SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended January 31, 2007

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-6089

H&R Block, Inc.
(Exact name of registrant as specified in its charter)

MISSOURI	**44-0607856**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

One H&R Block Way
Kansas City, Missouri 64105
(Address of principal executive offices, including zip code)

(816) 854-3000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer ☑ Accelerated filer o Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No ☑

The number of shares outstanding of the registrant's Common Stock, without par value, at the close of business on February 28, 2007 was 322,926,550 shares.

H&R BLOCK

Form 10-Q for the Period Ended January 31, 2007

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CONDENSED CONSOLIDATED BALANCE SHEETS

(amounts in 000s, except share amounts)

	January 31, 2007 (Unaudited)	April 30, 2006
ASSETS		
Cash and cash equivalents	$ 1,082,666	$ 677,204
Cash and cash equivalents — restricted	432,524	385,623
Receivables from customers, brokers, dealers and clearing organizations, net	424,874	496,577
Receivables, less allowance for doubtful accounts of $54,974 and $64,480	2,376,846	482,144
Prepaid expenses and other current assets	202,309	152,701
Current assets of discontinued operations, held for sale	988,060	594,187
Total current assets	5,507,279	2,788,436
Mortgage loans held for investment, net	1,069,626	—
Property and equipment, at cost less accumulated depreciation and amortization of $645,913 and $627,181	392,706	356,812
Intangible assets, net	184,290	219,494
Goodwill, net	982,598	947,985
Other assets	386,986	375,395
Noncurrent assets of discontinued operations, held for sale	836,493	1,301,013
Total assets	$ 9,359,978	$ 5,989,135
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Commercial paper and other short-term borrowings	$ 2,926,421	$ —
Current portion of long-term debt	512,333	506,992
Accounts payable to customers, brokers and dealers	684,475	781,303
Customer banking deposits	1,632,875	—
Accounts payable, accrued expenses and other current liabilities	496,084	612,181
Accrued salaries, wages and payroll taxes	249,243	270,303
Accrued income taxes	71,079	505,690
Current liabilities of discontinued operations, held for sale	497,749	216,967
Total current liabilities	7,070,259	2,893,436
Long-term debt	416,183	417,539
Other noncurrent liabilities	343,362	530,361
Total liabilities	7,829,804	3,841,336
Stockholders' equity:		
Common stock, no par, stated value $.01 per share, 800,000,000 shares authorized, 435,890,796 shares issued at January 31, 2007 and April 30, 2006	4,359	4,359
Additional paid-in capital	662,297	653,053
Accumulated other comprehensive income	6,975	21,948
Retained earnings	3,015,880	3,492,059
Less cost of 113,071,487 and 107,377,858 shares of common stock in treasury	(2,159,337)	(2,023,620)
Total stockholders' equity	1,530,174	2,147,799
Total liabilities and stockholders' equity	$ 9,359,978	$ 5,989,135

See Notes to Condensed Consolidated Financial Statements

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(Unaudited, amounts in 000s, except per share amounts)

	Three months ended January 31,		Nine months ended January 31,	
	2007	2006	2007	2006
Revenues:				
Service revenues	$758,005	$706,159	$1,420,029	$1,214,895
Other revenues:				
Product and other revenues	160,894	135,332	192,064	167,775
Interest income	36,217	18,762	92,429	51,311
	955,116	860,253	1,704,522	1,433,981
Operating expenses:				
Cost of services	587,873	559,082	1,377,919	1,175,869
Cost of other revenues	69,962	40,281	115,002	59,176
Selling, general and administrative	269,393	297,401	592,155	586,700
	927,228	896,764	2,085,076	1,821,745
Operating income (loss)	27,888	(36,511)	(380,554)	(387,764)
Interest expense	(12,066)	(12,211)	(36,292)	(37,031)
Other income, net	3,031	3,708	15,097	13,951
Income (loss) from continuing operations before tax benefit	18,853	(45,014)	(401,749)	(410,844)
Income tax benefit	(6,112)	(14,766)	(172,726)	(158,391)
Net income (loss) from continuing operations	24,965	(30,248)	(229,023)	(252,453)
Net income (loss) from discontinued operations	(85,217)	42,361	(119,066)	155,323
Net income (loss)	$ (60,252)	$ 12,113	$ (348,089)	$ (97,130)
Basic earnings (loss) per share:				
Net income (loss) from continuing operations	$ 0.08	$ (0.09)	$ (0.71)	$ (0.77)
Net income (loss) from discontinued operations	(0.27)	0.13	(0.37)	0.47
Net income (loss)	$ (0.19)	$ 0.04	$ (1.08)	$ (0.30)
Basic shares	322,350	327,289	322,588	328,017
Diluted earnings (loss) per share:				
Net income (loss) from continuing operations	$ 0.08	$ (0.09)	$ (0.71)	$ (0.77)
Net income (loss) from discontinued operations	(0.26)	0.13	(0.37)	0.47
Net income (loss)	$ (0.18)	$ 0.04	$ (1.08)	$ (0.30)
Diluted shares	326,048	327,289	322,588	328,017
Dividends per share	$ 0.14	$ 0.13	$ 0.40	$ 0.36
Comprehensive income (loss):				
Net income (loss)	$ (60,252)	$ 12,113	$ (348,089)	$ (97,130)
Change in unrealized gain on available-for-sale securities, net	(14,350)	(3,002)	(15,194)	(32,466)
Change in foreign currency translation adjustments	(268)	(7,820)	221	(2,611)
Comprehensive income (loss)	$ (74,870)	$ 1,291	$ (363,062)	$ (132,207)

See Notes to Condensed Consolidated Financial Statements

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, amounts in 000s)

Nine months ended January 31,	2007	2006
Cash flows from operating activities:		
Net loss	$ (348,089)	$ (97,130)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	119,909	111,396
Tax benefits from stock-based compensation	(12,314)	19,967
Excess tax benefits from stock-based compensation	(2,379)	—
Change in participation in tax client loans receivable	(1,691,351)	(843,146)
Net cash provided by (used in) operating activities of discontinued operations	573,201	(478,015)
Other, net of acquisitions	(1,417,241)	(407,464)
Net cash used in operating activities	(2,778,264)	(1,694,392)
Cash flows from investing activities:		
Mortgage loans originated or purchased for investment, net	(1,073,012)	—
Purchases of property and equipment, net	(129,905)	(134,328)
Payments made for business acquisitions, net of cash acquired	(24,670)	(209,816)
Net cash provided by investing activities of discontinued operations	18,322	72,247
Other, net	30,542	17,625
Net cash used in investing activities	(1,178,723)	(254,272)
Cash flows from financing activities:		
Repayments of commercial paper	(4,901,618)	(2,632,444)
Proceeds from issuance of commercial paper	6,397,656	4,678,392
Repayments of other short-term borrowings	(889,722)	—
Proceeds from other short-term borrowings	2,320,105	550,000
Customer deposits	1,632,875	—
Dividends paid	(128,088)	(118,665)
Acquisition of treasury shares	(188,562)	(260,078)
Excess tax benefits from stock-based compensation	2,379	—
Proceeds from exercise of stock options	19,183	95,930
Net cash provided by financing activities of discontinued operations	172,301	—
Other, net	(74,060)	(9,349)
Net cash provided by financing activities	4,362,449	2,303,786
Net increase in cash and cash equivalents	405,462	355,122
Cash and cash equivalents at beginning of the period	677,204	1,072,299
Cash and cash equivalents at end of the period	$ 1,082,666	$ 1,427,421
Supplementary cash flow data:		
Income taxes paid	$ 378,377	$ 224,774
Interest paid	103,252	62,980

See Notes to Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Basis of Presentation

The condensed consolidated balance sheet as of January 31, 2007, the condensed consolidated statements of income and comprehensive income for the three and nine months ended January 31, 2007 and 2006, and the condensed consolidated statements of cash flows for the nine months ended January 31, 2007 and 2006 have been prepared by the Company, without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at January 31, 2007 and for all periods presented have been made. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

"H&R Block," "the Company," "we," "our" and "us" are used interchangeably to refer to H&R Block, Inc. or to H&R Block, Inc. and its subsidiaries, as appropriate to the context.

Certain reclassifications have been made to prior year amounts to conform to the current year presentation. These reclassifications had no effect on our results of operations or stockholders' equity as previously reported.

In March 2006, the Office of Thrift Supervision (OTS) approved the charter of H&R Block Bank (HRB Bank). HRB Bank commenced operations on May 1, 2006, at which time we realigned certain segments of our business to reflect a new management reporting structure. The previously reported Investment Services segment and HRB Bank were combined in the Consumer Financial Services segment.

On November 6, 2006 we announced we would evaluate strategic alternatives for Option One Mortgage Corporation (OOMC), including a possible sale or other transaction through the public markets. On January 20, 2007, our Board of Directors approved the plan to sell OOMC and its wholly-owned subsidiary, H&R Block Mortgage Corporation (HRBMC). As of January 31, 2007, we met the criteria requiring us to present the assets and liabilities of OOMC and HRBMC, as held-for-sale and the related financial results as discontinued operations in the condensed consolidated financial statements for all periods presented.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in our April 30, 2006 Annual Report to Shareholders on Form 10-K.

Operating revenues of the Tax Services and Business Services segments are seasonal in nature with peak revenues occurring in the months of January through April. Therefore, results for interim periods are not indicative of results to be expected for the full year.

2. Earnings (Loss) Per Share

Basic and diluted loss per share is computed using the weighted average shares outstanding during each period. The dilutive effect of potential common shares is included in diluted earnings per share except in those periods with a loss from continuing operations. The computations of basic and diluted earnings (loss) per share from continuing operations are as follows:

(in 000s, except per share amounts)

	Three months ended January 31,		Nine months ended January 31,	
	2007	2006	2007	2006
Net income (loss) from continuing operations	$ 24,965	$ (30,248)	$(229,023)	$(252,453)
Basic weighted average common shares	322,350	327,289	322,588	328,017
Potential dilutive shares from stock options and restricted stock	3,696	—	—	—
Convertible preferred stock	2	—	—	—
Dilutive weighted average common shares	326,048	327,289	322,588	328,017
Earnings (loss) per share from continuing operations:				
Basic	$ 0.08	$ (0.09)	$ (0.71)	$ (0.77)
Diluted	0.08	(0.09)	(0.71)	(0.77)

Diluted earnings per share excludes the impact of shares of common stock issuable upon the lapse of certain restrictions or the exercise of options to purchase 28.0 million shares for the nine months ended January 31, 2007 and 29.3 million shares of stock for the three and nine months ended January 31, 2006, as the effect would be antidilutive due to the net loss from continuing operations during each period.

The weighted average shares outstanding for the three and nine months ended January 31, 2007 decreased to 322.4 million and 322.6 million, respectively, from 327.3 million and 328.0 million last year, primarily due to purchases of treasury shares. The effect of these purchases was partially offset by the issuance of treasury shares related to our stock-based compensation plans.

During the nine months ended January 31, 2007 and 2006, we issued 2.8 million and 6.3 million shares of common stock, respectively, pursuant to the exercise of stock options, employee stock purchases and awards of nonvested shares, in accordance with our stock-based compensation plans.

During the nine months ended January 31, 2007, we acquired 8.5 million shares of our common stock, of which 8.1 million shares were purchased from third parties with the remaining shares swapped or surrendered to us, at an aggregate cost of $188.6 million. During the nine months ended January 31, 2006, we acquired 9.2 million shares of our common stock, of which 9.0 million shares were purchased from third parties with the remaining shares swapped or surrendered to us, at an aggregate cost of $260.1 million.

3. Receivables

Receivables consist of the following:

	January 31, 2007	January 31, 2006	(in 000s) April 30, 2006
Participation in tax client loans	$ 1,733,155	$ 900,230	$ 41,804
Business Services accounts receivable	330,157	312,087	336,532
Receivables for tax-related fees	119,186	115,906	23,154
Loans to franchisees	62,962	60,185	45,062
Royalties from franchisees	68,153	50,575	793
Software receivables	20,662	18,938	17,700
Other	97,545	70,367	81,579
	2,431,820	1,528,288	546,624
Allowance for doubtful accounts	(54,974)	(34,144)	(64,480)
	$ 2,376,846	$ 1,494,144	$ 482,144

4. Goodwill and Intangible Assets

Changes in the carrying amount of goodwill for the nine months ended January 31, 2007 consist of the following:

	April 30, 2006	Additions	Other	(in 000s) January 31, 2007
Tax Services	$ 376,515	$ 9,902	$ (162)	$ 386,255
Business Services	397,516	28,619	(3,746)	422,389
Consumer Financial Services	173,954	—	—	173,954
Total	$ 947,985	$ 38,521	$ (3,908)	$ 982,598

We test goodwill for impairment annually at the beginning of our fourth quarter, or more frequently if events occur indicating it is more likely than not the fair value of a reporting unit's net assets has been reduced below its carrying value. No such events were identified within any of our segments during the nine months ended January 31, 2007. Goodwill totaling $152.5 million is included in assets held for sale on our condensed consolidated balance sheets.

Intangible assets consist of the following:

(in 000s)

	January 31, 2007			April 30, 2006		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Tax Services:						
Customer relationships	$ 30,900	$ (13,602)	$ 17,298	$ 27,257	$ (10,842)	$ 16,415
Noncompete agreements	20,329	(18,038)	2,291	18,879	(17,686)	1,193
Trade name	25	—	25	—	—	—
Business Services:						
Customer relationships	157,129	(91,665)	65,464	153,844	(81,178)	72,666
Noncompete agreements	33,460	(16,739)	16,721	32,534	(14,300)	18,234
Trade name — amortizing	4,050	(2,849)	1,201	4,050	(1,823)	2,227
Trade name — non-amortizing	55,637	(4,868)	50,769	55,637	(4,868)	50,769
Consumer Financial Services:						
Customer relationships	293,000	(262,479)	30,521	293,000	(235,010)	57,990
Total intangible assets	$594,530	$ (410,240)	$184,290	$585,201	$ (365,707)	$219,494

Amortization of intangible assets for the three and nine months ended January 31, 2007 was $16.4 million and $45.7 million, respectively. Amortization of intangible assets for the three and nine months ended January 31, 2006 was $16.7 million and $47.3 million, respectively. Estimated amortization of intangible assets for fiscal years 2007 through 2011 is $58.3 million, $40.9 million, $17.7 million, $15.1 million and $13.6 million, respectively.

In October 2005, we acquired all outstanding common stock of American Express Tax and Business Services, Inc. for an aggregate purchase price of $190.7 million. The purchase price is subject to certain contractual post-closing adjustments, which may or may not reduce the final purchase price. These adjustments have not been finalized and any future adjustment would be made to goodwill. During the nine months ended January 31, 2007, we adjusted deferred tax balances initially recorded in connection with this acquisition resulting in an increase of $17.7 million to goodwill.

5. Stock-Based Compensation

Beginning May 1, 2006, we adopted Statement of Financial Accounting Standards No. 123 (revised 2004), “Share-Based Payment,” (SFAS 123R) under the modified prospective approach. Under SFAS 123R, we continue to measure and recognize the fair value of stock-based compensation consistent with our past practice under Statement of Financial Accounting Standards No. 123, “Accounting for Stock-Based Compensation,” which we adopted on May 1, 2003 under the prospective transition method. The adoption of SFAS 123R did not have a material impact on our consolidated financial statements.

The following is a comparison of reported and pro forma results had compensation cost for all stock-based compensation grants been determined in accordance with SFAS 123 for the three and nine months ended January 31, 2006.

(in 000s, except per share amounts)

	Three months ended January 31, 2006	Nine months ended January 31, 2006
Net income (loss) as reported	$ 12,113	$ (97,130)
Add: Stock-based compensation expense included in reported net income (loss), net of related tax effects	9,916	21,927
Deduct: Total stock-based compensation expense determined under fair value method for all awards, net of related tax effects	(12,460)	(29,558)
Pro forma net income (loss)	$ 9,569	$ (104,761)
Basic and diluted earnings (loss) per share:		
As reported	$ 0.04	$ (0.30)
Pro forma	0.03	(0.32)

Stock-based compensation expense of $13.7 million and $35.5 million and the related tax benefits of $4.7 million and $12.1 million are included in our results for the three and nine months ended January 31, 2007.

SFAS 123R requires the reclassification, in the statement of cash flows, of the excess tax benefits from stock-based compensation from operating cash flows to financing. As a result, we classified $2.4 million as a cash inflow from financing activities rather than as an operating activity for the nine months ended January 31, 2007.

We have four stock-based compensation plans which have been approved by our shareholders. As of January 31, 2007, we had approximately 25.6 million shares reserved for future awards under these plans. We issue shares from our treasury stock to satisfy the exercise or release of stock-based awards.

Our 2003 Long-Term Executive Compensation Plan provides for awards of options (both incentive and nonqualified), nonvested shares, performance nonvested share units and other stock-based awards to employees. These awards entitle the holder to shares or the right to purchase shares of common stock as the award vests, typically over a three-year period with one-third vesting each year. Nonvested shares receive dividends during the vesting period and performance nonvested share units receive cumulative dividends at the end of the vesting period. We measure the fair value of options on the grant date or modification date using the Black-Scholes option valuation model. We measure the fair value of nonvested shares and performance nonvested share units based on the closing price of our common stock on the grant date. Generally, we expense the grant-date fair value, net of estimated forfeitures, over the vesting period on a straight-line basis. Upon adoption of SFAS 123R, awards granted to employees who are of retirement age, or reach retirement age at least one year after the grant date but prior to the end of the service period of the award, are expensed over the shorter of the two periods. Options are granted at a price equal to the fair market value of our common stock on the grant date and have a contractual term of ten years.

Our 1999 Stock Option Plan for Seasonal Employees provides for awards of nonqualified options to employees. These awards are granted to seasonal employees in our Tax Services segment and entitle the holder to the right to purchase shares of common stock as the award vests, typically over a two-year period. We measure the fair value of options on the grant date using the Black-Scholes option valuation model. We expense the grant-date fair value, net of estimated forfeitures, over the service period. Options are granted at a price equal to the fair market value of our common stock on the grant date, are exercisable during September through November in each of the two years following the calendar year of the grant and have a contractual term of 29 months.

Our 1989 Stock Option Plan for Outside Directors provides for awards of nonqualified options to outside directors. These awards entitle the holder to the right to purchase shares of common stock. We measure the fair value of options on the grant date using the Black-Scholes option valuation model. These awards vest immediately upon issuance and are therefore fully expensed on the grant date. Options are granted at a price equal to the fair market value of our common stock on the grant date and have a contractual term of ten years.

Our 2000 Employee Stock Purchase Plan (ESPP) provides employees the option to purchase shares of our Common Stock through payroll deductions. The purchase price of the stock is 90% of the lower of either the fair market value of our Common Stock on the first trading day within the Option Period or on the last trading day of the Option Period. The Option Periods are six-month periods beginning on January 1 and July 1 each year. We measure the fair value of options on the grant date utilizing the Black-Scholes option valuation model in accordance with FASB Technical Bulletin 97-1, “Accounting under Statement 123 for Certain Employee Stock Purchase Plans with a Look-Back Option.” We expense the grant-date fair value over the six-month vesting period.

A summary of options for the nine months ended January 31, 2007 is as follows:

(in 000s, except per share amounts)

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, beginning of period	26,048	$ 21.40		
Granted	5,036	23.84		
Exercised	(1,246)	15.52		
Forfeited or expired	(4,201)	23.82		
Outstanding, end of period	25,637	21.77	5 years	$ 101,483
Exercisable, end of period	18,821	$ 20.66	4 years	$ 97,171
Exercisable and expected to vest	24,535	21.63	5 years	100,784

The total intrinsic value of options exercised during the nine months ended January 31, 2007 and 2006 was $9.6 million and $41.0 million, respectively. We utilize the Black-Scholes option pricing model to value our options on the grant date. We estimated the expected volatility using our historical stock price data. We also used historical exercise and forfeiture behaviors to estimate the options expected term and our forfeiture rate. The following assumptions were used to value options during the periods:

Nine months ended January 31,	2007	2006
Options — management and director:		
Expected volatility	21.70% - 29.06%	26.40% - 27.81%
Expected term	4-7 years	5 years
Dividend yield	2.15% - 2.62%	1.71% - 2.15%
Risk-free interest rate	4.33% - 5.10%	3.65% - 4.30%
Weighted-average fair value	$ 5.15	$ 7.39
Options — seasonal:		
Expected volatility	20.05%	23.28%
Expected term	2 years	2 years
Dividend yield	2.26%	1.71%
Risk-free interest rate	5.11%	3.61%
Weighted-average fair value	$ 3.17	$ 4.16
ESPP options:		
Expected volatility	26.30%	24.52%
Expected term	0.5 years	0.5 years
Dividend yield	2.26%	1.71%
Risk-free interest rate	5.24%	3.37%
Weighted-average fair value	$ 4.20	$ 4.99

A summary of nonvested shares and performance nonvested share units for the nine months ended January 31, 2007 is as follows:

(shares in 000s)

	Shares	Weighted Average Grant Date Fair Value
Outstanding, beginning of period	2,455	$ 25.27
Granted	1,205	23.42
Released	(1,040)	24.94
Forfeited	(306)	24.85
Outstanding, end of period	2,314	24.93

The total fair value of shares vesting during the nine months ended January 31, 2007 and 2006 was $24.6 million and $17.2 million, respectively. Upon the grant of nonvested shares and performance nonvested share units, unearned compensation cost is recorded as an offset to additional paid in capital and is amortized as compensation expense over the vesting period. As of January 31, 2007, we had $47.6 million of total unrecognized compensation cost related to these shares. This cost is expected to be recognized over a weighted-average period of two years.

6. Regulatory Requirements

Registered Broker-Dealer

HRBFA is subject to regulatory requirements intended to ensure the general financial soundness and liquidity of broker-dealers. At January 31, 2007, HRBFA's net capital of $126.1 million, which was 27.7% of aggregate debit items, exceeded its minimum required net capital of $9.1 million by $117.0 million.

Pledged securities at January 31, 2007 totaled $38.7 million, an excess of $2.6 million over the margin requirement.

Banking

HRB Bank is subject to various regulatory capital guidelines and requirements administered by Federal banking agencies. Failure to meet minimum capital requirements can trigger certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on HRB Bank's operations. Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, HRB Bank must meet specific capital guidelines that involve quantitative measures of HRB Bank's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. HRB Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require HRB Bank to maintain minimum amounts and ratios of capital to assets. As shown in the table below, at December 31, 2006, the most recent date of reporting to Federal banking agencies, HRB Bank is categorized as "well capitalized" for regulatory purposes, which is the highest classification. There are no conditions or events since December 31, 2006 that management believes have changed HRB Bank's category. At January 31, 2007, management believes that HRB Bank meets all capital adequacy requirements to which it is subject. However, events beyond management's control, such as fluctuations in interest rates or a downturn in the economy in areas in which HRB Bank's loans or securities are concentrated, could adversely affect future earnings and consequently, HRB Bank's ability to meet its future capital requirements.

HRB Bank's capital amounts and ratios as of December 31, 2006 are presented in the table below:

(dollars in 000s)

	Actual		Minimum Required to Qualify as Well Capitalized	
	Amount	Ratio	Amount	Ratio
Tier 1 capital to adjusted total assets (leverage)	$163,670	17.4%	$46,900	5.0%
Total risk-based capital to total risk-weighted assets	$165,714	36.0%	$46,071	10.0%

Additionally, H&R Block, Inc. is now subject to a three percent minimum ratio of adjusted tangible capital to adjusted total assets, as defined by the OTS. As of January 31, 2007 our ratio of adjusted tangible capital to adjusted total assets was approximately 1%. We fell below the minimum required ratio due to losses in our mortgage operations and seasonal fluctuations in our consolidated balance sheet. We notified the OTS of our failure to meet this requirement and the OTS requested that we provide a plan and expected timeframe for regaining compliance. We provided the OTS a corrective action plan stating our belief that our noncompliance would be remedied by February 28, 2007. We have agreed to provide the OTS with the calculation of this ratio as of February 28, 2007, although it is normally required only at the end of our fiscal quarters. We have not received further requests from the OTS as of the date of this filing. We believe we have the ability to meet the required minimum ratio on an ongoing basis.

