commercial Code, or otherwise, title to such Collateral shall be taken and held in the name of a limited liability company or such other entity that is a Single Purpose Entity formed as a Subsidiary (as defined in the Company Operating Agreement) of the Company for such purpose (the “**Ownership Entity**”). The Company or its wholly-owned Subsidiary or Affiliate shall be the sole managing member of any Ownership Entity and the Participant shall have a participation interest in the Acquired Collateral held by the Ownership Entity that provides for it to receive its Participant’s Share in accordance with Section 4.01 as if the Acquired Collateral were held by the Company. The purposes of the Ownership Entity shall be to hold the Acquired Collateral pending sale, complete construction of such Collateral, and to operate the Collateral as efficiently as possible in order to minimize financial loss to the Company and the Participant and to sell the Acquired Collateral as promptly as practicable in a way designed to minimize financial loss to the Company and the Participant. Notwithstanding anything to the contrary contained herein, either the Ownership Entity shall be a pass-through entity with no entity-level income tax obligations, or the Participant’s Share shall be allocated before accrual or payment of any income tax due by such Ownership Entity, and the Company shall indemnify and hold harmless the Participant from and against any liability for any income taxes due by the Ownership Entity.

## ARTICLE VII

### **PARTICIPANT CONSENT; LIMITS ON LIABILITY**

Section 7.01 Actions Requiring Participant Consent. Notwithstanding anything to the contrary contained in this Agreement, the Company shall not permit to be taken any of the following actions without the prior written consent of the Participant, which may be withheld or conditioned in the Participant’s sole and absolute discretion:

(a) the sale or other transfer of any Loan, Collateral or Acquired Collateral (or any portion thereof) to any Related Person of the Company or to the Servicer or any Subservicer, or any Related Person of the Servicer or any Subservicer;

(b) the financing of the sale or other transfer of any Loan, Collateral or Acquired Collateral (or any portion thereof), unless cash in an amount equal to the Participant’s



Share of the sale price, after deduction of the Servicing Expenses related to such asset, is distributed to the Participant;

(c) the sale of any Loan, Collateral or Acquired Collateral (or any portion thereof) that provides for any recourse against the Participant or the Participant's Share of the Loan Proceeds;

(d) any disbursement of any LIP Funds other than to fund an Authorized Funding Draw;

(e) any disbursement of any funds in the Collection Account other than in accordance with the provisions of this Agreement;

(f) the Company ceasing to be a member in good standing of MERS at any time when any Loan is registered on the MERS® System;

(g) other than capitalizing accrued and unpaid interest and Servicing Expenses, and other than through the making of Authorized Funding Draws, advancing additional funds that would increase the Unpaid Principal Balance; or

(h) reimbursement for any expense or cost incurred (or paid) to any Related Person of the Company or any Related Person of the Servicer or any Subservicer, except as otherwise expressly permitted in this Agreement.

#### Section 7.02 Limitation of Liability.

(a) Company Liability Generally. Neither the Company nor any of its Affiliates, nor any of their respective officers, directors, employees, partners, principals or agents, including the Servicer and any Subservicer, shall be liable for any action taken or omitted to be taken by them or any one of them under this Agreement or in connection with any Loan, Collateral or Acquired Collateral, or any portion thereof, except for any act or omission constituting (i) gross negligence, bad faith or willful misconduct (including any act or omission constituting theft, embezzlement, breach of trust or violation of any Law) or (ii) a material breach of this Agreement. Proceeding with any action despite the failure to obtain the Participant's consent as required by any provision of this Agreement and the failure to comply with the obligations in Section 8.01 shall be considered a material breach of this Agreement and gross negligence on the part of the Company. Neither the Company nor any of its Affiliates, nor any of their respective officers, directors, employees, partners, principals or agents, including the Servicer and any Subservicer, shall be liable for any action taken or omitted to be taken by the Participant.

(b) Reliance on Notices, etc. Neither the Company nor the Participant shall incur any liability to the other by acting in good faith upon any notice, consent, certificate or other instrument or writing (including telegram, cable, telex or telecopy) that is reasonably believed by the Company or the Participant, as applicable, to be genuine and to have been signed or sent by the proper party and that on its face is properly executed.

(c) Participant Liability Generally. In the event the Participant exercises its rights pursuant to Article X, neither the Participant nor any of its officers, directors, employees, attorneys or agents, including the Servicer and any Subservicer, shall be liable for any action taken or omitted to be taken by them or any one of them under this Agreement or in connection with any Loan, Collateral or Acquired Collateral, or any portion thereof, except for any act or omission constituting willful misconduct or a material breach of this Agreement.

(d) No Consequential Damages. Regardless of the legal theory upon which any claim by or against the Company or the Participant is based, including any claim based on contract, tort, strict liability, or fraud, neither the Participant nor the Company shall be liable for, or may recover from the other, any amounts other than actual losses, costs and expenses (including reasonable attorneys' fees and litigation and similar costs to pursue such recovery) incurred by the party asserting the claim. Without limiting the foregoing, neither party shall be liable for, or entitled to recover from the other party, any consequential, special, indirect, punitive, treble, nominal or exemplary damages, business interruption costs or expenses, or damages for lost profits, operating losses or lost investment opportunity (regardless of whether any such damages are characterized as direct or indirect), each of which is and all of which are hereby excluded by agreement of the Participant and the Company, regardless of whether the party against whom such damages may be claimed has been advised of the possibility of any such damages, unless (in each case) such losses are incurred by the party asserting the claim as a direct result of a claim asserted against such party by a third party. For purposes of this Section, the following claims shall not constitute claims asserted by a third party: (A) with respect to the Company, any claims asserted by (1) the Servicer or any Subservicer, (2) any Affiliate of any of the Company or the Servicer or any Subservicer, and (3) any officer, director, employee, partner, principal or agent of any of the Company, the Servicer or any Subservicer, or any Affiliate of the Company, the Servicer or any Subservicer; and (B) with respect to the Participant, any claims asserted by any Affiliate or officer, director, employee, partner, principal or agent of the Participant or any Affiliate.

## ARTICLE VIII

### ADDITIONAL COMPANY COVENANTS; INDEMNIFICATION

Section 8.01 Covenants. The Company hereby covenants with the Participant as follows:

(a) Company Status; Licensing. The Company shall, at all times, be a single member limited liability company organized under the laws of the State of Delaware and a Single Purpose Entity. As soon as reasonably practical after the Closing Date, the Company shall apply for and, thereafter, use its reasonable best efforts to obtain, as quickly as possible, and maintain all such licenses as are required to conduct its business, including qualifications to conduct business in jurisdictions other than Delaware and licenses to purchase, own or service the Loans if the failure to so obtain such licenses would reasonably be expected to result in the imposition of fines, penalties or other liabilities on the Company, claims and defenses being asserted against the Company (including counterclaims and defense asserted by Borrowers), or materially adversely affect the Company or the Company's ability to foreclose on the Collateral securing or otherwise realize the full value of any Loan or Acquired Collateral.

(b) Company Obligations. The Company (i) shall at all times have in effect and be subject to the Company Operating Agreement, (ii) except as is otherwise expressly permitted therein, shall amend the Company Operating Agreement only with the prior written approval of the Participant, and (iii) shall not enter into or allow itself to become subject to any other constituent documents inconsistent with any terms of the Company Operating Agreement.

(c) Document Custodian. The Company shall retain and enter into and, at all times, be a party to a Custodial Agreement with a document custodian (the “**Document Custodian**”) who is a Qualified Custodian, and such Document Custodian shall at all times have custody and possession of the Notes and other Custodial Documents. At no time shall the Company have more than one Document Custodian. The fees and expenses paid to the Document Custodian shall be no more than market rates and the Custodial Agreement shall be terminable by the Company or the Participant upon no more than thirty (30) days’ notice, without cause thereunder. In the event that the Company (or the Servicer) removes any original Notes or other Custodial Documents from the possession of the Document Custodian (which shall be done only in accordance with the Custodial Agreement), (i) any loss or destruction of or damage to such Notes or Custodial Documents shall be the liability of the Company (who, along with the Servicer, shall be responsible for safeguarding such Notes and Custodial Documents) and (ii) such Notes shall be returned to the Document Custodian within the time provided under the applicable Uniform Commercial Code to maintain the Participant’s perfection thereof by possession. If any Notes or other Custodial Documents are removed in connection with the modification or restructuring of a Loan, the modified or restructured Notes and other Custodial Documents removed in connection therewith shall be returned to the Document Custodian as soon as possible following the completion of the restructuring or modification (and, in any event, in accordance with clause (ii) of the immediately preceding sentence). The Company shall ensure that the Participant receives a copy of each demand, notice or other communication given under the Custodial Agreement at the time that such notice or other communication is given thereunder.