7. Commitments and Contingencies

We entered into a $3.0 billion line of credit agreement with HSBC Finance Corporation (HSBC Finance) effective January 2, 2007 for use as an alternate funding source for the purchase of refund

anticipation loan (RAL) participations. This line is subject to various covenants that are substantially similar to our primary unsecured committed lines of credit (CLOCs), and is secured by our RAL participations. The balance outstanding on this facility at January 31, 2007 was $1.4 billion.

We entered into a $300.0 million committed line of credit agreement with BNP Paribas for the period January 2 through February 23, 2007 to cover our peak liquidity needs. This line is subject to various covenants that are substantially similar to those of our primary unsecured CLOCs. There was no balance outstanding on this line at January 31, 2007.

Our Canadian commercial paper issuances are supported by a credit facility provided by one bank in scheduled amounts ranging from $1.0 million to $225.0 million (Canadian) based on anticipated operational needs. The Canadian CLOC was renewed in November 2006 for an additional 364 days.

Changes in the deferred revenue liability related to our Peace of Mind (POM) program are as follows:

		(in 000s)
Nine months ended January 31,	2007	2006
Balance, beginning of period	$141,684	$130,762
Amounts deferred for new guarantees issued	20,971	20,533
Revenue recognized on previous deferrals	(59,085)	(55,932)
Balance, end of period	$103,570	$ 95,363

The following table summarizes certain of our other contractual obligations and commitments:

		(in 000s)
As of	January 31, 2007	April 30, 2006
Commitment to fund Franchise Equity Lines of Credit	$ 82,203	$ 75,909
Media advertising purchase obligation	48,006	—
Contingent business acquisition obligations	16,319	24,482

On November 1, 2006 we entered into an agreement to purchase $57.2 million in media advertising between November 1, 2006 and June 30, 2009. During our third quarter, we purchased $9.2 million in advertising for our retail tax business, leaving a remaining commitment of $48.0 million at January 31, 2007. We expect to make payments totaling $19.4 million, $20.6 million and $17.2 million during fiscal years 2007, 2008 and 2009, respectively.

HRB Bank is a member of the Federal Home Loan Bank (FHLB) of Des Moines, which extends credit to member banks based on eligible collateral. At January 31, 2007, HRB Bank had FHLB advance capacity of $594.0 million, and there was no outstanding balance on this facility.

We routinely enter into contracts that include embedded indemnifications that have characteristics similar to guarantees, including obligations to protect counterparties from losses arising from the following: (a) tax, legal and other risks related to the purchase or disposition of businesses; (b) penalties and interest assessed by Federal and state taxing authorities in connection with tax returns prepared for clients; (c) indemnification of our directors and officers; and (d) third-party claims relating to various arrangements in the normal course of business. Typically, there is no stated maximum payment related to these indemnifications, and the term of indemnities may vary and in many cases is limited only by the applicable statute of limitations. The likelihood of any claims being asserted against us and the ultimate liability related to any such claims, if any, is difficult to predict. While we cannot provide assurance that such claims will not be successfully asserted, we believe the fair value of these guarantees and indemnifications is not material as of January 31, 2007.

8. Litigation and Related Contingencies

We have been named as a defendant in numerous lawsuits throughout the country regarding our refund anticipation loan programs (the "RAL Cases"). The RAL Cases have involved a variety of legal theories asserted by plaintiffs. These theories include allegations that, among others, (i) disclosures in the RAL applications were inadequate, misleading and untimely; (ii) the RAL interest rates were usurious and unconscionable; (iii) we did not disclose that we would receive part of the finance charges paid by the customer for such loans; (iv) untrue, misleading or deceptive statements in marketing RALs; (v) breach of state laws on credit service organizations; (vi) breach of contract, unjust enrichment, unfair and deceptive acts or practices; (vii) violations of the federal Racketeer Influenced and Corrupt Organizations Act; (viii) violations of the federal Fair Debt Collection Practices Act and unfair competition regarding debt collection activities; and (ix) we owe, and breached, a fiduciary duty to our customers in connection with the RAL program.

The amounts claimed in the RAL Cases have been very substantial in some instances. We have successfully defended against numerous RAL cases, some of which were dismissed on our motions for dismissal or summary judgment, and others were dismissed voluntarily by the plaintiffs after denial of class certification. Other cases have been settled, with one settlement resulting in a pretax expense of $43.5 million in fiscal year 2003 and the combined pretax expense for such settlements in fiscal year 2006 totaling $70.2 million.

Other putative RAL class action cases and a state attorney general lawsuit are still pending, with the amounts claimed on a collective basis being very substantial. The ultimate cost of this litigation could be substantial. We believe we have meritorious defenses to the remaining RAL Cases and we intend to defend them vigorously. There can be no assurances, however, as to the outcome of the pending RAL Cases individually or in the aggregate or the associated impact on our financial statements.

We are also a party to claims, lawsuits and investigations pertaining to our electronic tax return filing services, our Peace of Mind guarantee program, our Express IRA product, tax planning services and RSM EquiCo business valuation services. These claims, lawsuits and investigations include actions by state attorneys general, individual plaintiffs, and cases in which plaintiffs seek to represent a class of similarly situated customers. The amounts claimed in these claims and lawsuits are substantial in some instances, and the ultimate liability with respect to such litigation and claims is difficult to predict. We intend to continue defending these cases vigorously, although there are no assurances as to their outcome.

We and certain of our current and former directors and officers are party to a putative class action alleging violations of certain securities laws. The putative securities class action currently alleges, among other things, deceptive, material and misleading financial statements, failure to prepare financial statements in accordance with generally accepted accounting principles and concealment of the potential for lawsuits stemming from the allegedly fraudulent nature of our operations. The amount claimed in the putative securities class action is substantial, and the ultimate liability is difficult to predict. We intend to continue defending this case vigorously, although there are no assurances as to its outcome.

In addition to the aforementioned types of cases, we are parties to claims and lawsuits that we consider to be ordinary, routine disputes incidental to our business (Other Claims and Lawsuits), including claims and lawsuits concerning the preparation of customers' income tax returns, tax planning services, the fees charged customers for various services, investment products, relationships with franchisees, contract disputes, employment matters and civil actions, arbitrations, regulatory inquiries and investigations and class actions arising out of our business as a broker-dealer and provider of investment products and as a servicer of mortgage loans. We believe we have meritorious defenses to each of the Other Claims and Lawsuits and are defending them vigorously. Although we cannot provide assurance we will ultimately prevail in each instance, we believe that amounts, if any, required to be paid in the discharge of liabilities or settlements pertaining to Other Claims and Lawsuits will not have a material adverse effect on our consolidated financial statements. Regardless of outcome, claims and litigation can adversely affect us due to defense costs, diversion of management attention and time, and publicity related to such matters.

9. Segment Information

Information concerning our operations by reportable operating segment is as follows:

(in 000s)

	Three months ended January 31, 2007	2006	Nine months ended January 31, 2007	2006
Revenues:				
Tax Services	$628,051	$548,494	$ 776,183	$ 686,498
Business Services	215,895	235,840	650,129	529,491
Consumer Financial Services	107,511	73,176	267,888	211,177
Corporate	3,659	2,743	10,322	6,815
	$955,116	$860,253	$1,704,522	$1,433,981
Pretax income (loss):				
Tax Services	$ 59,333	$ (6,332)	$ (261,257)	$ (293,702)
Business Services	(1,425)	(1,035)	(34,734)	(9,943)
Consumer Financial Services	10,959	(7,668)	5,572	(23,126)
Corporate	(50,014)	(29,979)	(111,330)	(84,073)
Income (loss) of continuing operations before taxes	$ 18,853	$ (45,014)	$ (401,749)	$ (410,844)

HRB Bank commenced operations on May 1, 2006, at which time we realigned certain segments of our business to reflect a new management reporting structure. The previously reported Investment Services segment and HRB Bank are now reported in the Consumer Financial Services segment. Presentation of prior-year results reflects the new segment alignment.

The Consumer Financial Services segment is primarily engaged in offering advice-based brokerage services and investment planning through HRBFA and full-service banking through HRB Bank. HRBFA offers traditional brokerage services, as well as annuities, insurance, fee-based accounts, online account access, equity research and focus lists, model portfolios, asset allocation strategies, and other investment tools and information. HRB Bank offers traditional banking services including checking and savings accounts, home equity lines of credit, individual retirement accounts, certificates of deposit and prepaid debit card accounts. HRB Bank also purchases loans from OOMC, HRBMC and other lenders to hold for investment purposes. All intersegment transactions are eliminated in consolidation.

As of January 31, 2007, we met the criteria requiring us to present the assets and liabilities of OOMC and its wholly-owned subsidiary, HRBMC, as held-for-sale and the related financial results as discontinued operations in the condensed consolidated financial statements for all periods presented. See note 11 for additional information.

10. New Accounting Pronouncements

In February 2007, Statement of Financial Accounting Standards No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115,” (SFAS 159), was issued. This standard allows a company to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and financial liabilities on a contract-by-contract basis, with changes in fair value recognized in earnings. The provisions of this standard are effective as of the beginning of our fiscal year 2009. We are currently evaluating what effect the adoption of SFAS 159 will have on our consolidated financial statements.

In September 2006, Statement of Financial Accounting Standards No. 157, “Fair Value Instruments,” (SFAS 157), was issued. The provisions of this standard include guidelines about the extent to which companies measure assets and liabilities at fair value, the effect of fair value measurements on earnings, risk-adjusted fair value and establishes a fair value hierarchy that prioritizes the information used in developing assumptions when valuing an asset or liability. The provisions of this standard are effective as of the beginning of our fiscal year 2009. We are currently evaluating what effect the adoption of SFAS 157 will have on our consolidated financial statements.

In September 2006, Staff Accounting Bulleting No. 108, “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements” (SAB 108), was issued. SAB 108 provides guidance on how prior year misstatements should be quantified when determining if current year financial statements are materially misstated. These provisions are effective for the current fiscal year, with earlier interim period adoption permitted. We are currently evaluating what effect the adoption of SAB 108 will have on our consolidated financial statements.

In June 2006, FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (FIN 48), was issued. The interpretation requires that a tax position meet a “more-likely-than-not” recognition threshold for the benefit of the uncertain tax position to be recognized in the financial statements and provides guidance on the measurement of the benefit. The interpretation also requires interim period estimated tax benefits of uncertain tax positions to be accounted for in the period of change rather than as a component of the annual effective tax rate. The provisions of this standard are effective as of the beginning of our fiscal year 2008. We are currently evaluating what effect the adoption of FIN 48 will have on our consolidated financial statements.

In June 2006, Emerging Issues Task Force Issue No. 06-3, “How Sales Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross Versus Net Presentation)” (EITF 06-3) was issued. EITF 06-3 requires disclosure of the presentation of taxes on either a gross (included in revenues and costs) or a net (excluded from revenues) basis as an accounting policy decision. The provisions of this standard are effective for interim and annual reporting periods beginning after December 15, 2006. We do not expect the adoption of EITF 06-3 to have a material impact on our consolidated financial statements.

In March 2006, Statement of Financial Accounting Standards No. 156, “Accounting for Servicing of Financial Assets — An Amendment of FASB Statement No. 140,” (SFAS 156), was issued. The provisions of this standard require mortgage servicing rights to be initially valued at fair value. SFAS 156 allows servicers to choose to subsequently measure their servicing rights at fair value or to continue using the “amortization method” under SFAS 140. The provisions of this standard are effective as of the beginning of our fiscal year 2008. We are currently evaluating what effect the adoption of SFAS 156 will have on our consolidated financial statements.

In February 2006, Statement of Financial Accounting Standards No. 155, “Accounting for Certain Hybrid Instruments — An Amendment of FASB Statements No. 133 and 140” (SFAS 155), was issued. The provisions of this standard establish a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation. The standard permits a hybrid financial instrument to be accounted for in its entirety if the holder irrevocably elects to measure the hybrid financial instrument at fair value, with changes in fair value recognized currently in earnings. The provisions of this standard are effective as of the beginning of our fiscal year 2008. Our residual interests typically have interests in derivative instruments embedded within the securitization trusts. If we elect to account for our residual interests on a fair value basis, changes in fair value will impact earnings in the period in which the change occurs. We are currently evaluating what effect the adoption of SFAS 155 will have on our consolidated financial statements.

11. Discontinued Operations

Financial Statement Presentation

On November 6, 2006, we announced we would evaluate strategic alternatives for OOMC, including a possible sale or other transaction through the public markets. On January 20, 2007, our Board of Directors approved the plan to sell OOMC and its wholly-owned subsidiary, HRBMC. As of January 31, 2007, we met the criteria requiring us to present the assets and liabilities of OOMC and HRBMC as held-for-sale and the related financial results as discontinued operations in the condensed consolidated financial statements. The financial statements for all periods presented have been reclassified to present discontinued operations as well. Based upon non-binding correspondence received from interested parties in connection with the planned sale, we currently believe we will recover our recorded investment in net assets held for sale. This process is not complete and the ultimate outcome may differ materially from our current expectations.

Overhead costs previously allocated to these businesses, which totaled $3.1 million and $9.4 million for the three and nine months ended January 31, 2007, respectively, and $2.7 million and $7.8 million for the three and nine months ended January 31, 2006, respectively, are included in continuing operations. OOMC was previously reported in our Mortgage Services segment and HRBMC was reported in our Consumer Financial Services segment.

The major classes of assets and liabilities reported as held-for-sale are as follows:

	January 31, 2007	(in 000s) April 30, 2006
Cash and cash equivalents	$ 120,454	$ 25,600
Mortgage loans held for sale	363,016	236,399
Prepaid expenses and other current assets	504,590	332,188
Current assets of discontinued operations	$ 988,060	$ 594,187
Beneficial interest in Trusts	$ 175,220	$ 188,014
Residual interests in securitizations	110,594	159,058
Mortgage servicing rights	263,140	272,472
Mortgage loans held for investment	—	407,538
Goodwill, net	152,467	152,467
Other assets	135,072	121,464
Noncurrent assets of discontinued operations	$ 836,493	$1,301,013
Accounts payable, accrued expenses and deposits	$ 450,553	$ 156,324
Other liabilities	47,196	60,643
Current liabilities of discontinued operations	$ 497,749	$ 216,967

The financial results of discontinued operations are as follows:

	Three months ended January 31,		Nine months ended January 31,	(in 000s)
	2007	2006	2007	2006
Revenue	$ 56,146	$296,494	$ 410,760	$942,802
Income (loss) before income tax (benefit)	(161,982)	70,422	(222,831)	257,254
Income tax (benefit)	(76,765)	28,061	(103,765)	101,931
Net income (loss) from discontinued operations	$ (85,217)	$ 42,361	$(119,066)	$155,323

Mortgage Banking Activities

Trading residuals valued at $231.9 million were securitized in net interest margin (NIM) transactions during the current year, with net cash proceeds of $192.5 million received in connection with NIM transactions. In the prior year, trading residuals valued at $234.5 million were securitized with net cash proceeds of $195.2 million received on the transactions. There were no residual interests classified as trading securities as of January 31, 2007 or April 30, 2006. Cash received on trading residual interests is included in operating activities of discontinued operations in the condensed consolidated statements of cash flows.

Cash flows from available-for-sale residual interests of $13.1 million and $74.9 million were received from the securitization trusts for the nine months ended January 31, 2007 and 2006, respectively, and is included in investing activities of discontinued operations in the condensed consolidated statements of cash flows.

The following transactions were treated as non-cash investing activities in the condensed consolidated statement of cash flows:

Nine months ended January 31,	2007	(in 000s) 2006
Residual interest mark-to-market	$ 2,861	$38,930
Additions to residual interests	39,379	39,378

Aggregate unrealized gains on available-for-sale residual interests not yet accreted into income totaled $19.3 million at January 31, 2007 and $44.1 million at April 30, 2006. These unrealized gains are recorded net of deferred taxes in other comprehensive income, and may be recognized in income in future periods either through accretion or upon further securitization or sale of the related residual interest.

Activity related to mortgage servicing rights (MSRs) consists of the following:

Nine months ended January 31,	2007	(in 000s) 2006
Balance, beginning of period	$ 272,472	$ 166,614
Additions	134,216	196,245
Amortization and impairment of fair value	(143,548)	(100,490)
Balance, end of period	$ 263,140	$ 262,369

Estimated amortization of MSRs for fiscal years 2007 through 2011 is $44.1 million, $121.7 million, $58.3 million, $25.4 million and $9.0 million, respectively.

The key weighted average assumptions we used to estimate the cash flows and values of the residual interests initially recorded during the nine months ended January 31, 2007 and 2006 are as follows:

Nine months ended January 31,	2007	2006
Estimated credit losses	3.24%	2.85%
Discount rate	21.91%	20.34%
Variable returns to third-party beneficial interest holders	LIBOR forward curve at closing date	

The key weighted average assumptions we used to estimate the cash flows and values of the residual interests and MSRs at January 31, 2007 and April 30, 2006 are as follows:

	January 31, 2007	April 30, 2006
Estimated credit losses	3.22%	3.07%
Discount rate — residual interests	24.32%	21.98%
Discount rate — MSRs	18.00%	18.00%
Variable returns to third-party beneficial interest holders	LIBOR forward curve at valuation date	

We originate both adjustable and fixed rate mortgage loans. A key assumption used to estimate the cash flows and values of the residual interests and MSRs is average annualized prepayment speeds. Prepayment speeds include voluntary prepayments, involuntary prepayments and scheduled principal payments. Prepayment rate assumptions used during the current fiscal quarter are as follows:

	Prior to Initial Rate Reset Date	Months Outstanding After Initial Rate Reset Date	
		Zero - 3	Remaining Life
Adjustable rate mortgage loans:			
With prepayment penalties	31%	71%	38%
Without prepayment penalties	37%	54%	34%
Fixed rate mortgage loans:			
With prepayment penalties	29%	45%	34%

For fixed rate mortgages without prepayment penalties, we use an average prepayment rate of 30% over the life of the loans. Prepayment rate is projected based on actual paydown including voluntary, involuntary and scheduled principal payments.

Expected static pool credit losses are as follows:

	Mortgage Loans Securitized in Fiscal Year						
	Prior to 2002	2002	2003	2004	2005	2006	2007
As of:							
January 31, 2007	5.12%	2.41%	2.12%	2.35%	2.21%	3.59%	3.26%
April 30, 2006	4.75%	2.69%	2.13%	2.18%	2.48%	3.05%	—
April 30, 2005	4.52%	2.53%	2.08%	2.30%	2.83%	—	—
April 30, 2004	4.46%	3.58%	4.35%	3.92%	—	—	—

Static pool credit losses are calculated by summing the actual and projected future credit losses and dividing them by the original balance of each pool of assets.

At January 31, 2007, the sensitivities of the current fair value of the residual interests and MSRs to 10% and 20% adverse changes in the above key assumptions are as presented in the following table. These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on a 10% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also in this table, the effect of a variation of a particular assumption on the fair value of the retained interest is calculated without changing any other assumptions; in reality, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities.

(dollars in 000s)

	Residential Mortgage Loans		
	Available-for-Sale Residuals	Beneficial Interest in Trusts	MSRs
Carrying amount/fair value	$ 110,594	$ 175,220	$ 263,140
Weighted average remaining life (in years)	3.2	2.2	1.3
Prepayments (including defaults):			
Adverse 10% — $impact on fair value	$ (7,772)	$ (5,447)	$ (21,890)
Adverse 20% — $impact on fair value	(5,687)	(8,402)	(41,755)
Credit losses:			
Adverse 10% — $impact on fair value	$ (32,323)	$ (6,302)	Not applicable
Adverse 20% — $impact on fair value	(57,732)	(11,571)	Not applicable
Discount rate:			
Adverse 10% — $impact on fair value	$ (5,522)	$ (4,491)	$ (6,869)
Adverse 20% — $impact on fair value	(10,594)	(8,797)	(13,444)
Variable interest rates (LIBOR forward curve):			
Adverse 10% — $impact on fair value	$ 988	$ (40,717)	Not applicable
Adverse 20% — $impact on fair value	1,972	(82,550)	Not applicable

Increases in prepayment rates related to available-for-sale residuals can generate a positive impact to fair value when reductions in estimated credit losses and increases in prepayment penalties exceed the adverse impact to accretion from accelerating the life of the available-for-sale residual interest.

Mortgage loans that have been securitized and mortgage loans held for sale at January 31, 2007 and April 30, 2006, past due sixty days or more and the related credit losses incurred are presented below:

(in 000s)

	Total Principal Amount of Loans Outstanding		Principal Amount of Loans 60 Days or More Past Due		Credit Losses (net of recoveries)	
	January 31, 2007	April 30, 2006	January 31, 2007	April 30, 2006	Three months ended January 31, 2007	Three months ended April 30, 2006
Securitized mortgage loans	$12,445,576	$10,046,032	$1,252,052	$1,012,414	$ 41,925	$ 35,307
Mortgage loans in warehouse Trusts	5,982,538	7,845,834	—	—	—	—
Mortgage loans held for sale	432,949	255,224	316,348	98,906	135,924	33,504
Total loans	$18,861,063	$18,147,090	$1,568,400	$1,111,320	$ 177,849	$ 68,811

Derivative Instruments

A summary of our derivative instruments as of January 31, 2007 and April 30, 2006, and gains or losses incurred during the three and nine months ended January 31, 2007 and 2006 is as follows:

(in 000s)

	Asset (Liability) Balance at		Gain (Loss) for the Three Months Ended January 31,		Gain (Loss) for the Nine Months Ended January 31,	
	January 31, 2007	April 30, 2006	2007	2006	2007	2006
Rate-lock equivalents	$ (3,563)	$ (317)	$ (9,237)	$ 34	$ (5,207)	$ (705)
Forward loan sale commitments	—	1,961	(2,493)	—	—	—
Put options on Eurodollar futures	2,119	3,282	400	—	(1,657)	—
Prime short sales	(301)	777	(131)	(1,266)	864	221
Interest rate swaps	6,262	8,831	46,640	6,292	26,372	91,578
Interest rate caps	—	—	—	—	—	802
	$ 4,517	$14,534	$35,179	$ 5,060	$20,372	$91,896

The notional amount of interest rate swaps to which we were a party at January 31, 2007 and April 30, 2006 was $7.7 billion and $8.8 billion, respectively, with a weighted average duration at each date of 1.9 years. At January 31, 2007 we had no forward loan sale commitments. At April 30, 2006 the notional value and the contract value of our forward loan sale commitments was $3.1 billion.

None of our derivative instruments qualify for hedge accounting treatment as of January 31, 2007 or April 30, 2006.