(d) Relationships with Borrowers, etc. The Company shall not, at any time, (i) be an Affiliate of, or a partner or joint venturer with, any Borrower, (ii) be an agent of any Borrower, or allow any Borrower to be an agent of the Company, or (iii) except as is otherwise contemplated by its ownership of the Loans and its right to hold Acquired Collateral, have any interest whatsoever in any Borrower, Guarantor or other obligor with respect to any Loan or any of the Collateral.

(e) No Conflicting Obligations. The Company shall not, at any time, enter into or become a party to any agreement that would conflict with the terms of this Agreement.

(f) Compliance with Law. The Company shall, at all times, comply with applicable Law in connection with the performance of its obligations under this Agreement.

(g) No Company Debt. Without limiting its obligation to constitute a Single Purpose Entity, the Company shall not, at any time, incur any Debt.

(h) No Dissolution or Liquidation. The Company shall not dissolve or liquidate at any time prior to such time as the Company makes the Final Distribution and this Agreement is terminated.

(i) No Bankruptcy Filing. The Company shall not (i) file a voluntary petition for bankruptcy, (ii) file a petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any Law, (iii) make an assignment for the benefit of creditors, (iv) seek, consent or acquiesce in the appointment of a trustee, receiver or liquidator or of all or any substantial part of its properties, (v) file an answer or other pleading admitting or failing to contest the material allegations of (A) a petition filed against it in any proceeding described in clause (i) through (iv), or (B) any order adjudging it a bankrupt or insolvent or for relief against it in any bankruptcy or Insolvency Proceeding, or (vi) allow itself to become unable to pay its obligations as they become due or allow the sum of its debts to be greater than all of its property, at a fair valuation.

(j) No Liens. The Company shall not place or permit (voluntarily or involuntarily) any Lien to be placed on any of the Secured Assets (other than the security interest granted to the Participant hereunder), and shall not take any action to interfere with the Participant's rights as a secured party with respect to the Secured Assets.

(k) Servicer. The Company shall at all times cause its Servicing Obligations under this Agreement to be performed by a Servicer that is a Qualified Servicer.

(l) MERS Member. The Company shall become a member of MERS on or before the Closing Date and, for so long as any Loan is registered on the MERS® System, maintain itself as a MERS member in good standing (including paying all dues and other fees required to maintain its membership, which costs shall not constitute Servicing Expenses, and complying with MERS policies and procedures). The Company shall give prompt written notice of any disciplinary action instituted with respect to its failure to pay any fees required in connection with its use of the MERS® System or otherwise comply with any MERS policies or procedures.

#### Section 8.02 Indemnification.

(a) The Company shall indemnify and hold harmless the Participant and the Participant's Affiliates, and their respective officers, directors, employees, partners, principals, agents and contractors (the "**Indemnified Parties**"), from and against any losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees and litigation and similar costs, and other out-of-pocket expenses incurred in investigating, defending, asserting or preparing the defense or assertion of any of the foregoing), deficiencies, claims, interest, awards, judgments, penalties and fines (collectively, "**Losses**") arising out of or resulting from (i) any breach by the Company or any of its Affiliates or any of their respective officers, directors, employees, partners, principals, agents or contractors (including the Servicer or any Subservicer) of any of their respective obligations under or covenants or agreements contained in this Agreement, the Servicing Agreement or any Subservicing Agreement (including any claim asserted by the Participant against the Company to enforce its rights pursuant to Section 10.02), or any third-party allegation or claim based upon facts alleged that, if true, would constitute such

a breach, or (ii) any gross negligence, bad faith or willful misconduct by one of the Persons referred to in clause (i) (including any gross negligence, bad faith or willful misconduct of the Servicer or any Subservicer and including any act or omission constituting theft, embezzlement, breach of trust or violation of any Law). Such indemnity shall survive the termination of this Agreement. In order for an Indemnified Party to be entitled to any indemnification provided for under this Agreement in respect of, arising out of or involving a Loss or a claim or demand made by any Person against the Indemnified Party (a “**Third Party Claim**”), such Indemnified Party shall deliver notice thereof to the Company promptly after receipt by such Indemnified Party of written notice of the Third Party Claim, describing in reasonable detail the facts giving rise to any claim for indemnification hereunder, the amount of such claim (if known) and such other information with respect thereto as is available to the Indemnified Party and as the Company may reasonably request. The failure or delay to provide such notice, however, shall not release the Company from any of its obligations under this Section 8.02 except to the extent that it is materially prejudiced by such failure or delay.

(b) If for any reason the indemnification provided for herein is unavailable or insufficient to hold harmless the Indemnified Parties, the Company shall contribute to the amount paid or payable by the Indemnified Parties as a result of the Losses of the Indemnified Parties in such proportion as is appropriate to reflect the relative fault of the Indemnified Parties, on the one hand, and the Company (including the Servicer or any Subservicer), on the other hand in connection with a breach of the Company’s obligations under this Agreement.

(c) If the Company confirms in writing to the Indemnified Party within fifteen (15) business days after receipt of a Third Party Claim the Company’s responsibility to indemnify and hold harmless the Indemnified Party therefor, the Company may elect to assume control over the compromise or defense of such Third Party Claim at the Company’s own expense and by the Company’s own counsel, which counsel must be reasonably satisfactory to the Indemnified Party, provided that (i) the Indemnified Party may, if such Indemnified Party so desires, employ counsel at such Indemnified Party’s own expense to assist in the handling (but not control the defense) of any Third Party Claim; (ii) the Company shall keep the Indemnified Party advised of all material events with respect to any Third Party Claim; (iii) the Company shall obtain the prior written approval of the Indemnified Party before ceasing to defend against any Third Party Claim or entering into any settlement, adjustment or compromise of such Third Party Claim involving injunctive or similar equitable relief being imposed upon any Indemnified Party or any of its Affiliates; and (iv) the Company will not, without the prior written consent of each Indemnified Party, settle or compromise or consent to the entry of any judgment in any pending or threatened action in respect of which indemnification may be sought hereunder (whether or not any such Indemnified Party is a party to such action), unless such settlement, compromise or consent by its terms obligates the Company to satisfy the full amount of the liability in connection with such Third Party Claim and includes an unconditional release of the Indemnified Party from all liability arising out of such Third Party Claim.

(d) Notwithstanding anything contained herein to the contrary, the Company shall not be entitled to control (and if the Indemnified Party so desires, it shall have sole control over) the defense, settlement, adjustment or compromise of (but the Company shall nevertheless be required to pay all Losses incurred by the Indemnified Party in connection with such defense, settlement or compromise): (i) any Third Party Claim that seeks an order, injunction or other

equitable relief against the Indemnified Party or any of its Affiliates; (ii) any action in which both the Company (or any Affiliate) and the Indemnified Party are named as parties and either the Company (or such Affiliate) or the Indemnified Party determines with advice of counsel that there may be one or more legal defenses available to it that are different from or additional to those available to the other party or that a conflict of interest between such parties may exist in respect of such action; and (iii) any matter that raises or implicates any issue relating to any power, right or obligation of the FDIC under any Law. If the Company elects not to assume the compromise or defense against the asserted liability, fails to timely and properly notify the Indemnified Party of its election as herein provided, or, at any time after assuming such defense, fails to diligently defend against such Third Party Claim in good faith, the Indemnified Party may pay, compromise or defend against such asserted liability (but the Company shall nevertheless be required to pay all Losses incurred by the Indemnified Party in connection with such defense, settlement or compromise). In connection with any defense of a Third Party Claim (whether by the Company or the Indemnified Party), all of the parties hereto shall, and shall cause their respective Affiliates to, cooperate in the defense or prosecution thereof and to in good faith retain and furnish such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials and appeals, as may be reasonably requested by a party hereto in connection therewith.