Commitments and Contingencies

The following table summarizes certain of our contractual obligations and commitments related to our discontinued operations:

(in 000s)

As of	January 31, 2007	April 30, 2006
Commitment to fund mortgage loans	$3,558,184	$4,032,045
Commitment to sell mortgage loans	—	3,052,688

In the normal course of business, we maintain recourse with standard representations and warranties customary to the mortgage banking industry. Violations of these representations and warranties, such as early payment defaults by borrowers, may require us to repurchase loans previously sold. Repurchased loans are normally sold in subsequent sale transactions. The following table summarizes our loan repurchase activity:

(dollars in 000s)

	Three months ended January 31,		Nine months ended January 31,		Fiscal year ended April 30,
	2007	2006	2007	2006	2006
Loans repurchased from loan sales	$403,502	$104,774	$812,293	$223,258	$297,606
Repurchase reserves added during period	$111,122	$ 13,076	$251,083	$ 49,547	$ 64,098
Repurchase reserves added as a percent of originations	1.77%	0.15%	1.18%	0.15%	0.18%

We established a liability, related to the potential loss we expect to incur on repurchase of loans previously sold and premium recapture, totaling $44.8 million and $33.4 million at January 31, 2007 and April 30, 2006, respectively. On an ongoing basis, we monitor the adequacy of our repurchase liability, which is established upon the initial sale of the loans, and is included in current liabilities held for sale in the condensed consolidated balance sheets. During the nine months ended January 31, 2007, we experienced higher early payment defaults, resulting in an increase in actual and expected loan repurchase activity. As a result, we increased our reserves accordingly. In establishing our reserves, we've assumed all loans that are currently delinquent and subject to contractual repurchase terms will be repurchased, and that 6% of loans previously sold but not yet subject to contractual repurchase terms will be repurchased. Based on historical experience, we assumed 10% of all loans we repurchase will cure with no loss incurred, and of those that do not cure, we assumed an average 29% loss severity for loans on balance sheet as of January 31, 2007.

During the third quarter, we amended our warehouse facility with Citigroup Global Markets Realty Corp (Citigroup) to split OOMC's existing warehouse financing arrangement with Citigroup into two separate warehouse facilities, one of which is an on-balance sheet facility with capacity of $500.0 million and the other an off-balance sheet facility. Loans totaling $172.3 million were held on the on-balance sheet line at January 31, 2007, with the related loans and liability reported in assets and liabilities held for sale.

OOMC has guaranteed up to a maximum amount equal to approximately 10% of the aggregate principal balance of mortgage loans held by the Trusts before ultimate disposition of the loans by the Trusts. This obligation can be called upon in the event adequate proceeds are not available from the sale of the mortgage loans to satisfy the current or ultimate payment obligations of the Trusts. No losses have been sustained on this commitment since its inception. The total principal amount of Trust obligations outstanding as of January 31, 2007, April 30, 2006 and January 31, 2006 was $5.9 billion, $7.8 billion and $11.2 billion, respectively. The fair value of mortgage loans held by the Trusts as of January 31, 2007, April 30, 2006 and January 31, 2006 was $5.9 billion, $7.9 billion and $11.4 billion, respectively. Under the warehouse agreements, we may be required to provide funds in the event of declining loan values, but only to the extent of the 10% guaranteed amount. At January 31, 2007, April 30, 2006 and January 31, 2006 funds provided totaled $164.2 million, $19.7 million and $54.6 million, respectively, and were applied to reduce the Trusts' payment obligations.

As of January 31, 2007, OOMC did not meet the "minimum net income" financial covenant contained in eight of its warehouse facilities. This covenant requires OOMC to maintain a cumulative minimum net income of at least $1 for the four consecutive fiscal quarters ended January 31, 2007. On January 24, 2007, OOMC obtained waivers of the minimum net income financial covenants through April 27, 2007 from each of the applicable warehouse facility providers. We anticipate that OOMC will not meet this financial covenant at April 30, 2007, however we believe we will be able to obtain waivers for that date from a sufficient number of warehouse providers to allow OOMC to continue its off-balance sheet financing activities. If OOMC cannot obtain the waivers, warehouse facility providers would have the right to terminate their future funding obligations under the applicable warehouse facilities, terminate OOMC's right to service the loans remaining in the applicable warehouse or request funding of the 10% guarantee mentioned above. While this termination could adversely impact OOMC's ability to fund new loans, we believe this risk is mitigated by options available to H&R Block.

Restructuring Charge

During fiscal year 2006, we initiated a restructuring plan to reduce costs within our mortgage operations. On November 6, 2006, we announced an additional restructuring plan, also within our mortgage operations, which will be recorded primarily during our third and fourth quarters. Charges incurred during the current quarter related to the additional restructuring plan totaled $6.5 million and are included in "other adjustments" in the table below. Changes in our restructuring charge liability during the nine months ended January 31, 2007 are as follows:

(in 000s)

	Accrual Balance as of April 30, 2006	Cash Payments	Other Adjustments	Accrual Balance as of January 31, 2007
Employee severance costs	$ 1,737	$ (3,626)	$ 3,179	$ 1,290
Contract termination costs	5,821	(3,864)	5,709	7,666
	$ 7,558	$ (7,490)	$ 8,888	$ 8,956

The remaining liability related to this restructuring charge is included in liabilities held for sale on our condensed consolidated balance sheet and relates to lease obligations for vacant space resulting from branch office closings and employee severance costs.

12. Subsequent Event

Effective February 5, 2007, we acquired the assets and assumed certain liabilities of a group of commercial tax preparation software providers for an aggregate purchase price of $65.8 million. The purchase price is subject to a post-closing adjustment based upon determination of the final February 5, 2007 net asset value. The assets and liabilities related to this acquisition will be included in our Tax Services segment.

13. Condensed Consolidating Financial Statements

Block Financial Corporation (BFC) is an indirect, wholly owned consolidated subsidiary of the Company. BFC is the Issuer and the Company is the Guarantor of the Senior Notes issued on April 13, 2000 and October 26, 2004. These condensed consolidating financial statements have been prepared using the equity method of accounting. Earnings of subsidiaries are, therefore, reflected in the Company's investment in subsidiaries account. The elimination entries eliminate investments in subsidiaries, related stockholder's equity and other intercompany balances and transactions.

Condensed Consolidating Income Statements

Three months ended January 31, 2007	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	(in 000s) Consolidated H&R Block
Total revenues	$ —	$255,407	$703,198	$ (3,489)	$ 955,116
Cost of services	—	46,651	541,254	(32)	587,873
Cost of other revenues	—	60,453	9,509	—	69,962
Selling, general and administrative	—	94,184	177,087	(1,878)	269,393
Total expenses	—	201,288	727,850	(1,910)	927,228
Operating income (loss)	—	54,119	(24,652)	(1,579)	27,888
Interest expense	—	(11,811)	(255)	—	(12,066)
Other income, net	18,853	(3,958)	6,989	(18,853)	3,031
Income (loss) from continuing operations before tax (benefit)	18,853	38,350	(17,918)	(20,432)	18,853
Income tax (benefit)	(6,112)	28,043	(33,378)	5,335	(6,112)
Net income from continuing operations	24,965	10,307	15,460	(25,767)	24,965
Net loss from discontinued operations	(85,217)	(87,293)	—	87,293	(85,217)
Net income (loss)	$ (60,252)	$ (76,986)	$ 15,460	$ 61,526	$ (60,252)

Three months ended January 31, 2006	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Total revenues	$ —	$196,137	$667,754	$ (3,638)	$ 860,253
Cost of services	—	53,787	505,266	29	559,082
Cost of other revenues	—	19,655	20,626	—	40,281
Selling, general and administrative	—	86,186	212,497	(1,282)	297,401
Total expenses	—	159,628	738,389	(1,253)	896,764
Operating income (loss)	—	36,509	(70,635)	(2,385)	(36,511)
Interest expense	—	(11,810)	(401)	—	(12,211)
Other income, net	(45,014)	—	3,708	45,014	3,708
Income (loss) from continuing operations before tax (benefit)	(45,014)	24,699	(67,328)	42,629	(45,014)
Income tax (benefit)	(14,766)	10,393	(24,210)	13,817	(14,766)
Net income (loss) from continuing operations	(30,248)	14,306	(43,118)	28,812	(30,248)
Net income from discontinued operations	42,361	40,925	—	(40,925)	42,361
Net income (loss)	$ 12,113	$ 55,231	$ (43,118)	$(12,113)	$ 12,113

Nine months ended January 31, 2007	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Total revenues	$ —	$ 540,530	$1,173,192	$ (9,200)	$1,704,522
Cost of services	—	139,531	1,238,387	1	1,377,919
Cost of other revenues	—	99,040	15,962	—	115,002
Selling, general and administrative	—	192,512	404,340	(4,697)	592,155
Total expenses	—	431,083	1,658,689	(4,696)	2,085,076
Operating income (loss)	—	109,447	(485,497)	(4,504)	(380,554)
Interest expense	—	(35,429)	(863)	—	(36,292)
Other income, net	(401,749)	5	15,092	401,749	15,097
Income (loss) from continuing operations before tax (benefit)	(401,749)	74,023	(471,268)	397,245	(401,749)
Income tax (benefit)	(172,726)	45,114	(215,904)	170,790	(172,726)
Net income (loss) from continuing operations	(229,023)	28,909	(255,364)	226,455	(229,023)
Net loss from discontinued operations	(119,066)	(124,067)	—	124,067	(119,066)
Net loss	$ (348,089)	$ (95,158)	$ (255,364)	$350,522	$ (348,089)

Nine months ended January 31, 2006	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Total revenues	$ —	$406,294	$1,038,594	$ (10,907)	$1,433,981
Cost of service revenues	—	146,755	1,028,953	161	1,175,869
Cost of other revenues	—	30,545	28,631	—	59,176
Selling, general and administrative	—	181,419	408,996	(3,715)	586,700
Total expenses	—	358,719	1,466,580	(3,554)	1,821,745
Operating income (loss)	—	47,575	(427,986)	(7,353)	(387,764)
Interest expense	—	(35,431)	(1,600)	—	(37,031)
Other income, net	(410,844)	—	13,951	410,844	13,951
Income (loss) from continuing operations before tax (benefit)	(410,844)	12,144	(415,635)	403,491	(410,844)
Income tax (benefit)	(158,391)	4,518	(159,996)	155,478	(158,391)
Net income (loss) from continuing operations	(252,453)	7,626	(255,639)	248,013	(252,453)
Net income from discontinued operations	155,323	150,883	—	(150,883)	155,323
Net income (loss)	$ (97,130)	$158,509	$ (255,639)	$ 97,130	$ (97,130)

Condensed Consolidating Balance Sheets

January 31, 2007	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	(in 000s) Consolidated H&R Block
Cash & cash equivalents	$ —	$ 778,197	$ 304,469	$ —	$1,082,666
Cash & cash equivalents – restricted	—	419,000	13,524	—	432,524
Receivables from customers, brokers and dealers, net	—	424,874	—	—	424,874
Receivables, net	569	1,845,236	531,041	—	2,376,846
Mortgage loans held for investment	—	1,069,626	—	—	1,069,626
Intangible assets and goodwill, net	—	207,117	959,771	—	1,166,888
Investments in subsidiaries	4,710,589	—	498	(4,710,589)	498
Assets held for sale	—	1,824,553	—	—	1,824,553
Other assets	—	243,759	737,737	7	981,503
Total assets	$ 4,711,158	$ 6,812,362	$ 2,547,040	$(4,710,582)	$9,359,978
Short-term borrowings	$ —	$ 2,909,425	$ 16,996	$ —	$2,926,421
Accts. payable to customers, brokers and dealers	—	684,475	—	—	684,475
Customer deposits	—	1,632,875	—	—	1,632,875
Long-term debt	—	398,177	18,006	—	416,183
Liabilities held for sale	—	497,749	—	—	497,749
Other liabilities	2	778,273	893,790	36	1,672,101
Net intercompany advances	3,180,982	(1,763,237)	(1,417,716)	(29)	—
Stockholders' equity	1,530,174	1,674,625	3,035,964	(4,710,589)	1,530,174
Total liabilities and stockholders' equity	$ 4,711,158	$ 6,812,362	$ 2,547,040	$(4,710,582)	$9,359,978

April 30, 2006	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Cash & cash equivalents	$ —	$ 134,407	$ 542,797	$ —	$ 677,204
Cash & cash equivalents – restricted	—	368,999	16,624	—	385,623
Receivables from customers, brokers and dealers, net	—	496,577	—	—	496,577
Receivables, net	161	107,079	374,904	—	482,144
Intangible assets and goodwill, net	—	234,727	932,752	—	1,167,479
Investments in subsidiaries	5,237,611	—	456	(5,237,611)	456
Assets held for sale	—	1,895,200	—	—	1,895,200
Other assets	—	421,026	463,966	(540)	884,452
Total assets	$ 5,237,772	$3,658,015	$ 2,331,499	$(5,238,151)	$5,989,135
Accts. payable to customers, brokers and dealers	$ —	$ 781,303	$ —	$ —	$ 781,303
Long-term debt	—	398,001	19,538	—	417,539
Liabilities held for sale	—	216,967	—	—	216,967
Other liabilities	2	825,644	1,599,881	—	2,425,527
Net intercompany advances	3,089,971	(355,358)	(2,734,567)	(46)	—
Stockholders' equity	2,147,799	1,791,458	3,446,647	(5,238,105)	2,147,799
Total liabilities and stockholders' equity	$ 5,237,772	$3,658,015	$ 2,331,499	$(5,238,151)	$5,989,135

Condensed Consolidating Statements of Cash Flows

Nine months ended January 31, 2007	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	(in 000s) Consolidated H&R Block
Net cash provided by (used in) operating activities:	$ 32,882	$(1,589,010)	$(1,222,136)	$ —	$(2,778,264)
Cash flows from investing:					
Mortgage loans originated for investment, net	—	(1,073,012)	—	—	(1,073,012)
Purchase property & equipment	—	(3,407)	(126,498)	—	(129,905)
Payments for business acquisitions	—	—	(24,670)	—	(24,670)
Net intercompany advances	247,754	—	—	(247,754)	—
Investing cash flows from discontinued operations	—	18,322	—	—	18,322
Other, net	—	3,955	26,587	—	30,542
Net cash provided by (used in) investing activities	247,754	(1,054,142)	(124,581)	(247,754)	(1,178,723)
Cash flows from financing:					
Repayments of commercial paper	—	(4,893,093)	(8,525)	—	(4,901,618)
Proceeds from commercial paper	—	6,372,135	25,521	—	6,397,656
Repayments of short-term borrowings	—	(889,722)	—	—	(889,722)
Proceeds from short-term borrowings	—	2,320,105	—	—	2,320,105
Customer deposits	—	1,632,875	—	—	1,632,875
Dividends paid	(128,088)	—	—	—	(128,088)
Acquisition of treasury shares	(188,562)	—	—	—	(188,562)
Proceeds from stock options	19,183	—	—	—	19,183
Excess tax benefits on stock-based compensation	2,379	—	—	—	2,379
Net intercompany advances	—	(1,413,234)	1,165,480	247,754	—
Financing cash flows from discontinued operations	—	172,301	—	—	172,301
Other, net	14,452	(14,425)	(74,087)	—	(74,060)
Net cash provided by (used in) financing activities	(280,636)	3,286,942	1,108,389	247,754	4,362,449
Net increase (decrease) in cash	—	643,790	(238,328)	—	405,462
Cash – beginning of period	—	134,407	542,797	—	677,204
Cash – end of period	$ —	$ 778,197	$ 304,469	$ —	$ 1,082,666

Nine months ended January 31, 2006	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Net cash provided by (used in) operating activities:	$ 43,228	$(1,198,372)	$ (539,248)	$ —	$(1,694,392)
Cash flows from investing:					
Purchase property & equipment	—	1,226	(135,554)	—	(134,328)
Payments for business acquisitions	—	(3,140)	(206,676)	—	(209,816)
Net intercompany advances	229,755	—	—	(229,755)	—
Investing cash flows from discontinued operations	—	72,247	—	—	72,247
Other, net	—	328	17,297	—	17,625
Net cash provided by (used in) investing activities	229,755	70,661	(324,933)	(229,755)	(254,272)
Cash flows from financing:					
Repayments of commercial paper	—	(2,610,432)	(22,012)	—	(2,632,444)
Proceeds from commercial paper	—	4,636,188	42,204	—	4,678,392
Proceeds from short-term borrowings	—	550,000	—	—	550,000
Dividends paid	(118,665)	—	—	—	(118,665)
Acquisition of treasury shares	(260,078)	—	—	—	(260,078)
Proceeds from common stock	95,930	—	—	—	95,930
Net intercompany advances	—	(1,335,289)	1,105,534	229,755	—
Other, net	9,830	5,642	(24,821)	—	(9,349)
Net cash provided by (used in) financing activities	(272,983)	1,246,109	1,100,905	229,755	2,303,786
Net increase in cash	—	118,398	236,724	—	355,122
Cash – beginning of period	—	135,069	937,230	—	1,072,299
Cash – end of period	$ —	$ 253,467	$1,173,954	$ —	$ 1,427,421

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

H&R Block is a diversified company delivering tax services and financial advice, investment, and banking services, and business and consulting services. For more than 50 years, we have been developing relationships with millions of tax clients and our strategy is to expand on these relationships. Our Tax Services segment provides income tax return preparation services, electronic filing services and other services and products related to income tax return preparation to the general public primarily in the United States, Canada and Australia. RSM McGladrey Business Services, Inc. (RSM) is a national accounting, tax and business consulting firm primarily serving midsized businesses. Our Consumer Financial Services segment offers investment services through H&R Block Financial Advisors, Inc. (HRBFA) and full-service banking through H&R Block Bank (HRB Bank).

On November 6, 2006 we announced we would evaluate strategic alternatives for Option One Mortgage Corporation (OOMC), including a possible sale or other transaction through the public markets. On January 20, 2007, our Board of Directors approved the plan to sell OOMC and its wholly-owned subsidiary, H&R Block Mortgage Corporation (HRBMC). As of January 31, 2007, we met the criteria requiring us to present the assets and liabilities of OOMC and HRBMC as held-for-sale and the related financial results as discontinued operations in the condensed consolidated financial statements for all periods presented.

Our Mission

To help our clients achieve their financial objectives
by serving as their tax and financial partner.

Key to achieving our mission is the enhancement of client experiences through consistent delivery of valuable services and advice. Operating through multiple lines of business allows us to better meet the changing financial needs of our clients.

TAX SERVICES

This segment primarily consists of our income tax preparation businesses – retail, online and software.

Tax Services — Operating Statistics (U.S. only)

Period November 1 through January 31,	2007	(in 000s, except average charge) 2006
Clients served:		
Company-owned operations	2,507	2,390
Franchise operations	1,485	1,406
Instant Money Advance Loans (IMALs) only (1)	344	—
Total retail operations	4,336	3,796
Digital tax solutions	1,279	1,157
	5,615	4,953
Net average fee per retail client: (2)		
Company-owned operations	$169.47	$ 157.48
Franchise operations	147.42	135.51
	$161.27	$ 149.35
Offices:		
Company-owned	6,669	6,387
Company-owned shared locations (3)	1,488	1,473
Total company-owned offices	8,157	7,860
Franchise	3,784	3,703
Franchise shared locations (3)	843	602
Total franchise offices	4,627	4,305
	12,784	12,165

(1) Clients who received an IMAL but have not yet returned for tax preparation and/or e-filing services.

(2) Calculated as net tax preparation fees divided by retail clients served, excluding IMAL-only clients.

(3) Shared locations include offices located within Wal-Mart, Sears and other third-party businesses.

Tax Services – Operating Results

	Three months ended January 31, 2007	Three months ended January 31, 2006	Nine months ended January 31, 2007	(in 000s) Nine months ended January 31, 2006
Service revenues:				
Tax preparation fees	$437,473	$389,040	$ 507,467	$ 452,862
Other services	47,673	32,516	113,912	93,747
	485,146	421,556	621,379	546,609
Royalties	59,631	53,706	67,012	60,263
Loan participation fees and related revenue	55,409	42,616	55,709	42,893
Other	27,865	30,616	32,083	36,733
Total revenues	628,051	548,494	776,183	686,498
Cost of services:				
Compensation and benefits	224,336	189,053	329,479	283,562
Occupancy	89,014	79,516	226,841	201,112
Depreciation	10,777	11,132	29,740	31,629
Other	63,205	55,185	153,607	134,217
	387,332	334,886	739,667	650,520
Provision for RAL litigation	—	71,700	—	71,700
Other, selling, general and administrative	181,386	148,240	297,773	257,980
Total expenses	568,718	554,826	1,037,440	980,200
Pretax income (loss)	$ 59,333	$ (6,332)	$ (261,257)	$(293,702)

Three months ended January 31, 2007 compared to January 31, 2006

Tax Services' revenues increased $79.6 million, or 14.5%, for the three months ended January 31, 2007 compared to the prior year.

Tax preparation fees increased $48.4 million, or 12.4%, for the current quarter. This increase is primarily due to an increase of 7.6% in the net average fee per U.S. retail client served and a 4.9% increase in tax returns prepared and/or e-filed in company-owned offices. Results for our third quarter represent only a small portion of the tax season and are not indicative of the results we expect for the entire fiscal year. We do not expect to maintain this level of client growth throughout the remainder of the tax season.

Other service revenues increased $15.2 million, or 46.6%, primarily due to $12.8 million in additional license fees earned from bank products.

Royalty revenue increased $5.9 million, or 11.0%, due to an 8.8% increase in the net average fee and a 5.6% increase in tax returns prepared and/or e-filed in franchise offices.

Loan participation fees and related revenues increased $12.8 million during the current quarter, primarily due to the introduction of our IMAL, an early-season loan product, which increased our participation revenues $12.1 million.

Other revenues decreased $2.8 million, or 9.0%, primarily due to the elimination of revenues associated with our supply sales to franchises. Our franchises now order directly from the supplier, which resulted in a reduction of $12.6 million in revenues in the current quarter. This decline was partially offset by customer fees earned in connection with an agreement with HRB Bank for our new H&R Block Emerald Prepaid MasterCard program, under which this segment shares in the revenues and expenses associated with the program.

Total expenses increased $13.9 million, or 2.5%, for the three months ended January 31, 2007. Cost of services increased $52.4 million, or 15.7%, from the prior year. Our real estate expansion efforts have contributed to a total increase of $5.0 million across all cost of services categories. Compensation and benefits increased $35.3 million, or 18.7%, primarily due to higher wages associated with increased revenues, costs associated with our earlier office openings and initiatives addressing operational readiness for the tax season. Occupancy expenses increased $9.5 million, or 11.9%, primarily as a result of higher rent expenses due to a 4.8% increase in company-owned offices under lease and a 5.6% increase in the average rent. Other cost of services increased $8.0 million, or 14.5%, due to higher claims expenses associated with our POM guarantees.

Other, selling, general and administrative expenses increased $33.1 million, or 22.4%, primarily due to an $18.0 million increase in marketing expenses, $11.9 million in additional corporate shared services and $7.5 million in additional bad debt expenses. These increases were partially offset by a decline of $11.2 million in cost of supply sales to franchises, as previously discussed.

Higher overall expenses were partially offset by the $71.7 million of litigation settlement charges and related legal fees recorded in the prior year.

Pretax income for the three months ended January 31, 2007 totaled $59.3 million, compared to a loss of $6.3 million in the prior year.

Nine months ended January 31, 2007 compared to January 31, 2006

Tax Services' revenues increased $89.7 million, or 13.1%, for the nine months ended January 31, 2007 compared to the prior year.

Tax preparation fees increased $54.6 million, or 12.1%, for the current period. This increase is primarily due to an increase of 7.6% in the net average fee per U.S. retail client served and a 4.9% increase in tax returns prepared and/or e-filed in company-owned offices during the current tax season. These results represent only a small portion of the tax season and are not indicative of the results we expect for the entire fiscal year. We do not expect to maintain this level of client growth throughout the remainder of the tax season.

Other service revenues increased $20.2 million, or 21.5%, primarily due to $14.1 million in additional license fees earned from bank products, coupled with an increase in the recognition of deferred fee revenue from our POM guarantees, which resulted from an increase in claims.

Royalty revenue increased $6.7 million, or 11.2%, due to an 8.8% increase in the net average fee and a 5.6% increase in tax returns prepared and/or e-filed in franchise offices during the current tax season.

Loan participation fees and related revenues increased $12.8 million during the current year, primarily due to the introduction of our IMAL, an early-season loan product, which increased our participation revenues $12.1 million.

Other revenues decreased $4.7 million, or 12.7%, primarily due to the revenues associated with our supply sales to franchises. Our franchises now order directly from the supplier, which resulted in a reduction of $15.0 million in revenues in the current year, and was partially offset by customer fees earned in connection with an agreement with HRB Bank for our new H&R Block Emerald Prepaid MasterCard program, under which this segment shares in the revenues and expenses associated with the program.

Total expenses increased $57.2 million, or 5.8%, for the nine months ended January 31, 2007. Cost of services increased $89.1 million, or 13.7%, from the prior year. Our real estate expansion efforts have contributed to a total increase of $17.2 million across all cost of services categories. Compensation and benefits increased $45.9 million, or 16.2%, primarily due to higher wages associated with increased revenues, costs associated with our earlier office openings and initiatives addressing operational readiness for the tax season. Occupancy expenses increased $25.7 million, or 12.8%, primarily as a result of higher rent expenses due to a 7.9% increase in company-owned offices under lease and a 4.7% increase in the average rent. Other cost of services increased $19.4 million, or 14.4%, due to increases in claims expenses associated with our POM guarantee, travel expenses and additional corporate shared services for information technology projects.

Other, selling, general and administrative expenses increased $39.8 million, or 15.4%, primarily due to an increase of $18.5 million in marketing expenses, coupled with increases of $16.0 million, $7.7 million and $5.2 million in corporate shared services, bad debt expense and corporate wages, respectively. These increases were partially offset by a decline of $14.8 million in cost of supply sales to franchises, as previously discussed.

Higher overall expenses were partially offset by $71.7 million of litigation settlement charges and related legal fees recorded in the prior year.

The pretax loss of $261.3 million for the nine months ended January 31, 2007 compared to a loss of $293.7 million in the prior year.

RAL Litigation

We are named as a defendant in putative class-action lawsuits and a pending state attorney general lawsuit alleging that we engaged in wrongdoing with respect to the RAL program. We believe we have meritorious defenses to these lawsuits and will vigorously defend our position. Nevertheless, the amounts claimed in these lawsuits are, in some instances, very substantial. In fiscal year 2006, we entered into settlement agreements regarding several RAL Cases, with the combined pretax expense for such settlements totaling $70.2 million. There can be no assurances as to the ultimate outcome of the remaining pending RAL Cases, or as to their impact on our financial statements. See additional discussion of RAL Litigation in note 8 to the consolidated financial statements and in Part II, Item 1, “Legal Proceedings.”

BUSINESS SERVICES

This segment offers middle-market companies accounting, tax and consulting services, wealth management, retirement resources and corporate finance.

Business Services – Operating Statistics

	Three months ended January 31,		Nine months ended January 31,	
	2007	2006	2007	2006
Accounting, tax and consulting:				
Chargeable hours	1,024,572	1,107,398	3,245,598	2,467,355
Chargeable hours per person	305	314	894	895
Net billed rate per hour	$ 147	$ 145	$ 146	$ 141
Average margin per person	$ 23,216	$ 25,154	$ 67,997	$ 65,567

Business Services – Operating Results

(in 000s)

	Three months ended January 31, 2007	2006	Nine months ended January 31, 2007	2006
Service revenues:				
Accounting, tax and consulting	$162,618	$187,154	$515,014	$392,772
Capital markets	6,818	13,567	36,925	44,394
Payroll, benefits and retirement services	21,478	8,796	36,880	25,690
Other services	12,584	16,898	28,391	37,893
	203,498	226,415	617,210	500,749
Other	12,397	9,425	32,919	28,742
Total revenues	215,895	235,840	650,129	529,491
Cost of services:				
Compensation and benefits	107,135	130,490	371,166	297,031
Occupancy	18,533	18,339	57,370	37,514
Other	29,861	29,519	78,081	59,955
	155,529	178,348	506,617	394,500
Amortization of intangible assets	6,160	5,157	15,165	12,765
Other, selling, general and administrative	55,631	53,370	163,081	132,169
Total expenses	217,320	236,875	684,863	539,434
Pretax loss	$ (1,425)	$ (1,035)	$ (34,734)	(9,943)

Three months ended January 31, 2007 compared to January 31, 2006

Business Services' revenues for the three months ended January 31, 2007 decreased $19.9 million, or 8.5%, from the prior year, primarily due to a $24.5 million decline in our accounting, tax and consulting revenues. Accounting, tax and consulting revenues declined primarily as a result of a change in organizational structure between the businesses we acquired from American Express Tax and Business Services, Inc. (AmexTBS) and the attest firms that, while not affiliates of our company, also serve our clients. As a result, we no longer record the revenues and expenses associated with leasing employees in these offices to the attest firms.

Capital markets revenues decreased $6.7 million, or 49.7%, from the prior year due to a decline in demand for our valuation services.

Payroll, benefits and retirement services revenues increased $12.7 million from the prior year primarily due to fees received upon conversion of certain clients to another service provider in connection with the wind-down of our payroll business.

Other service revenues decreased $4.3 million primarily due to a decline in revenue in our financial process outsourcing business.

Total expenses decreased $19.6 million, or 8.3%, for the three months ended January 31, 2007 compared to the prior year. Cost of services decreased $22.8 million, due to a decrease in compensation and benefits. Compensation and benefits decreased $23.4 million, primarily due to the change in organizational structure of the AmexTBS offices, as discussed above.

The pretax loss for the three months ended January 31, 2007 of $1.4 million compares to a pretax loss of $1.0 million in the prior year.

Nine months ended January 31, 2007 compared to January 31, 2006

Business Services' revenues for the nine months ended January 31, 2007 increased $120.6 million, or 22.8%, from the prior year. This increase was due to $122.2 million in additional accounting, tax and consulting revenues, primarily resulting from the acquisition of AmexTBS.

Capital markets revenues decreased $7.5 million, or 16.8%, from the prior year due to a decline in demand for our valuation services, partially offset by an increase in the number of capital market transactions.

Payroll, benefits and retirement services increased $11.2 million, or 43.6%, from the prior year primarily due to fees received upon conversion of certain clients to another service provider in connection with the wind-down of our payroll business.

Other service revenues decreased $9.5 million primarily due to a decline in revenue from our financial process outsourcing business.

Total expenses increased $145.4 million, or 27.0%, for the nine months ended January 31, 2007 compared to the prior year. Cost of services increased $112.1 million, primarily due to increases in compensation and benefits and occupancy expenses. Compensation and benefits increased $74.1 million, primarily due to the AmexTBS acquisition. Increases in the number of personnel and the average wage per employee, driven by marketplace competition for professional staff, also contributed to the increase. Occupancy expenses and other expenses increased $19.9 million and $18.1 million, respectively, primarily due to the AmexTBS acquisition.

Selling, general and administrative expenses increased $30.9 million primarily due to acquisitions and additional costs associated with our business development and marketing initiatives.

The pretax loss for the nine months ended January 31, 2007 of $34.7 million compares to a pretax loss of $9.9 million in the prior year.

CONSUMER FINANCIAL SERVICES

This segment is primarily engaged in offering advice-based brokerage services and investment planning through HRBFA, and full-service banking through HRB Bank. HRBFA, and HRB Bank, our “Block-branded” businesses, are focused on increasing client loyalty and retention by offering expanded financial services to our retail tax clients. HRBFA offers traditional brokerage services, as well as annuities, insurance, fee-based accounts, online account access, equity research and focus lists, model portfolios, asset allocation strategies, and other investment tools and information. HRB Bank offers traditional banking services including checking and savings accounts, home equity lines of credit, individual retirement accounts, certificates of deposit and prepaid debit card accounts. HRBFA utilizes HRB Bank for certain FDIC-insured deposits for its clients and HRB Bank also purchases loans from OOMC, HRBMC and other lenders to hold for investment purposes. In the event that HRB Bank can no longer purchase loans from OOMC and HRBMC, the main source of future loan purchases would be other third-party loan originators.

Consumer Financial Services – Operating Statistics

	Three months ended January 31,		Nine months ended January 31,	
	2007	2006	2007	2006
Broker-dealer:				
Traditional brokerage accounts (1)	394,767	426,699	394,767	426,699
New traditional brokerage accounts funded by HRB Tax clients	2,270	2,947	7,425	10,871
Cross-service revenue as a percent of total production revenue	14.8%	14.2%	16.1%	15.7%
Average assets per traditional brokerage account	$ 81,774	$ 72,914	$ 81,774	$ 72,914
Average margin balances (millions)	$ 390	$ 529	$ 414	$ 554
Average client payable balances (millions)	$ 630	$ 769	$ 626	$ 801
Number of advisors	911	956	911	956
Banking:				
Efficiency ratio (2)	36%	N/A	37%	N/A
Annualized net interest margin (3)	2.52%	N/A	2.79%	N/A
Annualized return on average assets (4)	2.63%	N/A	1.96%	N/A
Total assets (millions)	$ 1,814	N/A	$ 1,814	N/A
Loans purchased from affiliates (millions)	$ 278	N/A	$ 1,002	N/A

(1) Includes only accounts with a positive balance.

(2) Defined as non-interest expense divided by revenue net of interest expense. See “Reconciliation of Non-GAAP Financial Information” at the end of Part I, Item 2.

(3) Defined as annualized net interest revenue divided by average assets. See “Reconciliation of Non-GAAP Financial Information” at the end of Part I, Item 2.

(4) Defined as annualized pretax banking income divided by average assets. See “Reconciliation of Non-GAAP Financial Information” at the end of Part I, Item 2.

Consumer Financial Services – Operating Results

(in 000s)

	Three months ended January 31, 2007	2006	Nine months ended January 31, 2007	2006
Service revenues:				
Financial advisor production revenue	$ 52,843	$ 48,378	$145,306	$139,878
Other	15,844	8,169	33,424	24,440
	68,687	56,547	178,730	164,318
Net interest revenue on:				
Margin lending	13,278	14,158	40,173	40,460
Banking activities	6,188	—	14,309	—
	19,466	14,158	54,482	40,460
Provision for loan loss reserves	(1,684)	—	(3,386)	—
Other	7,175	682	7,764	1,993
Total revenues (1)	93,644	71,387	237,590	206,771
Cost of services:				
Compensation and benefits	35,145	35,901	99,467	99,112
Occupancy	5,112	5,283	15,020	15,635
Other	4,494	5,626	14,852	16,102
	44,751	46,810	129,339	130,849
Amortization of intangible assets	9,157	9,157	27,469	27,469
Selling, general and administrative	28,777	23,088	75,210	71,579
Total expenses	82,685	79,055	232,018	229,897
Pretax income (loss)	$ 10,959	$ (7,668)	$ 5,572	$ (23,126)

(1) Total revenues, less interest expense and loan loss reserves on mortgage loans held for investment.

Three months ended January 31, 2007 compared to January 31, 2006

Consumer Financial Services' revenues, net of interest expense and provision for loan loss reserves, for the three months ended January 31, 2007 increased $22.3 million, or 31.2%, from the prior year.

Financial advisor production revenue, which consists primarily of fees earned on assets under administration and commissions on client trades, was up $4.5 million, or 9.2%, from the prior year primarily due to higher revenues from closed end funds. The following table summarizes the key drivers of production revenue:

Three months ended January 31,	2007	2006
Client trades	234,417	255,879
Average revenue per trade	$ 139.25	$ 113.83
Ending balance of assets under administration (billions)	$ 32.6	$ 31.4
Annualized productivity per advisor	$237,000	$201,000

Other service revenues increased $7.7 million, or 94.0%, primarily due to $4.2 million in underwriting fees and $3.2 million resulting from positive sweep account rate variances during the current quarter.

Net interest revenue on banking activities totaled $6.2 million for the three months ended January 31, 2007. The following table summarizes the key drivers of net interest revenue on banking activities:

(in 000s)

	Average Balance	Average Rate Earned (Paid)
Loans	$817,578	6.91%
Investments	$136,999	5.31%
Deposits	$787,160	(4.77)%

Other revenues increased $6.5 million primarily due to revenues earned from our new H&R Block Emerald Prepaid MasterCard program.

Total segment expenses increased $3.6 million, or 4.6%, from the prior year. Selling, general and administrative expenses increased $5.7 million, or 24.6%, primarily due to the expenses of HRB Bank, which opened May 1, 2006.

Pretax income for Consumer Financial Services for the three months ended January 31, 2007 was $11.0 million compared to the prior year loss of $7.7 million.

Nine months ended January 31, 2007 compared to January 31, 2006

Consumer Financial Services' revenues, net of interest expense and provision for loan loss reserves, for the nine months ended January 31, 2007 increased $30.8 million, or 14.9%, from the prior year.

Financial advisor production revenue, which consists primarily of fees earned on assets under administration and commissions on client trades, increased $5.4 million, or 3.9%, over the prior year due to higher annuitized revenues, which were partially offset by fewer client trades. The following table summarizes the key drivers of production revenue:

Nine months ended January 31,	2007	2006
Client trades	673,754	715,519
Average revenue per trade	$ 124.86	$ 120.94
Ending balance of assets under administration (billions)	$ 32.6	$ 31.4
Annualized productivity per advisor	$207,000	$187,000

Other service revenues increased $9.0 million, or 36.8%, primarily due to $6.7 million resulting from positive sweep account rate variances, coupled with $1.4 million in underwriting fees.

Net interest revenue on banking activities totaled $14.3 million for the nine months ended January 31, 2007. The following table summarizes the key drivers of net interest revenue on banking activities:

	Average Balance	(in 000s) Average Rate Earned (Paid)
Loans	$603,051	6.92%
Investments	$ 65,596	5.24%
Deposits	$509,394	(5.01%)

Other revenues increased $5.8 million primarily due to revenues earned from our new H&R Block Emerald Prepaid MasterCard program.

Total segment expenses increased $2.1 million, or 0.9%, over the prior year. Selling, general and administrative expenses increased $3.6 million, or 5.1%, primarily due to the expenses of HRB Bank.

Pretax income for Consumer Financial Services for the nine months ended January 31, 2007 was $5.6 million compared to the prior year loss of $23.1 million.

CORPORATE, ELIMINATIONS AND INCOME TAXES ON CONTINUING OPERATIONS

The pretax loss recorded in our corporate operations for the three months ended January 31, 2007 was $50.0 million compared to $30.0 million in the prior year. The higher loss is primarily due to $7.2 million of additional operating interest expense resulting from increased borrowings to cover operating losses coupled with higher interest rates, increases in legal, consulting and compensation costs. These increases were also the main drivers of the higher pretax loss for the nine-month period.

Income taxes for continuing operations included one-time benefits of $13.6 million during the three months ended January 31, 2007. These benefits related to a permanent deduction for our investment in a foreign subsidiary in the amount of $5.7 million, coupled with net adjustments primarily of our prior year estimated tax provision to tax liabilities in the 2005 tax returns as ultimately filed and tax reserves in the amount of $7.9 million. Excluding these one-time benefits, our tax rate for continuing operations would have been approximately 40%, consistent with our expectations for the full fiscal year.

DISCONTINUED OPERATIONS

Discontinued operations includes OOMC and HRBMC, mortgage businesses primarily engaged in the origination and acquisition of non-prime and prime mortgage loans, the sale and securitization of mortgage loans and residual interests, and the servicing of non-prime loans. Income statement data presented below is net of eliminations of intercompany activities.

Discontinued Operations — Operating Statistics

(in 000s)

	Three months ended January 31,		Nine months ended January 31,	
	2007	2006	2007	2006
Volume of loans originated:				
Non-prime	$5,991,533	$8,608,590	$20,404,065	$31,287,507
Prime	268,866	343,897	826,917	1,173,417
	$6,260,399	$8,952,487	$21,230,982	$32,460,924
Loan characteristics: (1)				
Weighted average FICO score	612	621	612	625
Weighted average interest rate for borrowers (WAC)	8.46%	8.27%	8.64%	7.71%
Weighted average loan-to-value	82.2%	80.0%	82.4%	80.6%
Origination margin (% of origination volume): (2)				
Loan sale premium	0.39%	1.43%	1.16%	1.39%
Residual cash flows from beneficial interest in Trusts	0.36%	0.81%	0.41%	0.54%
Gain on derivative instruments	0.57%	0.06%	0.10%	0.28%
Loan sale repurchase reserves	(1.77%)	(0.15%)	(1.18%)	(0.15%)
Retained mortgage servicing rights	0.66%	0.67%	0.63%	0.60%
	0.21%	2.82%	1.12%	2.66%
Cost of acquisition	(0.19%)	(0.27%)	(0.13%)	(0.39%)
Direct origination expenses	(0.49%)	(0.69%)	(0.51%)	(0.60%)
Net gain on sale – gross margin (2)	(0.47%)	1.86%	0.48%	1.67%
Other cost of origination	(1.56%)	(1.43%)	(1.50%)	(1.32%)
Other	(0.37%)	(0.04%)	(0.06%)	(0.01%)
Net margin	(2.40%)	0.39%	(1.08%)	0.34%
Total cost of origination (3)	2.05%	2.12%	2.01%	1.92%
Total cost of origination and acquisition	2.24%	2.39%	2.14%	2.31%
Loan delivery:				
Loan sales:				
Third-party buyers	$6,052,256	$8,924,788	$20,492,913	$32,265,319
HRB Bank	278,486	—	1,001,610	—
	$6,330,742	$8,924,788	$21,494,523	$32,265,319
Execution price (4)	1.23%	0.51%	1.45%	1.68%

(1) Represents non-prime production.

(2) Defined as gain on sale of mortgage loans (including gain or loss on derivatives, mortgage servicing rights and net of direct origination and acquisition expenses) divided by origination volume.

(3) See “Reconciliation of Non-GAAP Financial Information” at the end of Part I, Item 2.

(4) Defined as total premium received divided by total balance of loans delivered to third-party investors or securitization vehicles (excluding mortgage servicing rights and the effect of loan origination expenses).

Discontinued Operations — Operating Results

	Three months ended January 31,		Nine months ended January 31,	
	2007	2006	2007	2006
				(in 000s)
Components of gains on sales:				
Gain on mortgage loans	$ 46,533	$174,475	$ 333,317	$499,466
Gain on derivatives	35,179	5,060	20,372	91,896
Loan sale repurchase reserves	(111,122)	(13,076)	(251,083)	(49,547)
Gain on sales of residual interests	7,296	—	7,296	28,675
Impairment of residual interests	(43,557)	(8,562)	(73,059)	(29,175)
	(65,671)	157,897	36,843	541,315
Interest income	11,928	32,313	41,325	104,027
Loan servicing revenue	109,833	106,065	332,336	296,720
Other	56	219	256	740
Total revenues	56,146	296,494	410,760	942,802
Cost of services	77,040	83,076	235,353	215,279
Cost of other revenues	79,698	104,499	223,908	343,707
Selling, general and administrative	61,390	38,497	174,330	126,562
Total expenses	218,128	226,072	633,591	685,548
Pretax income (loss)	$(161,982)	$ 70,422	$(222,831)	$257,254

Three months ended January 31, 2007 compared to January 31, 2006

Revenues of discontinued operations decreased $240.3 million, or 81.1%, for the three months ended January 31, 2007 compared to the prior year.

The following table summarizes the key drivers of loan origination volumes and related gains on sales of mortgage loans:

Three months ended January 31,	2007	(dollars in 000s) 2006
Application process:		
Total number of applications	58,686	75,103
Number of sales associates (1)	2,146	3,486
Closing ratio (2)	48.3%	61.4%
Originations:		
Total number of loans originated	28,357	46,134
WAC	8.46%	8.27%
Average loan size	$ 221	$ 194
Total volume of loans originated	$6,260,399	$ 8,952,487
Direct origination and acquisition expenses, net	$ 42,288	$ 85,974
Revenue (loan value):		
Net gain on sale – gross margin (3)	(0.47%)	1.86%

(1) Includes all direct sales and back office sales support associates.

(2) Percentage of loans funded divided by total applications in the period.

(3) Defined as gain on sale of mortgage loans (including gain or loss on derivatives, mortgage servicing rights and net of direct origination and acquisition expenses) divided by origination volume.

Gains on sales of mortgage loans and gains on derivative activities decreased $97.8 million, primarily due to lower origination volumes and lower loan sale premiums.

Premium on loan sales decreased due to moderating demand by loan buyers and unfavorable interest rates, partially offset by a higher WAC. Market interest rates, based on the two-year swap, increased from an average of 4.83% last year to 5.12% in the current quarter. Our WAC only increased 19 basis points, up to 8.46% from 8.27% in the prior year.

To mitigate the risk of short-term changes in market interest rates related to our loan originations, including our rate-lock equivalents and beneficial interest in Trusts, we use interest rate swaps, put options on Eurodollar futures and forward loan sale commitments. We generally enter into interest rate swap arrangements related to existing loan applications and applications we expect to receive prior to our next anticipated change in rates charged to borrowers. During the quarter, we recorded a net $35.2 million in gains, compared to $5.1 million in the prior year, related to our various derivative instruments. The increase for the current quarter was caused by market interest rates, based on the two-year swap, increasing 27 basis points compared to an increase of 11 basis points during the prior year quarter. See note 11 to the condensed consolidated financial statements.

The value of MSRs recorded in the current quarter decreased to 66 basis points from 67 basis points in the prior year due to changes in our assumptions used to value MSRs and other factors. This decrease, coupled with a decline in origination volumes, resulted in a net decrease of $18.6 million in gains on sales of mortgage loans. See additional discussion of our MSR assumptions in Item 1, note 11 to the condensed consolidated financial statements and in Item 2, “Critical Accounting Policies.”

During the quarter we continued to experience higher early payment defaults, resulting in an increase in actual and expected loan repurchase activity. As a result, we recorded total loss provisions of $111.1 million during the three months ended January 31, 2007 compared to $13.1 million in the prior year. The provision recorded in the current quarter consists of $18.3 million recorded on loans sold during the current quarter and, due primarily to increases in our estimated loss severity assumption, also included $92.8 million related to loans sold in prior quarters. Loss provisions as a percent of loan volumes increased 162 basis points over the prior year. See additional discussion of our reserves and repurchase obligations in note 11 to our condensed consolidated financial statements.

During the current quarter, we recorded impairments of $43.6 million in gains on sales of mortgage assets primarily due to recent market conditions and significant declines in the value of mortgage loans, including the value of non-performing loans. As a result, we performed a detailed evaluation of the underlying collateral. This change resulted in additional impairment of residual interests of $29.2 million for the quarter.

We also recorded favorable pretax mark-to-market adjustments in other comprehensive income, which increased the fair value of our residual interests $6.3 million during the quarter. These adjustments were recorded net of write-downs of $11.6 million and deferred taxes of $2.0 million, and will be accreted into income throughout the remaining life of those residual interests. Future changes in interest rates or other assumptions, based on market conditions or actual loan pool performance, could cause additional adjustments to the fair value of the residual interests and could cause changes to the accretion of these residual interests in future periods. In the current year we also recorded a $7.3 million gain on the sale of residual interests.

Interest income decreased $20.4 million from the prior year. This decrease is primarily due to lower accretion resulting from the sale of previously securitized residual interests during fiscal year 2006 and lower write-ups to residual interest balances, coupled with the write-off of accrued interest related to delinquent loans.

The following table summarizes the key metrics related to our loan servicing business:

		(dollars in 000s)
Three months ended January 31,	2007	2006
Average servicing portfolio:		
With related MSRs	$63,809,435	$59,344,676
Without related MSRs	6,412,788	21,046,638
	$70,222,223	$80,391,314
Ending servicing portfolio:		
With related MSRs	$63,942,819	$60,787,507
Without related MSRs	3,589,355	15,994,170
	$67,532,174	$76,781,677
Number of loans serviced	395,390	466,026
Average delinquency rate	11.22%	5.58%
Weighted average FICO score	621	621
Weighted average interest rate (WAC) of portfolio	8.14%	7.63%
Carrying value of MSRs	$ 263,140	$ 262,369

Loan servicing revenues increased $3.8 million, or 3.6%, compared to the prior year. The increase reflects an increase in late fee income on delinquent loans and, to a lesser extent, a higher annualized rate earned on our servicing portfolio. The annualized rate earned on our entire servicing portfolio was 39 basis points for the current quarter, compared to 34 basis points in the prior year. These increases were partially offset by a decline in our average servicing portfolio, which decreased 12.6%, to $70.2 billion.