(e) Under no circumstances shall any liability of the Company under the provisions of this Section 8.02 constitute a Servicing Expense or otherwise be charged to the Participant or deducted from the Participant's Share.

## **ARTICLE IX**

### **CLEAN-UP CALL**

Section 9.01 Clean-Up Call Rights. The Participant shall have the right, exercisable in its sole and absolute discretion, to require the liquidation and sale, for cash consideration, of any remaining Loans and Acquired Collateral held by the Company or any Ownership Entity (the "**Clean-Up Call**") at any time after the earlier to occur of (i) the date that is seven (7) years after the Closing Date and (ii) the date on which the then Unpaid Principal Balance is ten percent (10%) or less of the Unpaid Principal Balance as of the Closing Date, as set forth on the Loan Schedule.

Section 9.02 Exercise of Clean-Up Call Rights. In order to exercise its rights under Section 9.01, the Participant shall give notice in writing to the Company, setting forth the date by which the remaining Loans and Acquired Collateral are to be liquidated by the Company, which date shall be no less than 180 calendar days after the date of such notice.

Section 9.03 Company To Proceed Expeditiously. Upon receipt of notice under Section 9.02, the Company shall proceed expeditiously to cause to be commenced the liquidation of the remaining Loans and Acquired Collateral by means of sealed bid sales to Persons other than Related Persons of the Company or the Servicer or any Subservicer, or Related Persons of the Servicer or any Subservicer. The selection of any financial adviser or other Person, broker or sales agent retained for the liquidation of the remaining Loans and Acquired Collateral pursuant to this Section 9.03 shall be subject to the prior approval of the

Participant, such approval not to be unreasonably withheld, delayed or conditioned as long as the fees to be charged by such financial adviser or other Person, broker or sales agent are reasonable. In the event the remaining Loans and Acquired Collateral are not liquidated by the date specified in the notice provided by the Participant pursuant to Section 9.02, the Participant shall be entitled to liquidate the remaining Loans and Acquired Collateral in its discretion and the Company shall cooperate and assist with such liquidation to the extent reasonably requested by the Participant. In the event the Company or any Related Person thereof desires to bid to acquire the remaining Loans and Acquired Collateral, then the Participant shall be entitled to liquidate the remaining Loans and Acquired Collateral in its discretion. In the event the Participant undertakes to liquidate the remaining Loans and Acquired Collateral pursuant to this Section 9.03, all costs and expenses incurred by it shall be deducted from the Loan Proceeds and, after reimbursing the Company for any amounts to which it is entitled pursuant to Section 3.04 of this Agreement, the remaining Loan Proceeds shall be allocated between and distributed to the Participant and the Company in accordance with Section 4.01.

## ARTICLE X

### EVENTS OF DEFAULT OF THE COMPANY

Section 10.01 Events of Default. An “Event of Default” means the occurrence of any of the following:

(a) Any failure by the Company to cause to be allocated any amount required to be allocated to the Participant under the terms of this Agreement or to cause to be remitted to the Participant any payment required to be made to the Participant under the terms of this Agreement, as set forth in the monthly cash flow and distribution report, in either case which continues unremedied until 12:00 p.m. New York time on the second Business Day following the date upon which written notice of such failure, requiring the same to be remedied, shall have been given to the Company; or

(b) There occurs any Insolvency Event (without any cure period other than as may be provided for in the definition of Insolvency Event) with respect to the Company, any Affiliate of the Company, the Servicer or any Affiliate thereof, or any Subservicer or any Affiliate thereof, or either Guarantor under the Guaranty required to be delivered pursuant to the LLC Interest Sale Agreement (or any replacement thereof); or

(c) Any failure of the Company to duly perform its obligations in Section 5.05(d) or Section 5.05(e), which failure continues unremedied for a period of thirty (30) days after the date on which written notice of such failure requiring the same to be remedied shall have been given to the Company; or

(d) Any failure of the Company to cause to be made any Authorized Funding Draw from the LIP Account in accordance with the provisions of Section 4.03(c), or any failure to cause to be made any payment of any Servicing Expenses or any Working Capital Advance pursuant to Article III, which failure continues unremedied for a period of thirty (30) days after the date on which written notice of such failure requiring the same to be remedied shall have been given to the Company; or

(e) The failure (i) by the Company at any time to comply with its obligation to retain and maintain the retention of a Servicer that is a Qualified Servicer, including as a result of the failure of the Servicer to meet the criteria of a Qualified Servicer, or (ii) by the Company to comply with its obligation to retain and maintain the retention of a Document Custodian that is a Qualified Custodian, including as a result of the failure of the Document Custodian to meet the criteria of a Qualified Custodian, which, in the case of either clause (i) or (ii), continues unremedied for a period of thirty (30) days after the date on which written notice of such failure requiring the same to be remedied shall have been given to the Company; or

(f) The failure of the Company or any member of the Company to comply with and enforce the provisions of the Company Operating Agreement, which continues unremedied for a period of thirty (30) days after the date on which written notice of such failure requiring the same to be remedied shall have been given to the Company; or

(g) The failure of the Company to cause the liquidation of the remaining Loans and Acquired Collateral if required under Section 9.03, and within the time specified by the Participant (without any cure period) upon the exercise by the Participant of the Clean-Up Call; or

(h) The occurrence of either (i) an event of default or material breach by the Servicer under the Servicing Agreement, which continues unremedied for a period of thirty (30) days after the date on which written notice of such failure requiring the same to be remedied shall have been given by the Company to the Servicer or by Participant to the Company, or (ii) the failure by the Company to replace the Servicer upon the occurrence of either an Event of Default under this Agreement as a result of the Servicer's acts or omissions or a material breach of or event of default under the Servicing Agreement by the Servicer, in either case which continues unremedied for a period of sixty (60) days after the date on which written notice of such failure requiring the same to be remedied shall have been given to the Company; or

(i) The occurrence of any event of default or material breach by the Company under the Servicing Agreement or the Custodial Agreement (including any failure to pay fees or expenses due thereunder by the Company) which, in either case, remains unremedied following the expiration of any cure period provided for therein (with no additional cure period hereunder); or

(j) Any other failure (other than those specified in any of Sections 10.01(a) through (j)) on the part of the Company to duly observe or perform in any material respect any other covenants or agreements on the part of the Company contained in this Agreement (including any obligations imposed upon the Servicer or any Subservicer), which continues unremedied for a period of sixty (60) days after the date on which written notice of such failure requiring the same to be remedied shall have been given to the Company; provided, however, that in the case of a failure that cannot be cured within sixty (60) days, the cure period shall be extended for an additional thirty (30) days if the Company can demonstrate to the reasonable satisfaction of the Participant that the Company is diligently pursuing remedial action.



Section 10.02 Remedies Upon Events Of Defaults.

(a) General. Upon the occurrence and during the continuance of an Event of Default, in addition to any other rights it may have pursuant to this Agreement, any Ancillary Document or applicable Law (including under the Uniform Commercial Code as secured party or otherwise), whether at law or in equity and whether pursuant to statute or regulation or otherwise, the Participant shall have the right to take, at the Participant's option and the Company's expense, one or more of the following actions: (i) upon notice in writing to the Company (effective at such time as is specified in such notice), to act on behalf of the Company to terminate the existing Servicer (and any Subservicers) and to cause the Company to enter into a new Servicing Agreement with a servicer (a "**successor Servicer**") selected by the Participant (in its sole and absolute discretion), and (ii) upon notice in writing to the Company (effective at such time as is specified in such notice), to terminate the Company's rights as servicer pursuant to this Agreement and, in such case, (A) to terminate the Servicer and select (in its sole and absolute discretion), and enter into a Servicing Agreement with, a successor Servicer, such Servicing Agreement to be between the Participant and the successor Servicer chosen by the Participant, or (B) to retain the existing Servicer and to enter into a new Servicing Agreement between the Participant and the Servicer (or to effect an assignment of the existing Servicing Agreement from the Company to the Participant). The Participant shall have no obligation to assume any obligations or liabilities of the Company under or in connection with any Servicing Agreement. Notwithstanding the foregoing, the Participant shall not exercise its right to terminate the Servicer in the absence of (1) an Event of Default as described in Section 10.01(a) if such Event of Default is due to the failure by the Servicer to perform any material obligation under the Servicing Agreement, (2) an Event of Default as described in Section 10.01(b) with respect to the Servicer or any Affiliate thereof or any Subservicer or any Affiliate thereof, or Section 10.01(c) with respect to the Servicer or any Subservicer, or, if the Servicer is an Affiliate of the Company, with respect to the Company or any Affiliate of the Company, (3) an Event of Default as described in Section 10.01(d) if such an Event of Default is due to the failure of the Servicer to perform any material obligation under the Servicing Agreement, (4) an Event of Default as described in Section 10.01(e)(i) as a result of the failure of the Servicer at any time to meet the criteria of a Qualified Servicer, or Section 10.01(h)(i), or (5) any other Event of Default that consists of a breach of a servicing obligation under this Agreement. In addition, the Company hereby consents to the immediate termination of the Servicer upon the occurrence of any Event of Default described in Section 10.01(b).

(b) Appointment of Successor Servicer. If the Participant exercises its right to act on behalf of the Company to appoint a successor Servicer, the costs and expenses associated with such successor Servicer (including any servicing fees) shall be borne by the Company (and not the Participant), and no termination or other fee shall be due to the Company or the Servicer or any Subservicer in connection with or as a result of any such action. All authority and power of the Company to act with respect to the terminated Servicer shall pass to and be vested in the Participant under this Section and, without limitation, the Participant is hereby authorized and empowered, as attorney-in-fact or otherwise, to execute and deliver, on behalf of and at the expense of the Company, any and all documents and other instruments and to do or take any and all acts necessary or appropriate to effect the termination of the Servicer and the replacement of the Servicer with a successor Servicer.

(c) Termination of Company's Rights as Servicer. If the Participant exercises its right pursuant to this Section to terminate the Company's rights as servicer under this Agreement, all authority and power of the Company to act as servicer under this Agreement shall pass to and be vested in the Participant under this Section and, without limitation, the Participant is hereby authorized and empowered, as attorney-in-fact or otherwise, to execute and deliver, on behalf of and at the expense of the Company, any and all documents and other instruments and to do or take any and all acts necessary or appropriate to effect the termination and replacement of the Servicer and, in the event the Participant decides to retain the Servicer, to enter into a new Servicing Agreement between the Participant and the Servicer or to effect an assignment of the existing Servicing Agreement from the Company to the Participant. The Participant shall have and be entitled to exercise all rights of the Company as servicer under this Agreement and the costs and expenses associated with any such successor Servicer or the existing Servicer (including any servicing fees) shall be borne by the Company (and not the Participant).

(d) Cooperation To Facilitate Transfer. In any event, if the Servicer or any Subservicer is terminated pursuant to the provisions of this Article X, the Company shall, and shall cause the Servicer (and any Subservicer) to, provide the Participant and any successor Servicer in a timely manner with all documents, records and data (including electronic documents, records and data) requested by the Participant or any successor Servicer to enable it and any successor Servicer to assume the responsibilities as servicer under this Agreement, and to cooperate with the Participant in effecting the termination of the Servicer (or any Subservicer) or the Company's rights as servicer under this Agreement, including (x) the transfer within one (1) Business Day of all cash amounts which, at the time, shall be or should have been credited to the Collection Account or are thereafter received with respect to any Loans or Acquired Collateral, and (y) the transfer of all lockbox accounts with respect to which payments or other amounts with respect to the Loans are directed or the redirection of all such payments and other amounts to such account as the Participant may specify, and (z) the assignment to the Participant of the right to access all such lockbox accounts, the LIP Account, the Collection Account, any Liquidity Reserve Account, any Litigation Reserve Account and any other account into which Loan Proceeds or Borrower escrow payments are deposited or held. Following the taking of any action pursuant to this Article X, the Company shall continue to be entitled to be reimbursed for Servicing Expenses but only to the extent that it was entitled to reimbursement of Servicing Expenses prior to such action. The Company shall be liable for, and the Participant shall be entitled to deduct from the Company's Share, all costs and expenses incurred by the Participant (x) associated with the complete transfer of the servicing data, (y) associated with the completion, correction or manipulation of servicing data as may be required to correct errors or insufficiencies in the servicing data to enable the Participant and any successor Servicer (and any Subservicers) to service the Loans and Acquired Collateral properly and effectively, and (z) to retain and maintain the services of a successor Servicer (and any Subservicers). Within a reasonable time after receipt of a written request of the Company for the same, the Participant shall provide reasonable documentation evidencing such costs and expenses, but the Participant's right to deduct such costs and expenses from the Company's Share shall not be subject to or contingent upon the provision of such documentation.

(e) Power of Attorney. The Company hereby irrevocably constitutes and appoints the Participant and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact for the purposes of this Agreement and allowing the Participant

to perfect, preserve the validity, perfection and priority of, and enforce any lien granted by this Agreement and, after the occurrence and during the continuance of any Event of Default, to exercise its rights, remedies and powers and privileges under this Agreement. This appointment as attorney-in-fact is irrevocable and coupled with an interest until this Agreement is terminated and the security interests created hereby are released. Without limiting the generality of the foregoing, the Participant shall be entitled under this Section 10.02(e) to do any of the following if an Event of Default has occurred and is continuing: (i) ask, demand, collect, sue for, recover, receive and give receipt and discharge for amounts due and to become due under and in respect of any or all of the Loans; (ii) file any claims or take any action or proceeding in any court of law or equity that the Participant may reasonably deem necessary or advisable for the collection of all or any part of the Loans, defend any suit, action or proceeding brought against the Company with respect to any Loan, and settle, compromise or adjust any such suit, action or proceeding; (iv) execute, in connection with any sale or disposition of the Loans, any endorsements, assignments, bills of sale or other instruments of conveyance or transfer with respect to all or any part of the Loans; (v) enforce the rights of the Company under any provision of any Servicing Agreement to the extent permitted thereunder and under the terms of this Agreement; (vi) pay or discharge taxes and Liens levied or placed on the Loans; (vii) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Loans as fully and completely as though the Participant were the absolute owner thereof for all purposes; and (viii) do, at the Participant's option and the Company's expense, at any time and from time to time, all acts and things that the Participant reasonably deems necessary to protect, preserve, or realize upon the Loans and the Participant's security interests therein and to effect the intent of this Agreement, all as fully and effectively as the Company might do. Anything in this Section 10.02(e) to the contrary notwithstanding, the Participant agrees that it shall not exercise any right under the power of attorney provided for in this Section 10.02(e) unless an Event of Default shall have occurred and be continuing.

(f) Offsets. Without limiting any other rights of the Participant hereunder, in the event the Participant exercises any rights or remedies as a result of or in connection with the occurrence of an Event of Default, all costs and expenses (including reasonable attorneys' fees and litigation and similar costs, and other out-of-pocket expenses incurred in investigating, defending, asserting or preparing the defense or assertion of any claim) incurred by the Participant with respect thereto may be offset by the Participant against the Company's Share.

## **ARTICLE XI**

### **RELATIONSHIP BETWEEN PARTICIPANT AND THE COMPANY**

It is expressly understood and agreed that, with respect to this Agreement and the transactions contemplated hereby, as between themselves, the Participant and the Company each hereby acknowledge and agree that the Participant is participating in the ownership of the Loans and the Acquired Collateral and the Participant and the Company are not investing in a common enterprise or partnership with each other (except, for the avoidance of doubt, for any applicable tax purposes). Each of the Company and the Participant acknowledges that it shall occupy the status of, act as and be considered independent contractors and neither shall in any event be considered an agent, creditor, partner or employee of the other, it being the intent of the parties that this Agreement shall not constitute nor be construed to create a partnership or joint venture

of any kind between the Participant and the Company (except, for the avoidance of doubt, for any applicable tax purposes). The Company and the Participant hereby acknowledge and agree that, for U.S. federal income tax purposes, this Agreement shall be treated as a partnership (the “**Partnership**”), and the Company and Participant shall be treated as partners in the Partnership. The Partnership’s income, gain, losses, deductions, credits and distributions will be determined and reported in accordance with Subchapter K of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the “**Code**”). The parties agree that the Company will be the “tax matters partner,” as such term is defined under the Code, and that any action taken by the tax matters partner in connection with tax elections or tax audits of the Partnership will, to the extent permitted by Law, be binding upon the Company and the Participant.