Total expenses for the three months ended January 31, 2007 declined $7.9 million, or 3.5%, from the prior year. Cost of services decreased $6.0 million primarily due to lower headcount, partially offset by increased amortization of MSRs.

Cost of other revenues decreased $24.8 million, primarily due to $27.3 million in lower compensation and benefits as a result of the restructuring in the prior year.

Selling, general and administrative expenses increased $22.9 million due primarily to severance and our ongoing restructuring plans, coupled with retention bonuses and higher consulting expenses.

The pretax loss for the three months ended January 31, 2007 was $162.0 million compared to income of $70.4 million in the prior year.

Nine months ended January 31, 2007 compared to January 31, 2006

Revenues of discontinued operations decreased $532.0 million, or 56.4%, for the nine months ended January 31, 2007 compared to the prior year.

The following table summarizes the key drivers of loan origination volumes and related gains on sales of mortgage loans:

		(dollars in 000s)
Nine months ended January 31,	2007	2006
Application process:		
Total number of applications	203,198	290,476
Number of sales associates (1)	2,146	3,486
Closing ratio (2)	50.5%	61.8%
Originations:		
Total number of loans originated	102,544	179,439
WAC	8.64%	7.71%
Average loan size	$ 207	$ 181
Total volume of loans originated	$21,230,982	$32,460,924
Direct origination and acquisition expenses, net	$ 135,442	$ 321,177
Revenue (loan value):		
Net gain on sale – gross margin (3)	0.48%	1.67%

(1) Includes all direct sales and back office sales support associates.

(2) Percentage of loans funded divided by total applications in the period.

(3) Defined as gain on sale of mortgage loans (including gain or loss on derivatives, mortgage servicing rights and net of direct origination and acquisition expenses) divided by origination volume.

Gains on sales of mortgage loans and gains on derivative activities decreased $237.7 million from the prior year. This decrease resulted primarily from lower origination volumes and lower loan sale premiums.

Premium on loan sales decreased due to moderating demand by loan buyers and unfavorable interest rates, partially offset by a higher WAC. Market interest rates, based on the two-year swap, increased from an average of 4.45% last year to 5.29% in the current year. Our WAC increased 93 basis points, up to 8.64% from 7.71% in the prior year. These changes caused our premium on loan sales to decrease 23 basis points, to 1.16% from 1.39% last year.

During the current year, we recorded a net $20.4 million in gains, compared to $91.9 million in the prior year, related to our various derivative instruments. The decline for the current year was caused by market interest rates, based on the two-year swap, declining 10 basis points compared to an increase of 93 basis points during the prior year. See note 11 to the condensed consolidated financial statements.

The value of MSRs recorded in the current year increased to 63 basis points from 60 basis points in the prior year due to changes in our assumptions used to value MSRs and other factors. However, this increase was offset by a decline in origination volumes, which resulted in a net decrease of $62.0 million in gains on sales of mortgage loans. See additional discussion of our MSR assumptions in note 11 to the condensed consolidated financial statements and in Item 2, “Critical Accounting Policies.”

During the current year we experienced higher early payment defaults, resulting in an increase in actual and expected loan repurchase activity. As a result, we recorded total loss provisions of $251.1 million during the nine months ended January 31, 2007 compared to $49.5 million in the prior year. The provision recorded in the current year consists of $130.7 million recorded on loans sold during the current period and $120.4 million related to loans sold in prior periods. Loss provisions as a percent of loan volumes increased 103 basis points over the prior year. See additional discussion of our reserves and repurchase obligations in note 11 to our condensed consolidated financial statements.

During the current year, we recorded impairments of $73.1 million in gains on sales of mortgage assets primarily due to higher credit losses and interest rates. Additionally, recent market conditions resulted in significant declines in the value of mortgage loans, including the value of non-performing loans. As a result, we performed a detailed evaluation of the underlying collateral. This change resulted in additional impairment of residual interests of $29.2 million.

We also recorded favorable pretax mark-to-market adjustments in other comprehensive income, which increased the fair value of our residual interests $18.1 million during the current year. These adjustments were recorded net of write-downs of $15.3 million and deferred taxes of $1.1 million, and will be accreted into income throughout the remaining life of those residual interests. We also recorded gains of $7.3 million and $28.7 million in gains on the sale of residual interests for the nine months ended January 31, 2007 and 2006, respectively.

Interest income decreased $62.7 million from the prior year. This decrease is primarily due to lower accretion resulting from the sale of previously securitized residual interests during fiscal year 2006 and lower write-ups to residual interest balances, coupled with the write-off of accrued interest related to delinquent loans.

The following table summarizes the key metrics related to our loan servicing business:

Nine months ended January 31,	2007	(dollars in 000s) 2006
Average servicing portfolio:		
With related MSRs	$63,794,782	$54,784,155
Without related MSRs	8,728,890	21,210,097
	$72,523,671	$75,994,252
Ending servicing portfolio:		
With related MSRs	$63,942,819	$60,787,507
Without related MSRs	3,589,355	15,994,170
	$67,532,174	$76,781,677
Number of loans serviced	395,390	466,026
Average delinquency rate	9.03%	4.76%
Weighted average FICO score	621	621
Weighted average interest rate (WAC) of portfolio	8.04%	7.51%
Carrying value of MSRs	$ 263,140	$ 262,369

Loan servicing revenues increased $35.6 million, or 12.0%, compared to the prior year. The increase reflects an increase in late fee income on delinquent loans and, to a lesser extent, a higher annualized rate earned on our servicing portfolio. The annualized rate earned on our entire servicing portfolio was 37 basis points for the current year, compared to 34 basis points in the prior year. These increases were partially offset by a decline in our average servicing portfolio, which decreased 4.6%, to $72.5 billion.

Total expenses for the nine months ended January 31, 2007 declined $52.0 million, or 7.6%, from the prior year. Cost of services increased $20.1 million primarily as a result of increased amortization of MSRs.

Cost of other revenues decreased $119.8 million, primarily due to our ongoing restructuring plans.

Selling, general and administrative expenses increased $47.8 million due primarily to severance and our ongoing restructuring plans, coupled with retention bonuses and higher consulting expenses.

The pretax loss for the nine months ended January 31, 2007 was $222.8 million compared to income of $257.3 million in the prior year.

FINANCIAL CONDITION

These comments should be read in conjunction with the condensed consolidated balance sheets and condensed consolidated statements of cash flows found on pages 1 and 3, respectively.

CAPITAL RESOURCES & LIQUIDITY BY SEGMENT

Our sources of capital include cash from operations, issuances of common stock and debt. We use capital primarily to fund working capital requirements, pay dividends, repurchase our shares and acquire businesses.

Cash From Operations. Cash used in operating activities from continuing operations for the first nine months of fiscal 2007 totaled $2.8 billion, compared with $1.7 billion for the same period of the prior fiscal year. The change was due primarily to $882.7 million in additional receivables, resulting from higher RAL and IMAL balances, an increase of $153.6 million in income tax payments and an increase of $40.3 million in interest payments.

Issuance of Common Stock. We issue shares of common stock, in accordance with our stock-based compensation plans, out of treasury shares. Proceeds from the issuance of common stock totaled $19.2 million and $95.9 million for the nine months ended January 31, 2007 and 2006, respectively.

Dividends. Dividends paid totaled $128.1 million and $118.7 million for the nine months ended January 31, 2007 and 2006, respectively.

Share Repurchases. On June 7, 2006, our Board approved an additional authorization to repurchase 20.0 million shares. During the nine months ended January 31, 2007, we repurchased 8.1 million shares pursuant to this authorization and a prior authorization at an aggregate price of $180.9 million or an average price of $22.22 per share. There are 22.4 million shares remaining under these authorizations at January 31, 2007. We plan to continue to purchase shares on the open market in accordance with this authorization, subject to various factors including the price of the stock, the availability of excess cash, our ability to maintain liquidity and financial flexibility, securities law restrictions, targeted capital levels and other investment opportunities available.

Debt. We plan to refinance our $500.0 million in Senior Notes, which are due in April 2007.

Restricted Cash. We hold certain cash balances that are restricted as to use. Cash and cash equivalents — restricted totaled $432.5 million at January 31, 2007 compared to $385.6 million at April 30, 2006. Consumer Financial Services held $369.0 million of this total segregated in a special reserve account for the exclusive benefit of its broker-dealer clients. Restricted cash of $13.3 million at January 31, 2007 held by Business Services is related to funds held to pay payroll taxes on behalf of its clients. We also held $50.3 million in restricted cash related to our $3.0 billion line of credit with HSBC Finance Corporation (HSBC Finance).

Segment Cash Flows. A condensed consolidating statement of cash flows by segment for the nine months ended January 31, 2007 follows. Generally, interest is not charged on intercompany activities between segments.

(in 000s)

	Tax Services	Business Services	Consumer Financial Services	Corporate	Discontinued Operations	Consolidated H&R Block
Cash provided by (used in):						
Operations	$(2,107,883)	$ 30,295	$ (64,345)	$(1,090,466)	$ 454,135	$(2,778,264)
Investing	(47,843)	(24,129)	(1,079,768)	(45,305)	18,322	(1,178,723)
Financing	(47,517)	(12,387)	1,618,450	2,631,602	172,301	4,362,449
Net intercompany	2,224,965	2,669	(238,894)	(1,764,227)	(224,513)	—

Net intercompany activities are excluded from investing and financing activities within the segment cash flows. We believe that by excluding intercompany activities, the cash flows by segment more clearly depicts the cash generated and used by each segment. Had intercompany activities been included, those segments in a net lending situation would have been included in investing activities, and those in a net borrowing situation would have been included in financing activities.

Tax Services. Tax Services has historically been our largest provider of annual operating cash flows. The seasonal nature of Tax Services generally results in a large positive operating cash flow in the fourth quarter. Tax Services used $2.1 billion in its current nine-month operations to cover off-season costs and working capital requirements. This segment used $47.8 million in investing activities primarily related to capital expenditures and acquisitions, and used $47.5 million in financing activities related to book overdrafts.

Business Services. Business Services funding requirements are largely related to receivables for completed work and "work in process." We provide funding sufficient to cover their working capital needs. This segment provided $30.3 million in operating cash flows during the first nine months of the year. Business Services used $24.1 million in investing activities primarily related to capital expenditures and acquisitions and used $12.4 million in financing activities primarily due to payments on acquisition debt.

Consumer Financial Services. In the first nine months of fiscal year 2007, Consumer Financial Services used $64.3 million in cash from its operating activities primarily due to the timing of cash deposits that are restricted for the benefit of its broker-dealer clients. The segment also used $1.1 billion in investing activities primarily for the purchase of mortgage loans held for investment and provided $1.6 billion in financing activities due primarily to FDIC-insured deposits held at HRB Bank.

HRB Bank is a member of the FHLB of Des Moines, which extends credit to member banks based on eligible collateral. At January 31, 2007, HRB Bank had FHLB advance capacity of $594.0 million, and no amount was outstanding on this facility.

We believe the funding sources for Consumer Financial Services are stable. Liquidity risk within this segment is primarily limited to maintaining sufficient capital levels to obtain securities lending liquidity to support margin borrowing by clients.

Discontinued Operations. These operations primarily generate cash as a result of the sale and securitization of mortgage loans and residual interests, and as residual interests begin to cash flow. Our discontinued operations provided $454.1 million in cash from operating activities primarily due to loan sales exceeding loan originations during the nine months ended January 31, 2007. Cash flows provided by investing activities consist primarily of $38.3 million in cash receipts on available-for-sale residual interests. Operating cash flows of discontinued operations in the table above includes the net loss from discontinued operations of $119.1 million.

To finance our prime mortgage loan originations, we utilize an on-balance sheet warehouse facility with capacity up to $25 million. As of January 31, 2007 and April 30, 2006, the balance outstanding under this facility was $4.7 million and $1.6 million, respectively.

See discussion of changes in the off-balance sheet arrangements of our discontinued operations below.

OFF-BALANCE SHEET FINANCING ARRANGEMENTS

During the three months ended January 31, 2007, total warehouse capacity was increased from $16.0 billion to $16.5 billion. Also during the third quarter, as reported in current report on Form 8-K dated January 31, 2007, we amended our warehouse facility with Citigroup Global Markets Realty Corp (Citigroup) to split OOMC's existing warehouse financing arrangement with Citigroup into two separate warehouse facilities, one of which is an on-balance sheet facility with capacity of $500.0 million and the other an off-balance sheet facility. Loans totaling $172.3 million were held on the on-balance sheet line at January 31, 2007, with the related loans and liability reported in assets and liabilities held for sale. At January 31, 2007, our total off-balance sheet capacity was $16.0 billion, $14.5 billion of which was committed.

As of January 31, 2007, OOMC did not meet the "minimum net income" financial covenant contained in eight of its committed warehouse facilities. This covenant requires OOMC to maintain a cumulative minimum net income of at least $1 for the four consecutive fiscal quarters ended January 31, 2007. On January 24, 2007, OOMC obtained waivers of the minimum net income financial covenants through April 27, 2007 from each of the applicable warehouse facility providers. The parties to the waivers were OOMC, Option One Mortgage Capital Corporation, Option One Loan Warehouse Corporation, Option One Owner Trust 2001-1A; Option One Owner Trust 2001-2; Option One Owner Trust 2003-4, Option One Owner Trust 2003-5; Option One Owner Trust 2005-6; Option One Owner Trust 2005-7; Option One Owner Trust 2005-8; Option One Owner Trust 2005-9; Wells Fargo Bank National Association (as indenture trustee) and each of the following warehouse facility providers: Bank of America, N.A.; JPMorgan Chase Bank, N.A.; Park Avenue Receivables Company LLC; Falcon Asset Securitization Company LLC; JPMorgan Chase Bank, N.A.; Citigroup Global Markets Realty Corp.; DB Structured Products, Inc.; Gemini Securitization Corp., LLC; Greenwich Capital Financial Products, Inc.; HSBC Securities (USA) Inc.; HSBC Bank USA, N.A.; Lehman Brothers Bank; and Merrill Lynch Bank USA.

Certain parties to the warehouse facilities have other relationships with us. Each of the warehouse facility providers (or their affiliates) are lending parties pursuant to credit facilities maintained by Block Financial Corporation (BFC), as borrower, and H&R Block, Inc., as guarantor, with various lenders. In addition, certain of the HSBC warehouse facility providers and their affiliates are parties to various agreements with us which (i) an HSBC affiliate originates RALs and IMALs and issues RACs to eligible clients of H&R Block company-owned and franchise offices and clients who utilize tax preparation products or services through other H&R Block distribution channels, (ii) BFC purchases participation interests in RALs and IMALs originated by certain HSBC affiliates, (iii) certain HSBC affiliates service RALs and IMALs in which BFC purchases participation interests and (iv) an HSBC affiliate provides a revolving credit facility to BFC for funding BFC's purchases of participation interests in RALs.

We anticipate that OOMC will not meet this financial covenant at April 30, 2007, however we believe we will be able to obtain waivers for that date from a sufficient number of warehouse providers to allow OOMC to continue its off-balance sheet financing activities. If OOMC can not obtain the waivers, warehouse facility providers would have the right to terminate their future funding obligations under the applicable warehouse facilities, terminate OOMC's right to service the loans remaining in the applicable warehouse or request funding of the 10% guarantee. See note 11 to our condensed consolidated financial statements. While this termination could adversely impact OOMC's ability to fund new loans, we believe this risk is mitigated by options available to H&R Block.

Other than the changes outlined above, there have been no material changes in our off-balance sheet financing arrangements from those reported at April 30, 2006 in our Annual Report on Form 10-K.

COMMERCIAL PAPER ISSUANCE AND SHORT-TERM BORROWINGS

We entered into a $3.0 billion line of credit agreement with HSBC Finance effective January 2, 2007 for use as an alternate funding source for the purchase of RAL participations. This line is subject to various covenants that are substantially similar to our primary unsecured committed lines of credit (CLOCs), and is secured by our RAL participations. The balance outstanding on this facility at January 31, 2007 was $1.4 billion.

We entered into a $300.0 million committed line of credit agreement with BNP Paribas for the period January 2 through February 23, 2007 to cover our peak liquidity needs. This line is subject to various covenants that are substantially similar to our primary unsecured CLOCs. There was no balance outstanding on this line at January 31, 2007.

Our Canadian commercial paper issuances are supported by a credit facility provided by one bank in scheduled amounts ranging from $1.0 million to $225.0 million (Canadian) based on anticipated operational needs. The Canadian CLOC was renewed in November 2006 for an additional 364 days.

Other than the changes outlined above, there have been no material changes in our commercial paper program and short-term borrowings from those reported at April 30, 2006 in our Annual Report on Form 10-K.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

There have been no material changes in our contractual obligations and commercial commitments from those reported at April 30, 2006 in our Annual Report on Form 10-K.

REGULATORY ENVIRONMENT

In March 2006, the OTS approved the federal savings bank charter of HRB Bank. HRB Bank commenced operations on May 1, 2006, at which time H&R Block, Inc. became a savings and loan holding company. As a savings and loan holding company, H&R Block, Inc. is subject to regulation by the OTS. Federal savings banks are subject to extensive regulation and examination by the OTS, their primary federal regulator, as well as the Federal Deposit Insurance Corporation (FDIC). HRB Bank is subject to various OTS capital requirements and H&R Block, Inc. is now subject to a three percent minimum ratio of adjusted tangible capital to adjusted total assets, as defined by the OTS. As of January 31, 2007, our ratio of adjusted tangible capital to adjusted total assets was approximately 1%. We fell below the minimum required ratio due to losses in our mortgage

operations and seasonal fluctuations in our consolidated balance sheet. We notified the OTS of our failure to meet this requirement and the OTS requested that we provide a plan and expected timeframe for regaining compliance. We have provided a corrective plan and indicated that we believed our noncompliance would be remedied by February 28, 2007. We have agreed to provide the OTS with the calculation of this ratio as of February 28, 2007, although it is normally required only on a quarterly basis. We have not received further requests from the OTS as of the date of this filing.

A banking institution's capital category depends upon where its capital levels are in relation to relevant capital measures, which include a risk-based capital measure, a leverage ratio capital measure, a tangible equity ratio measure, and certain other factors. See note 6 to the condensed consolidated financial statements for additional discussion of regulatory capital requirements and classifications.

HRB Bank is an indirect wholly-owned subsidiary of H&R Block, Inc. and is insured by the FDIC. If an insured institution fails, claims for administrative expenses of the receiver and for deposits in U.S. branches (including claims of the FDIC as subrogee of the failed institution) have priority over the claims of general unsecured creditors. In addition, the FDIC has authority to require H&R Block, Inc. to reimburse it for losses it incurs in connection with the failure of HRB Bank or with the FDIC's provision of assistance to a banking subsidiary that is in danger of failure.

Other than the items discussed above, there have been no material changes in our regulatory environment from those reported at April 30, 2006 in our Annual Report on Form 10-K.

CRITICAL ACCOUNTING POLICIES

The following discussion is an update to previous disclosure regarding certain of our critical accounting policies and should be read in conjunction with the complete critical accounting policies disclosures included in our Annual Report on Form 10-K for the year ended April 30, 2006. For all of our critical accounting policies, we caution that future events rarely develop precisely as forecasted, and estimates routinely require adjustment and may require material adjustment.

Gains on Sales of Mortgage Assets

We sell substantially all of the non-prime mortgage loans we originate to warehouse trusts (the 'Trusts") which are qualifying special purpose entities (QSPEs), with servicing rights generally retained. Prime mortgage loans are sold in loan sales, servicing released, to third-party buyers. Gains on sales of mortgage assets are recognized when control of the assets is surrendered (when loans are sold to third-party buyers, including the Trusts) and are based on the difference between net proceeds received (cash proceeds less recourse obligations) and the allocated cost of the assets sold. We determine the allocated cost of assets sold based on the relative fair values of net proceeds (i.e. the loans sold), retained MSRs and the beneficial interest in Trusts, which represents our residual interest in the ultimate expected outcome from the disposition of the loans by the Trusts.

The following is an example of a hypothetical gain on sale calculation:

	(in 000s)
Acquisition cost of underlying mortgage loans	$1,000,000
Fair values:	
Net proceeds	$ 999,000
Cash received	(4,000)
Less recourse obligation	$ 995,000
Beneficial interest in Trusts	20,000
MSRs	7,000
	$1,022,000
Computation of gain on sale:	
Net proceeds	$ 995,000
Less allocated cost ($995,000 / $1,022,000 x $1,000,000)	973,581
Recorded gain on sale	$ 21,419
Recorded beneficial interest in Trusts ($20,000 / $1,022,000 x $1,000,000)	$ 19,570
Recorded value of MSRs ($7,000 / $1,022,000 x $1,000,000)	$ 6,849
Recorded liability for recourse obligation	$ 4,000

Variations in the assumptions we use affect the estimated fair values and the reported net gains on sales. Gains on sales of mortgage loans totaled $333.3 million and $499.5 million for nine months ended January 31, 2007 and 2006, respectively.

Our recourse obligation relates to potential losses that could be incurred related to the repurchase of sold loans or indemnification of losses as a result of early payment defaults or breaches of other representations and warranties customary to the mortgage banking industry.

The substantial majority of loan repurchases or indemnification for losses occurs within nine months from the date the loans are sold. We estimate the fair value of the recourse liability at the time the loan is sold. Provisions for losses are charged to gain on sale of mortgage loans and credited to the recourse liability, while actual losses are charged to the liability. We evaluate, and adjust if necessary, the fair value of the recourse obligation quarterly based on current information and trends in underlying loan performance. The amount of losses we expect to incur related to the repurchase of sold loans depends primarily on the frequency of early payment defaults, the rate at which defaulted loans subsequently become current on payments (“cure rate”), the propensity of the buyer of the loans to demand recourse under the loan sale agreement and the severity of loss incurred on loans which have been repurchased. The frequency of early payment defaults, cure rates and loss severity may vary depending on the creditworthiness of the borrower and economic factors such as home price appreciation and interest rates. To the extent actual losses related to repurchase activity are different from our estimates, the fair value of our recourse obligation will increase or decrease.

During the nine months ended January 31, 2007, we experienced higher early payment defaults, resulting in an increase in actual and expected loan repurchase activity. As a result, we recorded total loss provisions of $251.1 million during the nine months ended January 31, 2007 compared to $49.5 million in the prior year. Loss provisions recorded in the current year consist of $130.7 million recorded on loans sold during the current year and $120.4 million related to loans sold in prior periods. At January 31, 2007, we assumed that substantially all loans that failed to make timely payments according to contractual early payment default provisions will be repurchased, and that 6% of loans will be repurchased from sales that have not yet reached the contractual date upon which repurchases can be determined. Based on historical experience and review of current early payment default, cure rate and loss severity trends, we assumed 10% of all loans we repurchase from whole loan sale transactions will cure with no loss incurred, and of those that do not cure, we assumed an average 17% loss severity for loans on which we hold a first lien position. During the three months ended January 31, 2007, we increased our estimated loss severity for on-balance sheet loans from an average of 17% to 29%. We recorded $92.8 million in reserves related to loans sold in prior quarters due to higher severity assumptions, higher loss frequency and a decrease in our estimated cure rate.

Based on our analysis as of January 31, 2007, we estimated our liability for recourse obligations to be $44.8 million. The sensitivity of the recourse liability to 10% and 20% adverse changes in loss assumptions is $4.5 million and $9.0 million, respectively.