## ARTICLE XII

### ASSIGNMENT

Section 12.01 No Assignment by Company. The Company shall not sell participations in the Loans or the Acquired Collateral or assign or delegate this Agreement or, except as is required by Section 5.03, any rights or obligations hereunder to any other Person, without the prior written consent of the Participant, which consent may be withheld or conditioned in the Participant’s sole and absolute discretion. Any purported sale, sub-participation or assignment or delegation in violation of the preceding sentence shall be void *ab initio* and of no force or effect whatsoever. Subject to the foregoing, this Agreement shall be binding on and shall inure to the benefit of the Company and its respective successors and permitted assigns. The Company hereby acknowledges and agrees that this Agreement constitutes a personal services agreement between the Company and the Participant.

Section 12.02 Assignments by Participant. The Participant shall be entitled to sell and assign all (but not part) of its Participation Interest (and the entire Participation Interest will be sold and transferred as a single participation interest) and, in conjunction therewith, its rights and obligations under this Agreement subject to applicable Law and the provisions of this Article XII. The Participant’s right to sell and transfer its Participation Interest (and assign its rights and obligations under this Agreement) to any other Person, shall be subject to the following provisions:

(a) No Transfers Creating Public Partnership. Notwithstanding any other provision of this Agreement, the Participation Interest shall not be transferred to any partnership, grantor trust, S corporation or other flow-through entity the sole purpose of which is to satisfy the private placement safe harbor of Treasury Regulation 1.7704-1(h)(1).

(b) Transfer Supplement. Except as provided in Section 12.02(c), any such assignment shall be made pursuant to a Transfer Supplement in substantially the form attached hereto as Exhibit H, duly completed, with such immaterial changes thereto as the Participant and the transferee shall agree upon (a “**Transfer Supplement**”). Upon the execution and delivery of a Transfer Supplement by the Participant and transferee, the same shall be delivered to the Company and, upon receipt, the Company shall acknowledge the same and be deemed to have accepted such Transfer Supplement. From and after the close of business at the Company’s

office at 888 East Walnut Street, Pasadena, CA on the Transfer Effective Date, as defined and specified in such Transfer Supplement, the transferee shall be a party hereto and, to the extent provided in such Transfer Supplement, shall have the rights and obligations of the Participant hereunder.

(c) Transfer to FDIC. The Participant shall be entitled to transfer the Participation Interest to the FDIC at any time, without the execution and delivery of a Transfer Supplement. Upon written notice of any such transfer delivered to the Company, the Company shall be deemed to have acknowledged such transfer and shall reflect such transfer on its books and in the register in which ownership of the Participation is recorded. The transfer of the Participation Interest shall be deemed to be effective on the transfer date specified by the Participant in its notice to the Company of such transfer unless such notice is not provided pursuant to the provisions of this Section within seven (7) Business Days after such date, in which case the transfer shall be deemed to be effective on the date on which such notice is received by the Company (the “**Deemed Effective Date**”). From and after the Transfer Effective Date, as defined and specified in such Transfer Supplement, or the Deemed Effective Date, as applicable, the transferring Participant shall be released from any obligations it may have under this Agreement and shall cease to be a party to this Agreement.

(d) Exchange of Participation Certificate. Upon any such assignment, the Participation Certificate held by the transferor shall be exchanged and a new Participation Certificate, as necessary to evidence each transferee and its interest, evidencing such transfer shall be issued.

## ARTICLE XIII

### **LENDERS’ TITLE INSURANCE; RIGHTS TO PAYMENTS**

Section 13.01 Title Policies. The Company and the Participant hereby acknowledge and agree that the title policies insuring the Lien of the Collateral Documents securing the Loans which are required by the Loan Documents were issued in favor of the Participant as the only insured thereunder; and have been or will be endorsed in a form reasonably satisfactory to the Company to reflect the Company as the only insured, but that the Participant shall share in the Company’s interest therein, including any recovery thereunder, in accordance with the terms of this Agreement.

Section 13.02 Sharing of Payments. Except as otherwise expressly set forth herein, neither the Company nor the Participant shall obtain any payment or payments (whether voluntary or involuntary, through the exercise of any right of set-off or otherwise) to be applied on account of its interest in the Loans unless such payment or payments shall be shared by the Participant and the Company in accordance with the terms of this Agreement. If any such payment or payments are rescinded, set aside or otherwise recovered by or on behalf of the Person from whom the payment or payments are received, or by or for the creditors of such Person, then any such payment or payments made to the Company or the Participant pursuant to the preceding sentence shall be returned by the Company or the Participant against whom such recovery is made.



with a copy to: Senior Counsel  
FDIC Legal Division  
Litigation and Resolutions Branch, Receivership Section  
Special Issues Unit  
3501 Fairfax Drive (Room E-7056)  
Arlington, Virginia 22226  
Attention: David Gearin

If to the Company  
after the Closing: 888 East Walnut Street  
Pasadena, CA 91101-7211  
Attention: Steven Mnuchin

with a copy to: Cleary Gottlieb Steen & Hamilton LLP  
One Liberty Plaza  
New York, NY 10006  
Attention: Paul E. Glotzer

Any such notice shall become effective when received (or receipt is refused) by the addressee, provided that any notice or communication that is received (or refused) other than during regular business hours of the recipient shall be deemed to have been given at the opening of business on the next Business Day of the recipient. From time to time, any Person may designate a new address for purposes of notice hereunder by notice to such effect to the other Persons identified above.

## ARTICLE XVI

### **GOVERNING LAW; JURISDICTION**

Section 16.01 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, EXCLUDING ANY CONFLICT OF LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THIS AGREEMENT TO THE LAW OF ANOTHER JURISDICTION. Nothing in this Agreement shall require any unlawful action or inaction by any party hereto.

Section 16.02 Jurisdiction; Venue and Service. Each of the Company, for itself and its Affiliates, and the Participant hereby irrevocably and unconditionally:

(a) (i) agrees that any suit, action or proceeding instituted against it by any other party with respect to this Agreement may be instituted, and that any suit, action or proceeding by it against any other party with respect to this Agreement shall be instituted, only in the United States District Court for the Southern District of New York or the United States District Court for the District of Columbia (and appellate courts from any of the foregoing), (ii) consents and submits, for itself and its property, to the jurisdiction of such courts for the purpose of any such suit, action or proceeding instituted against it by any other party and (iii) agrees that

a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law;

(b) agrees that service of all writs, process and summonses in any suit, action or proceeding pursuant to Section 16.02(a) may be effected by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Company at its address for notices pursuant to Article XV (with copies to such other Persons as specified therein); provided, however, that nothing contained in this Section 16.02 shall affect the ability of the Company to be served process in any other manner permitted by Law;

(c) (i) waives any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement brought in any court specified in Section 16.02(a), (ii) waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum and (iii) agrees not to plead or claim either of the foregoing; and

(d) agrees that nothing contained in this Section 16.02 shall be construed as a limitation on any removal rights the FDIC may have.

Section 16.03 Waiver of Jury Trial. EACH OF THE COMPANY, FOR ITSELF AND ITS AFFILIATES, AND THE PARTICIPANT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY OF ANY DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT AND AGREES THAT ANY SUCH DISPUTE SHALL BE TRIED BEFORE A JUDGE SITTING WITHOUT A JURY.