Valuation of MSRs

MSRs are recorded when we sell loans to third-parties with the servicing of those loans retained. At the time of the loan sale, we determine and record on our balance sheet the allocated historical cost of the MSRs attributable to loans sold, as illustrated above. These MSRs are amortized into expense over the estimated life of the underlying loans. MSRs are carried at the lower of cost or market (LOCOM). On a quarterly basis, MSRs are assessed to determine if our carrying value exceeds fair value. Fair value is estimated using a discounted cash flow approach by stratifying the MSRs based on underlying loan characteristics, including the calendar year the loans are sold. To the extent fair value is less than carrying value we record an impairment charge and adjust the carrying value of the MSRs.

A market price of our MSRs is not readily available because non prime MSRs are not actively traded in the marketplace. Therefore, the fair value of our MSRs is estimated using a discounted cash flow approach, using valuation methods and assumptions we believe incorporate assumptions

used by market participants. Certain of these assumptions are subjective and require a high level of management judgment. MSR valuation assumptions are reviewed and approved by management on a quarterly basis. In determining the assumptions to be used to value MSRs, we review the historical performance of our MSRs, including back-testing of the performance of certain individual assumptions (comparison of actual results to those expected). In addition, we periodically review third-party valuations of certain of our MSRs and peer group MSR valuation surveys to assess the reasonableness of our valuation assumptions and resulting fair value estimates.

Critical assumptions used in our discounted cash flow model include mortgage prepayment speeds, discount rates, costs to service and ancillary income. Variations in our assumptions could materially affect the estimated fair values. Changes to our assumptions are made when current trends and market data indicate that new trends have developed. Certain assumptions, such as ancillary interest income, may change from quarter to quarter as market conditions and projected interest rates change. Other assumptions, such as expected prepayment speeds, discount rates and costs of servicing may change less frequently as they are less sensitive to near-term market conditions.

Prepayment speeds may be affected by economic factors such as home price appreciation, market interest rates, the availability of other credit products to our borrowers and customer payment patterns. Prepayment speeds include the impact of all borrower prepayments including full payoffs, additional principal payments and the impact of loans paid off due to foreclosure liquidations. As market interest rates decline, prepayment speeds will generally increase as customers refinance existing mortgages under more favorable interest rate terms. As prepayment speeds increase, anticipated cash flows will generally decline resulting in a potential reduction, or impairment, to the fair value of the capitalized MSRs. Alternatively, an increase in market interest rates may cause a decrease in prepayment speeds, and an increase in fair value of MSRs. Many of our loans include prepayment penalties during the first two to three years. Prepayment penalties tend to lower prepayment speeds during the early life of our loans, regardless of market interest rate movements, therefore decreasing the sensitivity of expected prepayment speeds to changes in interest rates. Prepayment speeds are estimated based on historical experience and third-party market sources. Changes are made as necessary to ensure such estimates reflect current market conditions specific to our individual MSR stratas.

Discount rates are determined by reviewing market rates used by market participants. These rates may vary based on economic factors such as market perception of risk and changes in the risk-free interest rates. Changes are made as necessary to ensure such estimates reflect current market conditions for MSR assets.

Costs to service includes the cost to process loan payments, make payments to bondholders, collect delinquent accounts and administrative foreclosure activities. Market trends and changes to underlying expenses are evaluated to determine if updates to assumptions are necessary. The economic factors affecting costs to service include unemployment rates, the housing market and the cost of labor. Higher unemployment rates may lead to higher delinquency and foreclosure rates resulting in higher costs to service loans. The housing market, including home price appreciation rates, impacts sale prices for homes in foreclosure and our borrowers' ability to refinance or sell their properties in the event that they can no longer afford their homes, thus impacting delinquencies and foreclosures.

Ancillary fees and income include late charges, non-sufficient funds fees, collection fees and interest earning funds held in deposit. These fees could be impacted by state legislation efforts, customer behavior, fee waiver policies and industry trends.

During the period from May 1, 2005 to the current quarter ended January 31, 2007, assumptions used in valuing MSRs have been updated. The significant changes and their impact, both in dollars and basis points of loans sold during the quarter of initial implementation, are outlined below beginning with the most recent changes.

(dollars in 000s)

Description	Change	Impact	Quarter Implemented
Prepayment rates	Further stratification of prepayment rates	$4,428 or 8 basis points	January 31, 2007
Ancillary fees	Decreased average number of days of interest collected related to prepayments	($3,677) or (5) basis points	July 31, 2006
Discount rate	15% to 18%	($2,555) or (3) basis points	January 31, 2006
Costs to service	Decreased the number of days of interest paid to investors	$12,893 or 11 basis points	October 31, 2005

During the period ended January 31, 2007 we updated our assumptions related to loan prepayment rates to further stratify by vintage year, loan type, and loans with and without prepayment penalties. We also updated assumptions surrounding investor remittances during the current period. The net impact of the changes outlined above and other less significant changes made during the current quarter was an increase of approximately 4 basis points for MSRs initially recorded in the current quarter. During the period ended July 31, 2006, we updated our assumption related to the average number of days of interest collected on funds received as a result of prepayments (Ancillary fees on the table above). We decreased the average number of days of interest collected following a review of the servicing portfolio data. During the quarter ended January 31, 2006, we increased the discount rate assumption (Discount rate on the table above) used to determine the fair value of MSRs from 15% to 18% as a result of an analysis of third party data including rates used by other market participants. During the quarter ended October 31, 2005, we updated our assumption for number of days of interest paid to investors (Costs to service on the table above) on monthly loan prepayments upon the completion of a review of the historical performance of the servicing portfolio. The cumulative net impact of the changes outlined above and other less significant changes made during the period from January 31, 2006 to January 31, 2007 was an increase of approximately 5 basis points for MSRs initially recorded in the current quarter compared to the prior year quarter.

The changes outlined above are applied not only when we determine the allocated historical cost of MSRs, but are also used in our evaluation of the fair value of the MSR portfolio in conjunction with our impairment review. The changes in assumptions primarily impact the recognition of our initial MSR value through calculation of the gain on sale of mortgage assets. Because MSRs are recorded at LOCOM, we are unable to adjust our MSR portfolio value upward, thus have not recognized the positive impact of the assumption changes on the MSR portfolio as a whole.

MSRs with a book value of $263.1 million are included in our condensed consolidated balance sheet at January 31, 2007. While changes in any assumption could impact the value of our MSRs, the primary drivers of significant changes to the value of our MSRs are prepayment speeds, discount rates, costs to service and ancillary fees. Below is a table showing the effect of a variation of a particular assumption on the fair value of our MSRs without changing any other assumptions. In reality, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities.

Assumption	Impact on Fair Value
Prepayments (including defaults):	
Adverse 10% – % impact on fair value	(8%)
Adverse 20% – % impact on fair value	(16%)
Discount rate:	
Adverse 10% – % impact on fair value	(3%)
Adverse 20% – %$impact on fair value	(5%)
Ancillary Fees and Income:	
Adverse 10% – %impact on fair value	(4%)
Adverse 20% – % impact on fair value	(8%)
Costs to service:	
Adverse 10% – % impact on fair value	(4%)
Adverse 20% – % impact on fair value	(9%)

FORWARD-LOOKING INFORMATION

In this report, and from time to time throughout the year, we share our expectations for our future performance. These forward-looking statements are based upon current information, expectations, estimates and projections regarding the Company, the industries and markets in which we operate, and our assumptions and beliefs at that time. These statements speak only as of the date on which they are made, are not guarantees of future performance, and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecast in these forward-looking statements. Words such as “believe,” “will,” “plan,” “expect,” “intend,” “estimate,” “approximate,” and similar expressions may identify such forward-looking statements.

RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION

We report our financial results in accordance with generally accepted accounting principles (GAAP). However, we believe certain non-GAAP performance measures and ratios used in managing the business may provide additional meaningful comparisons between current year results and prior periods. Reconciliations to GAAP financial measures are provided below. These non-GAAP financial measures should be viewed in addition to, not as an alternative for, our reported GAAP results.

Banking Ratios

	(dollars in 000s) Three months ended January 31, 2007	Nine months ended January 31, 2007
Efficiency Ratio:		
Total Consumer Financial Services expenses	$ 96,552	$ 262,316
Less: Interest and non-banking expenses	(91,983)	(254,572)
Non-interest banking expenses	$ 4,569	$ 7,744
Total Consumer Financial Services revenues	$ 107,511	$ 267,888
Less: Non-banking revenues and interest expense	(94,800)	(246,714)
Banking revenue – net of interest expense	$ 12,711	$ 21,174
	36%	37%
Net Interest Margin (annualized):		
Net banking interest revenue	$ 6,188	$ 14,309
Net banking interest revenue (annualized)	$ 24,752	$ 19,079
Divided by average assets	$ 982,633	$ 682,798
	2.52%	2.79%
Return on Average Assets (annualized):		
Total Consumer Financial Services pretax income	$ 10,959	$ 5,572
Less: Non-banking pretax income (loss)	4,505	(15,614)
Pretax banking income	$ 6,454	$ 10,042
Pretax banking income (annualized)	$ 25,816	$ 13,389
Divided by average assets	$ 982,633	$ 682,798
	2.63%	1.96%

Origination Margin

	(dollars in 000s) Three months ended January 31, 2007	2006	Nine months ended January 31, 2007	2006
Total expenses	$ 218,128	$ 226,072	$ 633,591	$ 685,548
Add: Expenses netted against gain on sale revenues	42,288	85,974	135,442	321,177
Less:				
Cost of services	(77,040)	(83,076)	(235,353)	(215,279)
Cost of acquisition	(12,005)	(24,305)	(28,809)	(127,201)
Allocated support departments	(3,883)	(3,581)	(12,034)	(9,799)
Other	(38,874)	(11,291)	(66,819)	(29,891)
	$ 128,613	$ 189,793	$ 426,018	$ 624,555
Divided by origination volume	$6,260,399	$8,952,487	$21,230,982	$32,460,924
Total cost of origination	2.05%	2.12%	2.01%	1.92%

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The sensitivities of certain financial instruments to changes in interest rates as of January 31, 2007 are presented below. The following table represents hypothetical instantaneous and sustained parallel shifts in interest rates and should not be relied on as an indicator of future expected results.

	(in 000s) Carrying Value at January 31, 2007	Basis Point Change -300	-200	-100	+100	+200	+300
Mortgage loans held for investment	$ 1,069,626	$39,780	$32,367	$21,417	$(23,870)	$(49,735)	$(78,685)
Mortgage loans held for sale	363,016	15,707	10,157	4,916	(4,915)	(9,913)	(14,606)

There have been no other material changes in our market risks from those reported at April 30, 2006 in our Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

As of the end of the period covered by this Form 10-Q, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures. The controls evaluation was done under the supervision and with the participation of management. Based on this evaluation we have concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this Quarterly Report on Form 10-Q due to a material weakness in internal controls in financial reporting identified related to the valuation of certain residual interests in securitizations. We believe this material weakness has been remediated as of March 12, 2007, and that the remediation is reflected in the information contained in this Form 10-Q.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information below should be read in conjunction with the information included in note 8 to our condensed consolidated financial statements.

RAL LITIGATION

We reported in our annual report on Form 10-K for the year ended April 30, 2006, certain events and information regarding lawsuits throughout the country regarding the RAL Cases. The RAL Cases have involved a variety of legal theories asserted by plaintiffs. These theories include allegations that, among other things, disclosures in the RAL applications were inadequate, misleading and untimely; the RAL interest rates were usurious and unconscionable; we did not disclose that we would receive part of the finance charges paid by the customer for such loans; untrue, misleading or deceptive statements in marketing RALs; breach of state laws on credit service organizations; breach of contract, unjust enrichment, unfair and deceptive acts or practices; violations of the federal Racketeer Influenced and Corrupt Organizations Act; violations of the federal Fair Debt Collection Practices Act and unfair competition regarding debt collection activities; and that we owe, and breached, a fiduciary duty to our customers in connection with the RAL program.

The amounts claimed in the RAL Cases have been very substantial in some instances. We have successfully defended against numerous RAL Cases, some of which were dismissed on our motions for dismissal or summary judgment, and others were dismissed voluntarily by the plaintiffs after denial of class certification. Other cases have been settled, with one settlement resulting in a pretax expense of $43.5 million in fiscal year 2003 (the “Texas RAL Settlement”) and other settlements resulting in a combined pretax expense in fiscal year 2006 of $70.2 million (the “2006 Settlements”).

We believe we have meritorious defenses to the remaining RAL Cases and we intend to defend them vigorously. There can be no assurances, however, as to the outcome of the pending RAL Cases individually or in the aggregate. Likewise, there can be no assurances regarding the impact of the RAL Cases on our financial statements. We have accrued our best estimate of the probable loss related to the RAL Cases. The following is updated information regarding the pending RAL Cases that are attorney general actions or class actions or putative class actions:

Lynne A. Carnegie, et al. v. Household International, Inc., H&R Block, Inc., et al., (formerly Joel E. Zawikowski, et al. v. Beneficial National Bank, H&R Block, Inc., Block Financial Corporation, et al.) Case No. 98 C 2178, United States District Court for the Northern District of Illinois, Eastern Division, instituted on April 18, 1998. This case constitutes one of the 2006 Settlements. On April 19, 2006, we entered into a settlement agreement regarding this case, subject to final court approval. The settlement was approved by the court on August 28, 2006. One objector filed an appeal, which was dismissed on March 1, 2007. Unless a Petition for Certiorari is filed by the objector and granted by the United States Supreme Court, the settlement is final.

Sandra J. Basile, et al. v. H&R Block, Inc., et al, April Term 1992 Civil Action No. 3246 in the Court of Common Pleas, First Judicial District Court of Pennsylvania, Philadelphia County, instituted on April 23, 1993. The court decertified the class on December 31, 2003. The Pennsylvania appellate court subsequently reversed the trial court's decertification decision. On September 26, 2006, the Pennsylvania Supreme Court reversed the appellate court's reversal of the trial court's decision to decertify the class. The plaintiff is seeking further review by the appellate court.

Deadra D. Cummins, et al. v. H&R Block, Inc., et al., Case No. 03-C-134 in the Circuit Court of Kanawha County, West Virginia, instituted on January 22, 2003. The court approved the settlement of this case on June 8, 2006, and the settlement is now final.

PEACE OF MIND LITIGATION

Lorie J. Marshall, et al. v. H&R Block Tax Services, Inc., et al., Civil Action 2003L000004, in the Circuit Court of Madison County, Illinois, is a class action case filed on January 18, 2002, that was granted class certification on August 27, 2003. Plaintiffs' claims consist of five counts relating to the Peace of Mind (POM) program under which the applicable tax return preparation subsidiary assumes liability for additional tax assessments attributable to tax return preparation error. The plaintiffs allege that the sale of POM guarantees constitutes (i) statutory fraud by selling insurance without a license, (ii) an unfair trade practice, by omission and by "cramming" (*i.e.*, charging customers for the guarantee even though they did not request it or want it), and (iii) a breach of fiduciary duty. In August 2003, the court certified the plaintiff classes consisting of all persons who from January 1, 1997 to final judgment (i) were charged a separate fee for POM by "H&R Block" or a defendant H&R Block class member; (ii) reside in certain class states and were charged a separate fee for POM by "H&R Block" or a defendant H&R Block class member not licensed to sell insurance; and (iii) had an unsolicited charge for POM posted to their bills by "H&R Block" or a defendant H&R Block class member. Persons who received the POM guarantee through an H&R Block Premium office and persons who reside in Alabama are excluded from the plaintiff class. The court also certified a defendant class consisting of any entity with names that include "H&R Block" or "HRB," or are otherwise affiliated or associated with H&R Block Tax Services, Inc., and that sold or sells the POM product. The trial court subsequently denied the defendants' motion to certify class certification issues for interlocutory appeal. Discovery is proceeding. No trial date has been set, although plaintiffs have indicated that they plan to seek a trial in July 2007.

There is one other putative class action pending against us in Texas that involves the POM guarantee. This case is being tried before the same judge that presided over the Texas RAL Settlement, involves the same plaintiffs' attorneys that are involved in the Marshall litigation in Illinois, and contains similar allegations. No class has been certified in this case.

We believe the claims in the POM actions are without merit, and we intend to defend them vigorously. The amounts claimed in the POM actions are substantial, however, and there can be no assurances as to the outcome of these pending actions individually or in the aggregate. Likewise, there can be no assurances regarding the impact of these actions on our consolidated financial statements.

EXPRESS IRA LITIGATION

On March 15, 2006, the New York Attorney General filed a lawsuit in the Supreme Court of the State of New York, County of New York (Index No. 06/401110) entitled *The People of New York v. H&R Block, Inc. and H&R Block Financial Advisors, Inc.* The complaint alleged fraudulent business practices, deceptive acts and practices, common law fraud and breach of fiduciary duty with respect to the Express IRA product and sought equitable relief, disgorgement of profits, damages and restitution, civil penalties and punitive damages. On December 1, 2006, the Supreme Court of the State of New York issued a ruling that dismissed the New York Attorney General's lawsuit in its entirety on procedural grounds but granted leave to amend and refile the lawsuit. The amended complaint has been filed and alleges causes of action similar to those claimed in the original complaint and seeks equitable relief, disgorgement of profits, damages and restitution, civil penalties and punitive damages. We intend to defend this case vigorously, but there are no assurances as to its outcome.

In addition to the New York Attorney General action, a number of civil actions were filed against us concerning the Express IRA matter, the first of which was filed on March 17, 2006. All of the civil actions pending in federal court have been consolidated by the panel for Multi-District Litigation into a single action styled *In re H&R Block, Inc. Express IRA Marketing Litigation* in the United States District Court for the Western District of Missouri. We intend to defend these cases vigorously, but there are no assurances as to their outcome.

SECURITIES AND SHAREHOLDER DERIVATIVE LITIGATION

On March 17, 2006, the first of three putative class actions alleging violations of certain securities laws are were filed against the Company and certain of its current and former officers and directors (the "Securities Class Action Cases"). In addition, on April 5, 2006, the first of nine shareholder derivative actions purportedly brought on behalf of the Company (which is named as a "nominal defendant") were filed against certain of the Company's current and former directors and officers (the "Derivative Cases"). The Securities Class Action Cases alleged, among other things, deceptive, material and misleading financial statements, failure to prepare financial statements in accordance with generally accepted accounting principles and concealment of the potential for lawsuits stemming from the allegedly fraudulent nature of the Company's operations. The actions seek unspecified damages and equitable relief. The Derivative Cases generally involved allegations of breach of fiduciary duty, abuse of control, gross mismanagement, waste and unjust enrichment pertaining to (i) the Company's restatement of financial results due to errors in determining the Company's state effective income tax rate and (ii) certain of the Company's products and other business activities. On September 20, 2006, the United States District Court for the Western District of Missouri ordered all of the Securities Class Action Cases and the Derivative Cases consolidated into a single action styled *In re H&R Block Securities Litigation*. The court will appoint a lead plaintiff who will then file a consolidated complaint. We intend to defend this litigation vigorously, but there are no assurances as to its outcome.

OTHER CLAIMS AND LITIGATION

As reported previously, the NASD brought charges against HRBFA regarding the sale by HRBFA of Enron debentures in 2001. A hearing for this matter commenced in May 2006, was recessed until October 2006 and is scheduled to continue through August 2007. We intend to defend the NASD charges vigorously, although there can be no assurances regarding the outcome and resolution of the matter.

As part of an industry-wide review, the IRS is investigating tax-planning strategies that certain RSM clients utilized during fiscal years 2000 through 2003. Specifically, the IRS is examining these strategies to determine whether RSM complied with tax shelter reporting and listing regulations and whether such strategies were abusive as defined by the IRS. If the IRS were to determine that RSM did not comply with the tax shelter reporting and listing regulations, it might assess fines or penalties against RSM. Moreover, if the IRS were to determine that the tax planning strategies were inappropriate, clients that utilized the strategies could face penalties and interest for underpayment of taxes. Some of these clients are seeking or may attempt to seek recovery from RSM. There can be no assurance regarding the outcome of and resolution of this matter.

We have from time to time been party to investigations, claims and lawsuits not discussed herein arising out of our business operations. These investigations, claims and lawsuits include actions by state attorneys general, individual plaintiffs, and cases in which plaintiffs seek to represent a class of similarly situated customers. The amounts claimed in these claims and lawsuits are substantial in some instances, and the ultimate liability with respect to such litigation and claims is difficult to predict. Some of these investigations, claims and lawsuits pertain to RALs, the electronic filing of customers' income tax returns, the POM guarantee program, and our Express IRA program and other investment products and RSM EquiCo business valuation services. We believe we have meritorious defenses to each of these claims, and we are defending or intend to defend them vigorously, although there is no assurance as to their outcome.

In addition to the aforementioned types of cases, we are parties to claims and lawsuits that we consider to be ordinary, routine litigation incidental to our business, including claims and lawsuits (Other Claims) concerning investment products, the preparation of customers' income tax returns, the fees charged customers for various products and services, losses incurred by customers with respect to their investment accounts, relationships with franchisees, denials of mortgage loans, contested mortgage foreclosures, other aspects of the mortgage business, intellectual property disputes, employment matters and contract disputes. We believe we have meritorious defenses to each of the Other Claims, and we are defending them vigorously. While we cannot provide assurance that we will ultimately prevail in each instance, we believe the amount, if any, we are required to pay in the discharge of liabilities or settlements in these Other Claims will not have a material adverse effect on our consolidated financial statements.

ITEM 1A. RISK FACTORS

Consumer Financial Services. H&R Block, Inc. is a savings and loan holding company, and HRB Bank is a federal savings bank, which is subject to regulation by the OTS and FDIC. Federal and state laws and regulations govern numerous matters including: changes in the ownership or control of banks and bank holding companies; maintenance of adequate capital and the financial condition of a financial institution; permissible types, amounts and terms of extensions of credit and investments; permissible non-banking activities; the level of reserves against deposits; and restrictions on dividend payments. If we do not comply with these regulations, it could result in regulatory actions and negative publicity, which could adversely affect our results of operations.

Other than the items discussed above, there have been no material changes in our risk factors from those reported at April 30, 2006 in our Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES

A summary of our purchases of H&R Block common stock during the third quarter of fiscal year 2007 is as follows:

(shares in 000s)

	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number of Shares that May Be Purchased Under the Plans or Programs (2)
November 1 – November 30	65	$23.20	—	22,352
December 1 – December 31	2	$23.71	—	22,352
January 1 – January 31	19	$23.38	—	22,352

(1) We purchased 86,092 shares in connection with the funding of employee income tax withholding obligations arising upon the exercise of stock options or the lapse of restrictions on nonvested shares.

(2) On June 9, 2004, our Board of Directors approved the repurchase of 15.0 million shares of H&R Block, Inc. common stock. On June 7, 2006, our Board approved an additional authorization to repurchase 20.0 million shares. These authorizations have no expiration date.

ITEM 6. EXHIBITS

10.1 Omnibus Amendment and Consent Agreement dated as of December 29, 2006 among Option One Owner Trust 2001-1A, Option One Mortgage Corporation, Option One Mortgage Capital Corporation, Option One Loan Warehouse Corporation, Wells Fargo National Bank, National Association and Greenwich Capital Financial Products, Inc.

10.2 Amendment Number Five to Second Amended and Restated Sale and Servicing Agreement dated as of September 7, 2006, among Option One Owner Trust 2001-2, Option One Loan Warehouse Corporation, Option One Mortgage Corporation and Wells Fargo Bank N.A.

10.3 Amendment Number Nine to Amended and Restated Indenture dated as of December 15, 2006, among Option One Owner Trust 2001-2 and Wells Fargo Bank, N.A.