## **ARTICLE XVII**

### **RIGHT TO SPECIFIC PERFORMANCE**

THE COMPANY HEREBY ACKNOWLEDGES AND AGREES THAT THE DAMAGES TO BE INCURRED BY THE PARTICIPANT AS A RESULT OF THE COMPANY'S BREACH OF THIS AGREEMENT WILL BE DIFFICULT, IF NOT IMPOSSIBLE, TO ASCERTAIN, THAT DAMAGES WILL NOT BE AN ADEQUATE REMEDY AND THAT ANY BREACH OR THREATENED BREACH OF ANY OF THE PROVISIONS OF THIS AGREEMENT BY THE COMPANY MAY CAUSE IMMEDIATE IRREPARABLE HARM FOR WHICH THERE MAY BE NO ADEQUATE REMEDY AT LAW. ACCORDINGLY, THE PARTIES AGREE THAT, IN THE EVENT OF ANY SUCH BREACH OR THREATENED BREACH, THE PARTICIPANT SHALL BE ENTITLED TO IMMEDIATE AND PERMANENT EQUITABLE RELIEF (INCLUDING INJUNCTIVE RELIEF AND SPECIFIC PERFORMANCE OF THE PROVISIONS OF THIS AGREEMENT) FROM A COURT OF COMPETENT JURISDICTION (IN ADDITION TO ANY OTHER REMEDY TO WHICH IT MAY BE ENTITLED AT LAW OR IN EQUITY). THE PARTIES AGREE AND STIPULATE THAT THE PARTICIPANT SHALL BE ENTITLED TO SUCH EQUITABLE (INCLUDING INJUNCTIVE) RELIEF WITHOUT POSTING A BOND OR OTHER SECURITY AND THE COMPANY FURTHER WAIVES ANY DEFENSE IN ANY SUCH ACTION FOR SPECIFIC PERFORMANCE OR INJUNCTIVE RELIEF THAT A



REMEDY AT LAW WOULD BE ADEQUATE AND ANY REQUIREMENT UNDER LAW TO POST SECURITY AS A PREREQUISITE TO OBTAINING EQUITABLE RELIEF. NOTHING CONTAINED IN THIS SECTION SHALL LIMIT THE PARTIES' RIGHT TO ANY REMEDIES AT LAW, INCLUDING THE RECOVERY OF DAMAGES FOR BREACH OF THIS AGREEMENT.

## **ARTICLE XVIII**

### **WITHHOLDING**

The Company shall be entitled to deduct and withhold such amounts required to be deducted and withheld under any applicable provision of federal, state or local tax Law from any distribution otherwise payable to the Participant hereunder. To the extent that amounts are so deducted and withheld and paid over to the appropriate taxing authority, such deducted and withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Participant.

## **ARTICLE XIX**

### **MISCELLANEOUS**

Section 19.01 Entire Agreement. This Agreement and the Ancillary Documents contain the entire agreement between the Participant and the Company and/or its Affiliates with respect to the subject matter hereof and supersedes any and all other prior agreements, whether oral or written.

Section 19.02 Counterparts; Facsimile Signatures. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute but one and the same agreement. This Agreement and any amendments hereto, to the extent signed and delivered by facsimile or other electronic means, shall be treated in all manner and respects as an original agreement and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No signatory to this Agreement shall raise the use of a facsimile machine or other electronic means to deliver a signature or the fact that any signature or agreement was transmitted or communicated through the use of a facsimile machine or other electronic means as a defense to the formation or enforceability of a contract and each such Person forever waives any such defense.

Section 19.03 Headings. Paragraph titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provisions hereof. All Section and paragraph references contained herein shall refer to Sections and paragraphs in this Agreement unless otherwise specified.

Section 19.04 Compliance with Law. Except as otherwise specifically provided herein, each party to this Agreement shall, at its own cost and expense, obey and comply with all applicable laws, as they may pertain to such party's performance of its obligations hereunder.

Section 19.05 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall be ineffective, but such ineffectiveness shall be limited as follows: (i) if such provision is prohibited or unenforceable in such jurisdiction only as to a particular Person or Persons and/or under any particular circumstance or circumstances, such provision shall be ineffective, but only in such jurisdiction and only with respect to such particular Person or Persons and/or under such particular circumstance or circumstances, as the case may be; (ii) without limitation of clause (i), such provision shall in any event be ineffective only as to such jurisdiction and only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability in such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction; and (iii) without limitation of clauses (i) or (ii), such ineffectiveness shall not invalidate any of the remaining provisions of this Agreement. Without limitation of the preceding sentence, it is the intent of the parties to this Agreement that in the event that in any court proceeding, such court determines that any provision of this Agreement is prohibited or unenforceable in any jurisdiction (because of the duration or scope (geographic or otherwise) of such provision, or for any other reason) such court shall have the power to, and shall, (x) modify such provision (including without limitation, to the extent applicable, by limiting the duration or scope of such provision and/or the Persons against whom, and/or the circumstances under which, such provision shall be effective in such jurisdiction) for purposes of such proceeding to the minimum extent necessary so that such provision, as so modified, may then be enforced in such proceeding and (y) enforce such provision, as so modified pursuant to clause (x), in such proceeding. Nothing in this Section is intended to, or shall, limit (1) the ability of any party to this Agreement to appeal any court ruling or the effect of any favorable ruling on appeal or (2) the intended effect of Section 16.01.

Section 19.06 No Third Party Beneficiaries. This Agreement is made for the sole benefit of the Participant and the Company and their respective successors and permitted assigns, and no other Person or Persons (including Borrowers or any co-lender or other Person with any interest in or liability under any of the Loans) shall have any rights or remedies under or by reason of this Agreement. Notwithstanding the foregoing, the FDIC shall be considered a third party beneficiary to this Agreement.

Section 19.07 Legal Fees. No party to this Agreement shall be responsible for the payment of the legal fees or expenses incurred by the other party hereto in connection with the negotiation and execution of this Agreement or any subsequent modifications or supplements hereto.

Section 19.08 No Presumption. This Agreement shall be construed fairly as to each party hereto and if at any time any such term or condition is desired or required to be interpreted or construed, no consideration shall be given to the issue of who actually prepared, drafted or requested any term or condition of this Agreement or any agreement or instrument subject hereto.

Section 19.09 Amendments and Waivers. No provision of this Agreement may be amended or waived except in writing executed by all of the parties to this Agreement.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the parties hereto have caused this Participation and Servicing Agreement to be executed as of the day and year first above written.

**PARTICIPANT:**

**FEDERAL DEPOSIT INSURANCE  
CORPORATION AS RECEIVER FOR  
INDYMAC FEDERAL BANK, FSB**

By: Ralph Malami  
Name: Ralph Malami  
Title: Manager, Non Structured Sales and  
Asset Management

**THE COMPANY:**

**INDYMAC VENTURE, LLC, a Delaware  
Limited Liability Company**

By: Federal Deposit Insurance Corporation as  
Receiver for IndyMac Federal Bank, FSB, as Sole  
Member and Manager

By: Ralph Malami  
Name: Ralph Malami  
Title: Manager, Non Structured Sales and  
Asset Management

**EXHIBIT A**

**LOAN SCHEDULE**

SEE SECTION VI (GROUPS 6-8), SCHEDULE TO PARTICIPATION AND SERVICING AGREEMENT, ON THE SCHEDULES CD.

**EXHIBIT B**

**FORM OF ACCOUNT CONTROL AGREEMENT**

SEE TAB 73 FOR EXECUTED COPY.

**EXHIBIT C**

**FORM OF CUSTODIAL AGREEMENT**

SEE TAB 70 FOR EXECUTED COPY.

**EXHIBIT D**

**FORM OF ELECTRONIC TRACKING AGREEMENT**

SEE TAB 74 FOR EXECUTED COPY.



**EXHIBIT E**

**FORM OF SERVICING AGREEMENT**

SEE TAB 71 FOR EXECUTED COPY.

**EXHIBIT F**

**FORM OF PARTICIPATION CERTIFICATE**

This Participation Certificate evidences an undivided ownership interest, as hereinafter specified, in the Loans and the Loan Documents relating thereto pursuant to the terms of that certain Participation and Servicing Agreement (the “**Agreement**”) dated as of March 19, 2009, by and between the Federal Deposit Insurance Corporation as Receiver for IndyMac Federal Bank, FSB (“**Participant**”) and IndyMac Venture, LLC (the “**Company**”).

The Participant’s Share evidenced by this Participation Certificate is [eighty percent (80%)] [sixty percent (60%)].

Initially capitalized terms used and not otherwise defined in this Participation Certificate shall have the meanings given such terms in the Agreement.

**IndyMac Venture, LLC**

By: Federal Deposit Insurance Corporation as  
Receiver for IndyMac Federal Bank, FSB, as Sole  
Member and Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Effective Date of this Certificate: \_\_\_\_\_, 200[ ].