10.4 Omnibus Amendment and Consent Agreement dated as of December 29, 2006 among Option One Owner Trust 2001-2, Option One Mortgage Corporation, Option One Mortgage Capital Corporation, Option One Loan Warehouse Corporation, Wells Fargo National Bank, National Association and Bank of America N.A.

10.5 Waiver and Amendment dated January 24, 2007, among Option One Owner Trust 2001-2, Option One Mortgage Corporation, Option One Mortgage Capital Corporation, Option One Loan Warehouse Corporation, Well Fargo Bank, National Association and Bank of America, N.A.

10.6 Second Amended and Restated Sale and Servicing Agreement dated as of January 19, 2007, among Option One Mortgage Corporation, Option One Owner Trust 2002-3 and Wells Fargo Bank N.A.

10.7 Second Amended and Restated Note Purchase Agreement dated as of January 19, 2007, among Option One Loan Warehouse Corporation, Option One Owner Trust 2002-3 and UBS Real Estate Securities, Inc.

10.8 Indenture dated as of January 19, 2007 between Option One Owner Trust 2002-3 and Wells Fargo Bank, N.A.

10.9 Omnibus Amendment and Consent Agreement dated as of December 29, 2006 among Option One Owner Trust 2003-4, Option One Mortgage Corporation, Option One Mortgage Capital Corporation, Option One Loan Warehouse Corporation, Wells Fargo National Bank, National Association, Falcon Asset Securitization Company LLC, Park Avenue Receivables Company LLC and JPMorgan Chase Bank N.A.

10.10 Waiver dated January 24, 2007, among Option One Owner Trust 2003-4, Option One Mortgage Corporation, Option One Mortgage Capital Corporation, Option One Loan Warehouse Corporation, Wells Fargo Bank, National Association, Falcon Asset Securitization Company LLC, Park Avenue Receivables Company LLC and JPMorgan Chase Bank N.A.

10.11 Amendment Number Two to Amended and Restated Sale and Servicing Agreement dated as of November 10, 2006, among Option One Owner Trust 2003-5, Option One Loan Warehouse Corporation, Option One Mortgage Corporation and Wells Fargo Bank, N.A.

10.12 Amendment Number Two to Note Purchase Agreement dated as of November 10, 2006, among Option One Owner Trust 2003-5, Option One Loan Warehouse Corporation and Citigroup Global Markets Realty Corp.

10.13 Omnibus Amendment and Consent Agreement dated as of December 29, 2006 among Option One Owner Trust 2003-5, Option One Mortgage Corporation, Option One Mortgage Capital Corporation, Option One Loan Warehouse Corporation, Wells Fargo National Bank, National Association and Citigroup Global Markets Realty Corp.

10.14 Omnibus Amendment dated as of January 1, 2007, among Option One Owner Trust 2003-5, Option One Mortgage Corporation, Option One Mortgage Capital Corporation, Option One Loan Warehouse Corporation, Wells Fargo Bank, National Association and Citigroup Global Markets Realty Corp.

10.15 Omnibus Amendment Number Four dated as of July 12, 2006, among Option One Owner Trust 2005-6, Option One Loan Warehouse Corporation, Option One Mortgage Corporation, Wells Fargo Bank, N.A. and Lehman Brothers Bank.

10.16 Omnibus Amendment and Consent Agreement dated as of December 29, 2006, among Option One Owner Trust 2005-6, Option One Mortgage Corporation, Option One Mortgage Capital Corporation, Option One Loan Warehouse Corporation, Wells Fargo Bank, National Association and Lehman Brothers Bank.

10.17 Omnibus Amendment and Consent Agreement dated as of December 29, 2006, among Option One Owner Trust 2005-7, Option One Mortgage Corporation, Option One Mortgage Capital Corporation, Option One Loan Warehouse Corporation, Wells Fargo National Bank, National Association, HSBC Bank USA, N.A., Bryant Park Funding LLC and HSBC Securities (USA) Inc.

10.18 Omnibus Amendment and Consent Agreement dated as of December 29, 2006, among Option One Owner Trust 2005-8, Option One Mortgage Corporation, Option One Mortgage Capital Corporation, Option One Loan Warehouse Corporation, Wells Fargo National Bank, National Association and Merrill Lynch Bank USA.

10.19 Omnibus Amendment and Consent Agreement dated as of December 29, 2006, among Option One Owner Trust 2005-9, Option One Mortgage Corporation, Option One Mortgage Capital

	Corporation, Option One Loan Warehouse Corporation, Wells Fargo National Bank, National Association, DB Structured Products, Inc., Gemini Securitization Corp., LLC, Aspen Funding Corp. and Newport Funding Corp.
10.20	Supplemental Indenture No. 2 dated as of January 16, 2007, between Option One Owner Trust 2005-9 and Wells Fargo Bank, N.A.
10.21	Amendment Number One to Sale and Servicing Agreement dated as of January 16, 2007, among Option One Owner Trust 2005-9, Option One Loan Warehouse Corporation, Option One Mortgage Corporation and Wells Fargo Bank, N.A.
10.22	Sale and Servicing Agreement dated as of January 1, 2007, among Option One Loan Warehouse Corporation, Option One Mortgage Corporation, Option One Mortgage Capital Corporation, Option One Owner Trust 2007-5A and Wells Fargo Bank, N.A.
10.23	Note Purchase Agreement dated as of January 1, 2007, among Option One Loan Warehouse Corporation, Option One Owner Trust 2007-5A and Citigroup Global Markets Realty Corp.
10.24	Indenture dated as of January 1, 2007, between Option One Owner Trust 2007-5A and Wells Fargo Bank, N.A.
10.25	Joinder and First Amendment to Program Contracts dated as of November 10, 2006, among HSBC Bank USA, National Association; HSBC Trust Company (Delaware), N.A.; HSBC Taxpayer Financial Services Inc.; Beneficial Franchise Company Inc.; Household Tax Masters Acquisition Corporation; H&R Block Services, Inc.; H&R Block Tax Services, Inc.; H&R Block Enterprises, Inc.; H&R Block Eastern Enterprises, Inc.; H&R Block Digital Solutions, LLC; H&R Block and Associates, L.P.; HRB Royalty, Inc.; HSBC Finance Corporation; H&R Block, Inc.; and Block Financial Corporation.*
10.26	Second Amendment to Program Contracts dated as of November 13, 2006, among HSBC Bank USA, National Association; HSBC Trust Company (Delaware), N.A.; HSBC Taxpayer Financial Services Inc.; Beneficial Franchise Company Inc.; H&R Block Services, Inc.; H&R Block Tax Services, Inc.; H&R Block Enterprises, Inc.; H&R Block Eastern Enterprises, Inc.; H&R Block Digital Solutions, LLC; H&R Block and Associates, L.P.; HRB Royalty, Inc.; HSBC Finance Corporation; and H&R Block, Inc.*
10.27	First Amended and Restated HSBC Refund Anticipation Loan and IMA Participation Agreement dated as of November 13, 2006 among Block Financial Corporation; HSBC Bank USA, National Association; HSBC Trust Company (Delaware), National Association; and HSBC Taxpayer Financial Services, Inc.*
10.28	First Amended and Restated HSBC Settlement Products Servicing Agreement dated as of November 13, 2006, among HSBC Bank USA, National Association; HSBC Taxpayer Financial Services, Inc.; HSBC Trust Company (Delaware), N.A.; and Block Financial Corporation.*
10.29	Credit and Guarantee Agreement dated January 2, 2007, among Block Financial Corporation, H&R Block, Inc. and HSBC Finance Corporation.*
10.30	First Amendment dated as of November 28, 2006 to Five-Year Credit and Guarantee Agreement among Block Financial Corporation, H&R Block, Inc., JPMorgan Chase Bank and various financial institutions.
10.31	First Amendment dated as of November 28, 2006 to Amended and Restated Five-Year Credit and Guarantee Agreement among Block Financial Corporation, H&R Block, Inc., JPMorgan Chase Bank and various financial institutions.
10.32	Separation and Release Agreement between HRB Management, Inc. and Nicholas J. Spaeth.**
31.1	Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by Chief Executive Officer furnished pursuant to 18 U.S.C. 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by Chief Financial Officer furnished pursuant to 18 U.S.C. 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.

* Confidential Information has been omitted from this exhibit and filed separately with the Commission pursuant to a confidential treatment request under Rule 24b-2.

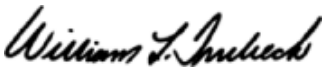
** Indicates management contract, compensatory plan or arrangement.

SIGNATURES

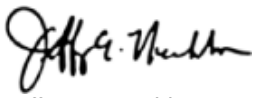
Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

H&R BLOCK, INC.

Mark A. Ernst
Chairman of the Board, President
and Chief Executive Officer
March 14, 2007



William L. Trubeck
Executive Vice President and
Chief Financial Officer
March 14, 2007



Jeffrey E. Nachbor
Senior Vice President and
Corporate Controller
March 14, 2007

Exhibit 10.1

OMNIBUS AMENDMENT AND CONSENT AGREEMENT

This OMNIBUS AMENDMENT AND CONSENT AGREEMENT (the "Amendment and Consent") dated as of December 29, 2006 is by and among Option One Owner Trust 2001-1A (the "Issuer"), Option One Mortgage Corporation ("OOMC"), in its capacity as loan originator (in such capacity, the "Loan Originator") and as servicer (in such capacity, the "Servicer"), Option One Mortgage Capital Corporation ("Capital"), Option One Loan Warehouse Corporation (the "Depositor"), Wells Fargo Bank, National Association, as indenture trustee (the "Indenture Trustee"), and Greenwich Capital Financial Products, Inc. (the "Purchaser"). Capitalized terms used herein but not specifically defined herein shall have the meanings given to such terms in the Sale and Servicing Agreement (as defined below) or Indenture (as defined below).

PRELIMINARY STATEMENTS:

A. The Issuer, OOMC, as servicer and as the loan originator, the Depositor and the Indenture Trustee are parties to that certain Second Amended and Restated Sale and Servicing Agreement dated as of April 29, 2005 (as amended, the "Sale and Servicing Agreement").

B. The Issuer and the Indenture Trustee are parties to that certain Amended and Restated Indenture dated as of November 25, 2003 (as amended, the "Indenture").

C. The Purchaser, the Issuer, OOMC, as servicer and the Indenture Trustee, as both indenture trustee and custodian, are parties to that certain Custodial Agreement dated as of April 1, 2001 (as amended, the "Custodial Agreement").

D. OOMC intends to transfer and assign to its wholly-owned subsidiary, Capital, and Capital intends to accept and assume from OOMC, a portion of OOMC's business.

E. OOMC has requested that the Depositor, the Purchaser, the Issuer and the Indenture Trustee consent to certain amendments to the Sale and Servicing Agreement, the Indenture and the Custodial Agreement, upon the terms and subject to the conditions set forth herein.

F. OOMC, Capital and Depositor have requested that the Purchaser, the Issuer and the Indenture Trustee (a) consent to, promptly after the date hereof, the conversion of the Depositor from a Delaware corporation to a Delaware limited liability company (the "Depositor Conversion") and (b) agree to promptly enter into after the date hereof a Fifth Amended and Restated Loan Purchase and Contribution Agreement, dated as of December 29, 2006 (the "Proposed Fifth Amended and Restated LPA"), between Capital, as seller, and Depositor, as purchaser (to reflect the terms of this Amendment and Consent).

G. OOMC has requested that all references to "Loan Originator" in any of the Basic Documents be defined to mean both OOMC and Capital, jointly and severally, unless otherwise specifically set forth therein. OOMC has further requested that the definition of "Loan Purchase and Contribution Agreement" in any of the Basic Documents be defined to mean each

of: (i) the Loan Purchase Agreement between OOMC, as seller, and Capital, as purchaser, dated as of December 29, 2006 and all supplements and amendments thereto and (ii) the Proposed Fifth Amended and Restated LPA, and all supplements and amendments thereto.

H. In consideration of the consent of the Depositor, the Purchaser, the Issuer and the Indenture Trustee, OOMC has agreed to be held jointly and severally liable for the Transfer Obligation on the terms set forth herein.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Amendments to the Sale and Servicing Agreement. Effective as of December 29, 2006 or such later date as OOMC shall designate (the "Effective Date") and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Sale and Servicing Agreement is hereby amended as follows:

(a) The definition of "Loan Originator" set forth in Section 1.01 of the Sale and Servicing Agreement is hereby amended to provide as follows:

"Loan Originator: Each of Option One and Option One Capital, and their respective successors and assigns, jointly and severally."

(b) The definition of "Loan Purchase and Contribution Agreement" set forth in Section 1.01 of the Sale and Servicing Agreement is hereby amended to provide as follows:

"Loan Purchase and Contribution Agreement: Each of: (i) the Loan Purchase Agreement between Option One, as loan originator, and Option One Capital, as transferee, dated as of December 29, 2006 and all supplements and amendments thereto and (ii) the Fifth Amended and Restated Loan Purchase and Contribution Agreement, between Option One Capital, as loan originator, and Depositor, as depositor, dated as of December 29, 2006, and all supplements and amendments thereto."

(c) The following definition of "Option One Capital" is hereby added to Section 1.01 of the Sale and Servicing Agreement:

"Option One Capital: Option One Mortgage Capital Corporation, a Delaware corporation."

(d) The definition of "Revolving Period" in Section 1.01 of the Sale and Servicing Agreement is hereby deleted in its entirety and replaced with the following:

"Revolving Period: With respect to the Notes, the period commencing on April 28, 2006 and ending on the earlier of (i) 364 days after such date and (ii) the date on which the Revolving Period is terminated pursuant to Section 2.07."

(e) Section 2.03(d) of the Sale and Servicing Agreement is hereby amended by substituting the following language:

"(d) The Depositor at its expense shall take such actions as may be necessary or reasonably requested by the Issuer to ensure the perfection, and priority to all other security interests, of the security interest described in the preceding paragraph including without limitation the execution and delivery of such financing statements and amendments thereto, continuation statements and other documents as the Issuer may reasonably request."

(f) Section 2.07(iv) of the Sale and Servicing Agreement is hereby amended by substituting the following language:

"(iv) Option One, Option One Capital or any of their Affiliates default under, or fail to perform as requested under, or shall otherwise materially breach the terms of any repurchase agreement, loan and security agreement or similar credit facility or agreement entered into by Option One, Option One Capital or any of their Affiliates, including without limitation, the Sale and Servicing Agreement, dated as of April 1, 2001, among the Option One Owner Trust 2001-1 A, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of April 1, 2001, among the Option One Owner Trust 2001-2, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of July 2, 2002, among the Option One Owner Trust 2002-3, the Depositor, Option One and the Facility Administrator, the Sale and Servicing Agreement, dated as of August 8, 2003, among the Option One Owner Trust 2003-4, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of June 1, 2005, among Option One Owner Trust 2005-6, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of September 1, 2005, among the Option One Owner Trust 2005-7, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of October 1, 2005 among Option One Owner Trust 2005-8, the Depositor, Option One and the Indenture Trustee and the Sale and Servicing Agreement, dated as of December 30, 2005 among Option One Owner Trust 2005-9, the Depositor, Option One and the Indenture Trustee and such default, failure or breach shall entitle any counterparty to declare the Indebtedness thereunder to be due and payable prior to the maturity thereof. The Initial Noteholder may, in any such case, in its sole discretion, terminate the Revolving Period."

(g) Subsection (e) of Section 3.02 of the Sale and Servicing Agreement is hereby amended by deleting the words "whether Loan Seller satisfies the Financial Covenants" and in their place inserting the words "whether, in the case of Option One only, Option One satisfies the Financial Covenants."

(h) Subsection (m) of Section 3.02 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(m) Option One is in compliance with the Financial Covenants; and"

(i) Subsection (k) of Section 3.02 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(k) Option One has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it to Option One Capital and Option One Capital has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it on such Transfer Date to the Depositor;

(j) Section 5.06 of the Sale and Servicing Agreement is hereby amended by adding the following subsection:

"(c) With respect to the obligations of the Loan Originator pursuant to this Section 5.06, Option One shall be obligated to make payments hereunder only if Option One Capital does not make such payments prior to the time any such payment is required to be made. If Option One Capital does not make any such payment prior to the time such payment is required to be made, Option One shall be required to make such payment not later than the time such payment is required to be made."

(k) Section 7.02 of the Sale and Servicing Agreement is hereby amended by substituting "Option One" for "the Loan Originator."

(l) Subsection (a)(8) of Section 9.01 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(8) Option One fails to comply with any of the Financial Covenants; or"

(m) Section 11.06 of the Sale and Servicing Agreement is hereby amended by deleting clause (3) thereof and replacing such clause with the following:

"(3) in the case of the Loan Originator, (A) if to Option One, to Option One Mortgage Corporation, 3 Ada, Irvine, California 92618, Attention: William O'Neill, telecopy number: (949) 790-7540, telephone number: (949) 790-7504 or (B) if to Option One Capital, to Option One Mortgage Capital Corporation, 3 Ada Road, Irvine, California 92618, Attention: Chief Financial Officer, telecopy number: (949) 790-7514, telephone number: (949) 790-3600 ext 35524 or, in either case, to such other addresses or telecopy or telephone numbers as may hereafter be furnished to the Securityholders and the other parties hereto in writing by Option One or Option One Capital;

SECTION 2. Amendments to the Indenture. Effective as of the Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Indenture is hereby amended as follows:

The definition of "Loan Originator" set forth in Section 1.01 (a) of the Indenture is hereby amended to provide as follows:

"Loan Originator: has the meaning given to such term in the Sale and Servicing Agreement."

The definition of "Sale and Servicing Agreement" set forth in Section 1.01 (a) of the Indenture is hereby amended to provide as follows:

"Sale and Servicing Agreement: means the Second Amended and Restated Sale and Servicing Agreement dated as of April 29, 2005, among the Issuer, Depositor, Loan Originator and Servicer, and Indenture Trustee."

SECTION 3. Amendments to the Custodial Agreement. Effective as of the Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Custodial Agreement is hereby amended as follows:

(a) The second recital of the Custodial Agreement is hereby amended to provide as follows:

"WHEREAS, the Servicer is to service such Loans pursuant to the terms and conditions of a Sale and Servicing Agreement, dated the date hereof (the "Sale and Servicing Agreement"), among the Company, the Depositor, the Servicer and Loan Originator, and the Indenture Trustee, on behalf of the Company and the Noteholders; and"

(b) The definition of "Loan Originator" set forth in Section 1 of the Custodial Agreement is hereby amended to provide as follows:

"Loan Originator: As defined in the Sale and Servicing Agreement."

(c) The definition of "Loan Purchase and Contribution Agreement" set forth in Section 1 of the Custodial Agreement is hereby amended to provide as follows:

"Loan Purchase and Contribution Agreement: As defined in the Sale and Servicing Agreement."

SECTION 4. Consent to the Depositor Conversion and Proposed Fifth Amended and Restated LPA. Each of the parties hereto consents to (a) the Depositor Conversion and (b) the Proposed Fifth Amended and Restated LPA to amend and restate that certain Fourth Amended and Restated Loan Purchase and Contribution Agreement, dated as of September 1, 2005, between OOMC, as seller, and the Depositor, as purchaser (to reflect the terms of this Amendment and Consent, including the substitution of Capital for OOMC as the Loan Originator).

SECTION 5. Representations and Warranties. Each of the parties hereto represents and warrants that this Amendment and Consent, and the Sale and Servicing Agreement, Indenture and Custodial Agreement, each as amended by this Amendment and Consent, constitute legal, valid and binding obligations of such Person enforceable against such Person in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general equitable principles. Each of OOMC, Capital and the Depositor represent to the Purchaser that as of the date hereof, after giving effect to this Amendment and Consent, (a) all of their respective representations and warranties in the Basic Documents are true and correct, and (b) such party is in full compliance with all of the terms and conditions of the Basic Documents.

SECTION 6. Reference to and the Effect on the Sale and Servicing Agreement, the Indenture and the Custodial Agreement.

(a) On and after the Effective Date, each reference in the Sale and Servicing Agreement to "this Agreement", "hereunder", "hereof', "herein" or words of like import referring to the Sale and Servicing Agreement and each reference to the Sale and Servicing Agreement in any certificate delivered in connection therewith, shall mean and be a reference to the Sale and Servicing Agreement as amended hereby.

(b) Each of the parties hereto hereby agrees that, except as specifically amended above, the Sale and Servicing Agreement is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

(c) On and after the Effective Date, each reference in the Indenture to "this Indenture", "hereunder", "hereof", "herein" or words of like import referring to the Indenture and each reference to the Indenture in any certificate delivered in connection therewith, shall mean and be a reference to the Indenture as amended hereby.

(d) Each of the parties hereto hereby agrees that, except as specifically amended above, the Indenture is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

(e) On and after the Effective Date, each reference in the Custodial Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Custodial Agreement and each reference to the Custodial Agreement in any certificate delivered in connection therewith, shall mean and be a reference to the Custodial Agreement as amended hereby.

(f) Each of the parties hereto hereby agrees that, except as specifically amended above, the Custodial Agreement is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

SECTION 7. Execution in Counterparts. This Amendment and Consent may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

SECTION 8. Governing Law. This Amendment and Consent shall be construed in accordance with, and governed by the laws of the State of New York, without giving effect to its conflicts of law provisions.

SECTION 9. Conditions of Effectiveness. This Amendment and Consent shall become effective as of the date hereof upon the receipt by the Purchaser of this Amendment and Consent duly executed by all of the parties hereto.

IN WITNESS WHEREOF, the parties have executed this Amendment and Consent as of the day and year first above written.

OPTION ONE OWNER TRUST 2001-1 A,
as Issuer

By: Wilmington Trust Company,
not in its individual capacity,
but solely as Owner Trustee

By: /s/ Mary Kay Pupillo
Name: Mary Kay Pupillo
Title: Assistant Vice President

OPTION ONE LOAN WAREHOUSE
CORPORATION, as Depositor

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

OPTION ONE MORTGAGE
CORPORATION, as Loan Originator and as
Servicer

By: /s/ Philip Laren
Name: Philip Laren
Title: Senior Vice President

OPTION ONE MORTGAGE CAPITAL
CORPORATION

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

WELLS FARGO BANK,
NATIONAL ASSOCIATION,
as Indenture Trustee

By: /s/ Darron C. Woodus
Name: Darron C. Woodus
Title: Assistant Vice President

GREENWICH CAPITAL FINANCIAL
PRODUCTIONS, INC., as Purchaser

By: /s/ Anthony Palmisano
Name: Anthony Palmisano
Title: Managing Director

Signature Page to Omnibus Amendment

Exhibit 10.2

AMENDMENT NUMBER FIVE
to the
SECOND AMENDED AND RESTATED SALE AND SERVICING AGREEMENT,
Dated as of March 8, 2005,
among
OPTION ONE OWNER TRUST 2001-2,
OPTION ONE LOAN WAREHOUSE CORPORATION,
OPTION ONE MORTGAGE CORPORATION
and
WELLS FARGO BANK N.A.

This AMENDMENT NUMBER FIVE (this "Amendment") is made and is effective as of this 7th day of September, 2006 (the "Effective Date"), among Option One Owner Trust 2001-2 (the "Issuer"), Option One Loan Warehouse Corporation (the "Depositor"), Option One Mortgage Corporation (the "Loan Originator" and the "Servicer") and Wells Fargo Bank N.A., as Indenture Trustee (the "Indenture Trustee"), to the Second Amended and Restated Sale and Servicing Agreement, dated as of March 8, 2005, as amended (the "Sale and Servicing Agreement"), among the Issuer, the Depositor, the Loan Originator, the Servicer and the Indenture Trustee.

RECITALS

WHEREAS, the parties hereto desire to amend the Sale and Servicing Agreement, as more expressly set forth herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the mutual covenants herein contained, the parties hereto hereby agree as follows:

SECTION 1. Defined Terms. Any terms capitalized but not otherwise defined herein shall have the respective meanings set forth in the Sale and Servicing Agreement.