**EXHIBIT G**  
**FORM OF MONTHLY REPORT**

***MONTHLY REPORTS***

***Data File***

Requested Information in attached list

***Cashflow and Distribution Report***

Principal collections  
+ Interest collections  
+ Real Estate Owned (“REO”) properties liquidation proceeds  
+ Recoveries of Servicing Expenses  
+ Other collections (including late fees and penalties)  
+ Release from Liquidity Reserve  
+ Release from Litigation Reserve  
+ Release from LIP Funds  
    GROSS FUNDS AVAILABLE  
- Payments on Loan Participations  
    NET FUNDS AVAILABLE  
- Authorized Funding Draws  
- Prior month cumulative Working Capital Advances  
- Management Fee  
- Custodial Fee  
- Servicing Expenses  
- Pre-Approved Charges  
- Holdback for Liquidity Reserve Account  
- Holdback for Litigation Reserve Account  
    TOTAL AUTHORIZED DISBURSEMENTS  
NET DISTRIBUTABLE CASH  
+ Working Capital Advance (amount equal to total in row above, if negative)  
ADJUSTED NET DISTRIBUTABLE CASH  
  
DISTRIBUTION TO PARTICIPANT ( %)  
DISTRIBUTION TO COMPANY ( %)  
    TOTAL DISTRIBUTIONS (equal to Adjusted Net Distributable Cash)

***Threshold Tracking Report***

Threshold Level

Cumulative distributions toward Recovery Threshold, beginning of month  
+ Current month distribution  
= Cumulative distributions toward Recovery Threshold, end of month

Remaining distributions to Recovery Threshold, end of month

**Monthly Loan and REO Rollforward Report:- by # and \$**

**Loans**

By #:

Beginning number of loans  
- Pay-offs  
- REO transfers  
= Ending number of loans

By \$:

Beginning pool balance (Unpaid Principal Balance (“UPB”))  
+ Commitments funded  
- Payments received,  
- UPB transfers to REO  
- Write down of principal (Other)  
= Ending pool balance (UPB)

**REO**

By #:

Beginning number of REO properties  
+ Transfers in  
- Sales  
= Ending number

By \$:

Beginning UPB of REO properties  
+ Capitalized Servicing Expenses  
+ UPB on REO transfers in  
- Net liquidation proceeds  
- Reimbursement of Servicing Expenses  
+/- Realized Gain (Losses)  
= Ending UPB

**Working Capital Advances Report**

**WORKING CAPITAL ADVANCES - MONTHLY ROLLFORWARD**

Cumulative balance, prior month-end  
Net advances (recoveries), current month  
Cumulative balance, current month-end

**Liquidity Reserve Report**

**LIQUIDITY RESERVE - MONTHLY ROLLFORWARD**

Balance, beginning of month  
Current month addition  
Current month disbursements  
Balance, end of month

**Litigation Reserve Report**

**LITIGATION RESERVE - MONTHLY ROLLFORWARD**

Balance, beginning of month  
Current month addition  
Current month disbursements  
Balance, end of month

**Authorized Funding Draws/LIP Account Report**

Maximum Authorized Funding Draws per Loan Schedule  
LIP Account balance, beginning of month  
Amounts funded during month  
Reductions for loan payoffs  
Reductions for REO transfers  
Other reductions if any  
LIP Account balance, end of month

Months remaining to Final LIP Distribution

**Delinquency Report**

# and \$ by delinquency classification: Current, < 30, 30-60 days, 61-90 days, > 90 days, in foreclosure, in bankruptcy, REO

Breakout of > 60 day delinquencies by collateral type, # and \$  
Breakout of > 60 day delinquencies by state, # and \$

### **Significant Litigation Report**

Provide a litigation summary report describing any claim or counterclaim (“**claim**”) filed against the Company and/or the Servicer with respect to assets subject to this Agreement, the actions taken to defend such claim, and an estimate of the projected exposure for: (a) any claim in which the Company or the Servicer expects to incur more than \$10,000 in fees and expenses to defend such claim, (b) any claim in which multiple plaintiffs have joined in filing an action against the Company and/or the Servicer or the same law firm has filed individual claims on behalf of more than one plaintiff, and (c) any claim(s) regardless of the dollar amount, naming: (i) the Conservator or the Receiver, (ii) the Failed Thrift (IndyMac Bank, FSB) and/or (iii) the FDIC in any capacity, as defendant(s). Activity should be updated quarterly.

### **Environmental Exposure Report**

Provide a report identifying any assets in which the Site Assessment identified an Environmental Hazard together with information on the nature of the hazard, additional tests performed, and the cost of correcting the hazard identified in the Site Assessment.

### **REO Report**

Listing of REO properties held to include original loan number, date of ownership, description, collateral type, address, UPB (of the loan prior to foreclosure), net book value, listing date, estimated sale date, appraisal amount, original list price, current list price cumulative Servicing Expenses incurred, broker name, and comments.

### **Modification Report**

Listing of loans modified, to include borrower name, loan balance and terms before modification, loan balance and terms after modification.

### **Liquidation Report**

Listing of loans and REO properties liquidated, to include borrower name, UPB, cumulative Servicing Expenses, net liquidation proceeds, realized loss amount.

### **Short Sale Report**

Listing of loans for which short sales were accepted, to include borrower name, UPB, payoff accepted, realized loss amount.

### **Judgment Report**

Listing of Judgments obtained, to include borrower name, Judgment amount, current month and cumulative payments received, remaining balance.

***SEMIANNUAL REPORT***

***Projected Cash Flows***

Excel model of projected cash flows to the Participant by month, as of June 30 and December 31 of each year. The model should present projected monthly cash inflows on the loans and REO, projected outflows for Servicing Expenses, net monthly cash available for allocation, and the amount of allocation to Participation Certificate.

The projection should run through the final projected distribution on the Participation Certificate.

***AS AVAILABLE***

***Loan Schedule***

Loan Schedule from the Document Custodian, as provided to the Company.

### **Reporting Requirements**

Data File from servicing system to be provided in Excel  
(or such other data fields that the Participant may request related to Company assets  
utilizing systems maintained by the Servicer or any Subservicer)

### **Data Fields Required by property**

Loan Number  
2nd Loan Number  
Combined Loan Amount  
1st Loan Amt  
2nd Loan Amt  
Type of Loan  
(Residential/Commercial)  
Combined UPB or Disb Amt  
1st Loan UPB or Disb  
2nd Ln UPB or Disb Amt  
LIP or Amt Pending Disb  
(Authorized Funding Draws)  
Original Rate  
Current Rate  
Term  
Note  
CP Mod  
1st Due  
Next Due  
Maturity  
Margin  
Index  
Street  
City  
ST  
ZIP  
Original Appraisal  
Lien  
Credit Score  
CoBwr Score  
Units  
Prop Class  
Purp Type  
Occ  
Documentation  
Int Only  
Int Only End  
PMI Cert  
Basis  
PI Pymt



TI Pymt  
2nd T&I Bal  
TI Balance  
Last CP Insp  
CP % Comp  
COO  
BPO Date  
BPO Value As Is  
BPO Value Repair or Complete  
BPO Prop Condition  
Last Dlq Insp  
Inspection Type  
Insp Order  
Inspection Comments  
Updated Score  
Type  
Prod  
Product Description  
1st Mtg Loan  
Builder  
Sq Ft  
Int Type  
Inv  
Grp  
FC  
Consumer Indicator  
Bankruptcy Date

**EXHIBIT H**  
**FORM OF TRANSFER SUPPLEMENT**

THIS TRANSFER SUPPLEMENT, dated as of the date specified in Item I of Schedule I hereto, among the Transferring Participant specified in Item 2 of Schedule I hereto (the “**Transferring Participant**”), the Purchasing Participant specified in Item 3 of Schedule I hereto (the “**Purchasing Participant**”), and the Company is made and entered into with reference to the following:

Recitals:

A. This Transfer Supplement is being executed and delivered in accordance with Section 12.02(b) of that certain Participation and Servicing Agreement, dated as of March 19, 2009, between the Federal Deposit Insurance Corporation as Receiver for IndyMac Federal Bank, FSB, as the Participant, and IndyMac Venture, LLC, as the Company (collectively, the “**Parties**”) (as the same may be amended, modified or supplemented from time to time, collectively the “**Participation Agreement**”). Initially capitalized terms used and not otherwise defined herein shall have the meanings given such terms in the Participation Agreement.

B. The Purchasing Participant wishes to become the Participant under the Participation Agreement and have assigned to it all of the Transferring Participant’s rights and obligations under the Participation Agreement and, to the extent applicable, the Ancillary Documents (as defined in the Participation Agreement).

C. The Transferring Participant is selling and assigning to the Purchasing Participant, and the Purchasing Participant is purchasing and assuming, all of the Transferring Participant’s rights and obligations under the Participation Agreement and, to the extent applicable, the Ancillary Documents (the “**Transferring Participant’s Interests**”).

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Transfer Effective Notice. Upon receipt by the Company of four (4) counterparts of this Transfer Supplement (to each of which is attached a fully completed Schedule I and Schedule II, and each of which has been executed by the Transferring Participant and by the Purchasing Participant), the Company will transmit to the Transferring Participant and the Purchasing Participant a transfer effective notice substantially in the form of Schedule III to this Transfer Supplement (a “**Transfer Effective Notice**”). The date on which the transfer effected by this Transfer Supplement shall become effective (the “**Transfer Effective Date**”) shall be the date on which the Purchasing Participant becomes the owner of record of the Transferring Participant’s Participation on the register maintained by the Company. From and after the close of business at Company’s office on the Transfer Effective Date, the Purchasing Participant shall be the Participant under the Participation Agreement for all purposes thereof having the interest in the Transferring Participant’s Interests reflected in this Transfer Supplement.

2. Purchase Price; Sale. At or before 12:00 p.m., local time at the Transferring Participant's office specified in Schedule III, on the Transfer Effective Date, the Purchasing Participant shall pay to the Transferring Participant, in immediately available funds, an amount equal to the purchase price, as agreed upon between the Transferring Participant and the Purchasing Participant (the "**Purchase Price**"), for the Transferring Participant's Interests. Effective upon receipt by the Transferring Participant of the Purchase Price from the Purchasing Participant, the Transferring Participant hereby irrevocably sells, assigns and transfers to the Purchasing Participant, without recourse, representation or warranty (express or implied) except as set forth in Section 5 hereof, and the Purchasing Participant hereby irrevocably purchases, takes and assumes from the Transferring Participant, the Transferring Participant's Interests.

3. Principal, Interest and Fees. All payments under the Participation Agreement that would otherwise be payable from and after the Transfer Effective Date to or for the account of the Transferring Participant in respect of the Transferring Participant's Interests shall, instead, be payable to or for the account of the Purchasing Participant.

4. Further Assurances. At any time and from time to time upon the written request of any party to this Transfer Supplement, each other party hereto will execute and deliver such further documents and do such further acts and things as such requesting party may reasonably request in order to effect the purposes of this Transfer Supplement.

5. Certain Representations and Agreements. By executing and delivering this Transfer Supplement, the Transferring Participant and the Purchasing Participant represent, warrant and confirm to and agree with each other and the Company as follows:

5.1 Each of the Transferring Participant and the Purchasing Participant has all requisite corporate or company authority to execute and deliver this Transfer Supplement and perform its obligations hereunder.

5.2 The Purchasing Participant confirms that it has made such review, analysis and decision to acquire the Transferring Participant's Interests independently and without reliance upon the Company or the Transferring Participant.

5.3 The Purchasing Participant confirms that it has such knowledge and experience in the origination, sale and/or purchase of performing and non-performing or distressed loans, including, without limitation, construction loans secured by residential properties, as well as financial and business matters as to enable the undersigned to utilize the information made available to it with respect to the Transferring Participant's Interests to evaluate the merits and risks of a purchase of the Transferring Participant's Interests, and to make an informed decision with respect thereto.

5.4 The Purchasing Participant acknowledges, understands and represents that it is able to bear the economic risks associated with the acquisition and ownership of the Transferring Participant's Interests, including, without limitation, the risk of a total loss of its investment therein and the risk that it may be required to hold the Transferring Participant's Interests for an indefinite period of time.

5.5 The Purchasing Participant acknowledges that, unless otherwise provided in this Transfer Supplement, the Transferring Participant is not and will not make any representation or warranty with respect to the Transferring Participant's Interests.

5.6 The Purchasing Participant acknowledges and agrees that (i) the proposed sale of the Transferring Participant's Interests is not intended to constitute the sale of a "security" within the meaning of the Securities Act of 1933, as amended, or any applicable federal or state securities laws, (ii) no inference that any of the Transferring Participant's Interests is a "security" under such federal or state securities laws shall be drawn from any of the representations or warranties made by the Purchasing Participant, (iii) it is not contemplated that any filing will be made with the Securities and Exchange Commission or pursuant to the Blue Sky or securities laws of any jurisdiction, and (iv) if any of the Transferring Participant's Interests is a security, such may not be resold or otherwise transferred by the undersigned except in accordance with any and all applicable federal securities laws and Blue Sky laws.

5.7 The Purchasing Participant shall perform in accordance with its terms all of the obligations which by the terms of the Participation Agreement are required to be performed by it as the Participant.

**[Other representations to be agreed to by Purchasing Participant and Transferring Participant.]**

6. Schedule II. Schedule II hereto sets forth administrative information with respect to the Purchasing Participant.

7. Governing Law. This Transfer Supplement shall be governed by, construed and enforced in accordance with the laws of the State of New York, without regard to principles of choice of law that might refer the governance, construction or enforcement of this Transfer Supplement to the laws of any other jurisdiction.

8. Counterparts. This Transfer Supplement may be executed in any number of counterparts and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Transfer Supplement to be executed by their respective duly authorized officers on Schedule I hereto as of the date set forth in Item I of Schedule I hereto.

**[Remainder of Page Intentionally Left Blank]**

**SCHEDULE I TO TRANSFER SUPPLEMENT**

**COMPLETION OF INFORMATION AND  
SIGNATURES FOR TRANSFER SUPPLEMENT**

Re: Participation and Servicing Agreement, dated March 19, 2009, between the Federal Deposit Insurance Corporation as Receiver for IndyMac Federal Bank, FSB and IndyMac Venture, LLC, a Delaware limited liability company (as the same may be amended, modified or supplemented from time to time, the “**Participation Agreement**”).

Item 1 (Date of Assignment Supplement): *[Insert date of Assignment Supplement]*  
Item 2 (Transferring Participant): *[Insert name of Transferring Participant]*  
Item 3 (Purchasing Participant): *[Insert name of Purchasing Participant]*

Item 5 (Signatures of Parties to Transfer Supplement):

[Name of Transferring Participant], as Transferring Participant

By: \_\_\_\_\_  
Title: \_\_\_\_\_

[Name of Purchasing Participant], as Purchasing Participant

By: \_\_\_\_\_  
Title: \_\_\_\_\_

IndyMac Venture, LLC, as the Company

By: \_\_\_\_\_  
Sole Member and Manager

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE II TO TRANSFER SUPPLEMENT**

**LIST OF OFFICES, ADDRESSES  
FOR NOTICES**

*[Name of Purchasing Participant]*

Notice Information for Purchasing Participant:

Address for Notices: \_\_\_\_\_

\_\_\_\_\_

Attention: \_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

**SCHEDULE III TO TRANSFER SUPPLEMENT**

TRANSFER EFFECTIVE NOTICE

To: *[Insert Names of Transferring Participant and Purchasing Participant]*

The undersigned, as the Company under the Participation and Servicing Agreement, dated as of March 19, 2009, by and between the Federal Deposit Insurance Corporation as Receiver for IndyMac Federal Bank, FSB and IndyMac Venture, LLC (collectively, the “**Parties**”) (as the same may be amended, modified or supplemented from time to time, the “**Participation Agreement**”), acknowledges receipt of four (4) executed counterparts of a completed Transfer Supplement, dated \_\_\_\_\_, 20\_\_, from *[name of Transferring Participant]* to *[name of Purchasing Participant]* (the “**Transfer Supplement**”). Initially capitalized terms used and not otherwise defined in this Transfer Effective Notice have the meanings given in the Transfer Supplement.

Pursuant to the Transfer Supplement, you are advised that the Transfer Effective Date will be \_\_\_\_\_, 20\_\_. *[Insert fifth Business Day following date of Transfer Effective Notice or other date agreed to among the Transferring Participant, the Purchasing Participant, and the Company.]*

Very truly yours,

IndyMac Venture, LLC

By: \_\_\_\_\_  
Sole Member and Manager

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_