SECTION 2. Amendments.

(A) As of the Effective Date, the definition of "Collateral Value" in Section 1.01 of the Sale and Servicing Agreement is hereby amended by deleting clause (ii) thereof in its entirety and replacing it with the following:

(ii) As of September 7, 2006, and continuing until September 27, 2006, the aggregate Collateral Value of Loans that are High LTV Loans may not exceed 20% of the Maximum Note Principal Balance. On September 28, 2006, and continuing thereafter, the aggregate Collateral Value of Loans that are High LTV Loans shall not exceed 10% of the Maximum Note Principal Balance;

SECTION 3. Representations. In order to induce the parties hereto to execute and deliver this Amendment, each of the Issuer, the Depositor and the Loan Originator hereby jointly and severally represents to the other parties hereto and the Noteholders that as of the date

hereof, after giving effect to this Amendment, (a) all of its respective representations and warranties in the Note Purchase Agreement and the other Basic Documents are true and correct, and (b) it is otherwise in full compliance with all of the terms and conditions of the Sale and Servicing Agreement.

SECTION 4. Limited Effect. Except as expressly amended and modified by this Amendment, the Sale and Servicing Agreement shall continue in full force and effect in accordance with its terms. Reference to this Amendment need not be made in the Sale and Servicing Agreement or any other instrument or document executed in connection therewith or herewith, or in any certificate, letter or communication issued or made pursuant to, or with respect to, the Sale and Servicing Agreement, any reference in any of such items to the Sale and Servicing Agreement being sufficient to refer to the Sale and Servicing Agreement as amended hereby.

SECTION 5. Fees and Expenses. The Issuer and the Depositor jointly and severally covenant to pay as and when billed by the Initial Noteholder all of the reasonable out-of-pocket costs and expenses incurred in connection with the transactions contemplated hereby and in the other Basic Documents including, without limitation, (i) all reasonable fees, disbursements and expenses of counsel to the Initial Noteholder, (ii) all reasonable fees and expenses of the Indenture Trustee and Owner Trustee and their counsel and (iii) all reasonable fees and expenses of the Custodian and its counsel.

SECTION 6. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAWS DOCTRINE APPLIED IN SUCH STATE (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

SECTION 7. Counterparts. This Amendment may be executed by each of the parties hereto on any number of separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

SECTION 8. Limitation on Liability. It is expressly understood and agreed by the parties hereto that (a) this Amendment is executed and delivered by Wilmington Trust Company, not individually or personally, but solely as Owner Trustee of Option One Owner Trust 2001-2 in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose for binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Amendment or any other related documents.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the day and year first above written.

OPTION ONE OWNER TRUST 2001-2

By: Wilmington Trust Company, not in its individual capacity but solely as owner trustee

By: _____
Name:
Title:

OPTION ONE LOAN WAREHOUSE CORPORATION

By: _____
Name:
Title:

OPTION ONE MORTGAGE CORPORATION

By: _____
Name:
Title:

WELLS FARGO BANK N.A., as Indenture Trustee

By: _____
Name:
Title:

[Signature Page to Amendment Five to the Second Amended and Restated Sale and Servicing Agreement]

Exhibit 10.3

AMENDMENT NUMBER NINE
to the
AMENDED AND RESTATED INDENTURE,
dated as of November 25, 2003,
between
OPTION ONE OWNER TRUST 2001-2
and
WELLS FARGO BANK, N.A.

This AMENDMENT NUMBER NINE (this "Amendment") is made and is effective as of this 15th day of December, 2006, between Option One Owner Trust 2001-2 (the "Issuer") and Wells Fargo Bank, N.A., as Indenture Trustee (the "Indenture Trustee"), to the Amended and Restated Indenture, dated as of November 25, 2003 (the "Indenture"), between the Issuer and the Indenture Trustee.

RECITALS

WHEREAS, the parties hereto desire to amend the Indenture subject to the terms and conditions of this Amendment.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the mutual covenants herein contained, the parties hereto hereby agree as follows:

SECTION 1. Defined Terms. Any terms capitalized but not otherwise defined herein shall have the respective meanings set forth in the Indenture.

SECTION 2. Amendment. Effective as of December 15, 2006 and notwithstanding anything to the contrary in Amendment Number Eight, dated December 16, 2005, to the Indenture, Section 1.01 of the Indenture is hereby amended by deleting in its entirety the definition of "Maturity Date" and replacing it with the following:

"Maturity Date" means, with respect to the Notes, March 15, 2007.

SECTION 3. Representations. In order to induce the parties hereto to execute and deliver this Amendment, the Issuer hereby represents to the Indenture Trustee and the Noteholders that as of the date hereof, after giving effect to this Amendment, (a) all of its respective representations and warranties in the Indenture and the other Basic Documents are true and correct, and (b) it is otherwise in full compliance with all of the terms and conditions of the Indenture and the other Basic Documents.

SECTION 4. Limited Effect. Except as expressly amended and modified by this Amendment, the Indenture shall continue in full force and effect in accordance with its terms. Reference to this Amendment need not be made in the Indenture or any other instrument or document executed in connection therewith or herewith, or in any certificate, letter or communication issued or made pursuant to, or with respect to, the Indenture, any reference in any of such items to the Indenture being sufficient to refer to the Indenture as amended hereby.

SECTION 5. Fees and Expenses. The Issuer covenants to pay as and when billed by the Initial Noteholder all of the reasonable out-of-pocket costs and expenses incurred in connection with the transactions contemplated hereby and in the other Basic Documents including, without limitation, (i) all reasonable fees, disbursements and expenses of counsel to the Initial Noteholder and (ii) all reasonable fees and expenses of the Indenture Trustee and its counsel.

SECTION 6. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAWS DOCTRINE APPLIED IN SUCH STATE.

SECTION 7. Counterparts. This Amendment may be executed by each of the parties hereto on any number of separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

SECTION 8. Limitation on Liability. It is expressly understood and agreed by the parties hereto that (a) this Amendment is executed and delivered by Wilmington Trust Company, not individually or personally, but solely as Owner Trustee of Option One Owner Trust 2001-2 in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose for binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Amendment or any other related documents.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the day and year first above written.

OPTION ONE OWNER TRUST 2001-2

By: Wilmington Trust Company, not in its individual capacity but solely as owner trustee

By: /s/ Mary Kay Pupillo
Name: Mary Kay Pupillo
Title: Assistant Vice President

WELLS FARGO BANK, N.A., as Indenture Trustee

By: /s/ [ILLEGIBLE]
Name: [ILLEGIBLE]
Title: Vice President

[Signature Page to Amendment Nine to Amended and Restated Indenture]

Exhibit 10.4

OMNIBUS AMENDMENT AND CONSENT AGREEMENT

This OMNIBUS AMENDMENT AND CONSENT AGREEMENT (the "Amendment and Consent") dated as of December 29,2006 is by and among Option One Owner Trust 2001-2 (the "Issuer") Option One Mortgage Corporation ("OQMC"), in its capacity as loan originator (in such capacity, the "Loan Originator") and as servicer (in such capacity, the "Servicer"), Option One Mortgage Capital Corporation ("Capital"), Option One Loan Warehouse Corporation (the "Depositor"), Wells Fargo Bank, National Association (successor to Wells Fargo Bank Minnesota, National Association), as indenture trustee (the "Indenture Trustee"), and Bank of America, N.A. (the "Purchaser"). Capitalized terms used herein but not specifically defined herein shall have the meanings given to such terms in the Sale and Servicing Agreement (as defined below) or Indenture (as defined below).

PRELIMINARY STATEMENTS:

A. The Issuer, OOMC, as the Servicer and as the Loan Originator, the Depositor and the Indenture Trustee are parties to that certain Second Amended and Restated Sale and Servicing Agreement dated as of March 8, 2005 (as amended, the "Sale and Servicing Agreement").

B. The Issuer and the Indenture Trustee are parties to that certain Amended and Restated Indenture dated as of November 25, 2003 (as amended, the "Indenture").

C. The Purchaser, the Issuer, OOMC, as the Servicer and the Indenture Trustee, as both Indenture Trustee and custodian, are parties to that certain Custodial Agreement dated as of April 1, 2001 (as amended, the "Custodial Agreement").

D. OOMC intends to transfer and assign to its wholly-owned subsidiary, Capital, and Capital intends to accept and assume from OOMC, a portion of OOMC's business.

E. OOMC has requested that the Depositor, the Purchaser, the Issuer and the Indenture Trustee consent to certain amendments to the Sale and Servicing Agreement, the Indenture and the Custodial Agreement, upon the terms and subject to the conditions set forth herein.

F. OOMC, Capital and Depositor have requested that the Purchaser, the Issuer and the Indenture Trustee (a) consent to, promptly after the date hereof, the conversion of the Depositor from a Delaware corporation to a Delaware limited liability company (the "Depositor Conversion") and (b) agree to promptly enter into after the date hereof a Fifth- Amended and Restated Loan Purchase and Contribution Agreement, dated as of December 29, 2006 (the "Proposed Fifth Amended and Restated LPA"), between Capital, as seller, and Depositor, as purchaser (to reflect the terms of this Amendment and Consent).

G. OOMC has requested that all references to "Loan Originator" in any of the Basic Documents be defined to mean both OOMC and Capital, jointly and severally, unless otherwise specifically set forth therein. OOMC has further requested that the definition of "Loan Purchase and Contribution Agreement" in any of the Basic Documents be defined to mean each of: (i) the Loan Purchase Agreement between OOMC, as seller, and Capital, as purchaser, dated

as of December 29, 2006 and all supplements and amendments thereto and (ii) the Proposed Fifth Amended and Restated LPA, and all supplements and amendments thereto.

H. In consideration of the consent of the Depositor, the Purchaser, the Issuer and the Indenture Trustee, OOMC has agreed to be held jointly and severally liable for the Transfer Obligation on the terms set forth herein.

NOW, THEREFORE, the parties hereto agree as follows::

SECTION 1. Amendments to the Sale and Servicing Agreement. Effective as of December 29, 2006 or such later date as OOMC shall designate (the "Effective Date") and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Sale and Servicing Agreement is hereby amended as follows:

(a) The definition of "Loan Originator" set forth in Section 1.01 of the Sale and Servicing Agreement is hereby amended to provide as follows:

"Loan Originator: Each of Option One and Option One Capital, and their respective successors and assigns, jointly and severally."

(b) The definition of "Loan Purchase and Contribution Agreement" set forth in Section 1.01 of the Sale and Servicing Agreement is hereby amended to provide as follows:

"Loan Purchase and Contribution Agreement: Each of: (i) the Loan Purchase Agreement between Option One, as loan originator, and Option One Capital, as transferee, dated as of December 29,2006 and all supplements and amendments thereto and (ii) the Fifth Amended and Restated Loan Purchase and Contribution Agreement, between Option One Capital, as loan originator, and Depositor, as depositor, dated as of December 29,2006, and all supplements and amendments thereto."

(c) The following definition of "Option One Capital" is hereby added to Section 1.01 of the Sale and Servicing Agreement:

"Option One Capital: Option One Mortgage Capital Corporation, a Delaware corporation."

(d) The definition of "QSPE Affiliate" in Section 1.01 is hereby amended in its entirety to provide as follows:

"QSPE Affiliate: Any of Option One Owner Trust 2001 -1 A, Option One Owner Trust 2002-3, Option One Owner Trust 2003-4, Option One Owner Trust 2003-5, Option One Owner Trust 2005-6, Option One Owner Trust 2005-7, Option One Owner Trust 2005-8, Option One Owner Trust 2005-9, or any other Affiliate which is a 'qualified special purpose entity' in accordance with Financial Accounting Standards Board's Statement No.. 140."

(e) Section 2,03(d) of the Sale and Servicing Agreement is hereby amended by adding the following language at the end thereof:

“The Depositor at its expense shall take such actions as may be necessary or reasonably requested by the Issuer to ensure the perfection, and priority to all other security interests, of the security interest described in the preceding paragraph including without limitation the execution and delivery of such financing statements and amendments thereto, continuation statements and other documents as the Issuer may reasonably request.”

(f) Subsection (k) of Section 3.02 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

”(k) Option One has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it to Option One Capital and the Loan Originator has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it on such Transfer Date to the Depositor;

(g) Section 5..06 of the Sale and Servicing Agreement is hereby amended by adding the following subsection:

”(c) With respect to the obligations of the Loan Originator pursuant to this Section 5..06, Option One shall be obligated to make payments hereunder only if Option One Capital does not make such payments prior to the time any such payment is required to be made.. If Option One Capital does not make any such payment prior to the time such payment is required to be made, Option One shall be required to make such payment not later than the time such payment is required to be made.”

(h) Section 7.02 of the Sale and Servicing Agreement is hereby amended by substituting “Option One” for “the Loan Originator” in each and every place where such term appears in such section.

(i) Section 9..01(a)(6) of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

”(6) Option One fails to comply with the Financial Covenants; or”

(j) Section 11.06 of the Sale and Servicing Agreement is hereby amended by deleting clause (3) thereof and replacing such clause with the following:

”(3) in the case of the Loan Originator, (A) if to Option One, to Option One Mortgage Corporation, 3 Ada, Irvine, California 92618, Attention: William O’Neill, telecopy number: (949) 790-7540, telephone number: (949) 790-7504 or (B) if to Option One Capital, to Option One Mortgage Capital Corporation, 3 Ada Road, Irvine, California 92618, Attention: Chief Financial Officer, telecopy number: (949) 790-7.514, telephone number: (949) 790-3600 ext 35.524 or, in either case, to such other addresses or telecopy or telephone numbers as may hereafter be furnished to the Securityholders and the other parties hereto in writing by Option One or Option One Capital;”

SECTION 2. Amendments to the Indenture. Effective as of the Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Indenture is hereby amended as follows:

(a) The definition of "Loan Originator" set forth in Section 1.01 (a) of the Indenture is hereby amended to provide as follows:

" 'Loan Originator' has the meaning given to such term in the Sale and Servicing Agreement."

(b) The definition of "Sale and Servicing Agreement" set forth in Section 1.01 (a) of the Indenture is hereby amended to provide as follows:

" 'Sale and Servicing Agreement' means the Second Amended and Restated Sale and Servicing Agreement dated as of March 8,200.5, by and among the Issuer, the Depositor, the Servicer, the Loan Originator and the Indenture Trustee on behalf of the Noteholders, as amended from time to time."

SECTIONS. Amendments to the Custodial Agreement. Effective as of the Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Custodial Agreement is hereby amended as follows:

(a) The definition of "Loan Originator" set forth in Section 1 of the Custodial Agreement is hereby amended to provide as follows:

"Loan Originator: As defined in the Sale and Servicing Agreement."

(b) The definition of "Loan Purchase and Contribution Agreement" set forth in Section 1 of the Custodial Agreement is hereby amended to provide as follows:

"Loan Purchase and Contribution Agreement: As defined in the Sale and Servicing Agreement."

SECTION 4. Consent to the Depositor Conversion and Proposed Fifth Amended and Restated LPA. Each of the parties hereto consents to (a) the Depositor Conversion and (b) the Proposed Fifth Amended and Restated LPA to amend and restate that certain Fourth Amended and Restated Loan Purchase and Contribution Agreement, dated as of September 1, 2005, between OOMC, as seller, and Depositor, as purchaser (to reflect the terms of this Amendment and Consent, including the substitution of Capital for OOMC as the Loan Originator).

SECTION 5. Representations and Warranties. Each of the parties hereto represents and warrants that this Amendment and Consent, and the Sale and Servicing Agreement, Indenture and Custodial Agreement, each as amended by this Amendment and Consent, constitute legal,

valid and Finding obligations of suclTPerson enforceable against such Person in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general equitable principles. Each of OOMC, Capital and the Depositor represent to the Purchaser that as of the date hereof, after giving effect to this Amendment and Consent, (a) all of their respective representations and

warranties in the Basic Documents are true and correct,' and (b) such party is in full compliance with all of the terms and conditions of the Basic Documents.

SECTION 6. Reference to and the Effect on the Sale and Servicing Agreement, the Indenture and the Custodial Agreement.

(a) On and after the Effective Date, each reference in the Sale and Servicing Agreement to "this Agreement", "hereunder", "hereof, "herein" or words of like import referring to the Sale and Servicing Agreement and each reference to the Sale and Servicing Agreement in any certificate delivered in connection therewith, shall mean and be a reference to the Sale and Servicing Agreement as amended hereby.

(b) Each of the parties hereto hereby agrees that, except as specifically amended above, the Sale and Servicing Agreement is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

(c) On and after the Effective Date, each reference in the Indenture to "this Indenture", "hereunder", "hereof, "herein" or words of like import referring to the Indenture and each reference to the Indenture in any certificate delivered in connection therewith, shall mean and be a reference to the Indenture as amended hereby.

(d) Each of the parties hereto hereby agrees that, except as specifically amended above, the Indenture is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

(e) On and after the Effective Date, each reference in the Custodial Agreement to "this Agreement", "hereunder", "hereof, "herein" or words of like import referring to the Custodial Agreement and each reference to the Custodial Agreement in any certificate delivered in connection therewith, shall mean and be a reference to the Custodial Agreement as amended hereby.

(f) Each of the parties hereto hereby agrees that, except as specifically amended above, the Custodial Agreement is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

SECTION 7. Execution in Counterparts. This Amendment and Consent may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

SECTION 8.. Governing Law. This Amendment and Consent shall be construed in accordance with, and governed by the laws of the State of New York, without giving effect to its conflicts of law provisions.

SECTION 9.. Conditions of Effectiveness. This Amendment and Consent shall become effective as of the date hereof upon the receipt by the Purchaser of this Amendment and Consent duly executed by all of the parties hereto.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Amendment and Consent as of the day and year first above written.

OPTION ONE OWNER TRUST 2001-2,
as Issuer

By: Wilmington Trust Company, not in its individual capacity, but solely as Owner Trustee

By: /s/ Jennifer A. Luce
Name: Jennifer A. Luce
Title: Sr. Financial Services Officer

OPTION ONE LOAN WAREHOUSE CORPORATION, as Depositor

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

OPTION ONE MORTGAGE CORPORATION, as Loan Originator and as Servicer

By: /s/ Philip Laren
Name: Philip Laren
Title: Senior Vice President

OPTION ONE MORTGAGE CAPITAL CORPORATION

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

WELLS FARGO BANK,
NATIONAL ASSOCIATION,
as Indenture Trustee

By: /s/ Darron C. Woodus
Name: Darron C. Woodus
Title: Assistant Vice President

Signature Page to Omnibus Amendment

BANK OF AMERICA, N.A., as Purchaser

By: /s/ Gregory S. Lettwich

Name: Gregory S. Lettwich

Title: Principal

Exhibit 10.5

WAIVER AND AMENDMENT

THIS WAIVER (the "Waiver") is entered into as of January _, 2007 by and among OPTION ONE OWNER TRUST 2001-2 (the "Issuer"), OPTION ONE MORTGAGE CORPORATION ("OOMC") and OPTION ONE MORTGAGE CAPITAL CORPORATION ("OOMCC," and together with OOMC, the "Loan Originator") and OOMC as servicer (in such capacity, the "Servicer"), OPTION ONE LOAN WAREHOUSE CORPORATION (the "Depositor," and together with the Loan Originator and Depositor, the "OO Entities"), WELLS FARGO BANK, NATIONAL ASSOCIATION, as indenture trustee (the "Indenture Trustee") and the MAJORITY NOTEHOLDERS party hereto. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Sale and Servicing Agreement referred to below.

PRELIMINARY STATEMENTS

A. The Issuer, OOMC, OOMCC, the Depositor and the Indenture Trustee are parties to that certain Second Amended and Restated Sale and Servicing Agreement dated as of March 8, 2005 (as amended, restated, supplemented or otherwise modified from time to time, the "Sale and Servicing Agreement") and the Basic Documents as defined therein.

B. Pursuant to the Sale and Servicing Agreement, the definition of "Financial Covenants" includes an obligation on the part of OOMC to maintain a minimum "Net Income" (defined and determined in accordance with GAAP) of at least $1 based on the total of the current quarter combined with the previous three quarters (the "Minimum Income Covenant").Pursuant to the Basic Documents, OOMC periodically represents and warrants its compliance with the Minimum Income Covenant. In addition, under the Basic Documents, a failure by OOMC to satisfy the Minimum Income Covenant, if not waived, could be or become a Default, Event of Default or Servicing Event of Default, as those terms are used in the Basic Documents,or could result in a termination of the Revolving Period.

C. OOMC now believes that the Minimum Income Covenant will not be satisfied as of the quarter ending January 31, 2007. The Issuer has requested that the Majority Noteholders temporarily waive the Minimum Income Covenant and, subject to the terms hereof, the Majority Noteholders have agreed to temporarily waive the Minimum Income Covenant on and subject to the terms and conditions hereinafter set forth.

D. The parties also wish to waive the document delivery requirements for Wet Funded Loans, as more specifically provided herein

NOW, THEREFORE, in consideration of the premises set forth above, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Accuracy of Preliminary Statements. The OO Entities agree and represent that the foregoing Preliminary Statements are true and correct in all respects.

2. Temporary Waiver with Respect to the Minimum Income Covenant. Effective as of the date first above written and subject to the satisfaction of the condition

precedent set forth in Section 4 below, the Majority Noteholders hereby agree to waive, until April 27, 2007 only, the Minimum Income Covenant.

3. Amendment with Respect to the Document Delivery Requirement for Wet Funded Loans. Until the termination of the Sale and Servicing Agreement, the term "Wet Funded Custodial File Delivery Date" shall be deemed to be defined as follows: "With respect to a Wet Funded Loan, the fifteenth Business Day after the related Transfer Date, or if earlier, the twentieth calendar day after the related Transfer Date, provided that if a Default or Event of Default shall have occurred, the Wet Funded Custodial File Delivery Date shall be the earlier of (x) such fifteenth Business Day or twentieth calendar day, whichever is earlier and (y) the second Business Day after the occurrence of such event." In addition, for such period, the phrase "within fifteen (15) calendar days" in the definition of "Collateral Value" in the Sale and Servicing Agreement, in clause (7) of the proviso in the first sentence of such definition, shall be replaced with "within fifteen (15) Business Days (or, if earlier, twenty (20) calendar days)".

4. Condition Precedent. This Waiver shall become effective and be deemed effective as of the date first above written upon (i) receipt by OOMC of an executed counterpart of this Waiver from each of the Issuer, the Depositor, the Majority Noteholders and the Indenture Trustee and (ii) receipt by the Majority Noteholders of confirmation from OOMC that each Note Purchaser, Purchaser, Initial Noteholder Agent or Note Agent, as applicable, in connection with each of the Trusts listed on Schedule I hereto, has executed a waiver in substantially similar form as this Waiver, regarding the failure by OOMC to satisfy the Minimum Income Covenant as of the quarter ending January 31, 2007.

5. Condition to Continuing Effectiveness. This Waiver shall continue to be effective for the period stated in Section 2 above, but only so long as no other Event of Default (other than with respect to the Minimum Income Covenant) has occurred. Upon the occurrence of any Event of Default other than with respect to the Minimum Income Covenant, this Waiver shall immediately cease to be effective.

6. Covenants, Representations and Warranties of the Issuer, OOMC, OOMCC and the Depositor.

(a) Upon the effectiveness of this Waiver, each of the Issuer, OOMC (in its capacities as Servicer and Loan Originator), OOMCC and the Depositor hereby reaffirms all covenants, representations and warranties made by the Issuer, OOMC, OOMCC and the Depositor, as applicable, in the Sale and Servicing Agreement, to the extent the same are not modified hereby and agrees that all such covenants, representations and warranties shall be deemed to have been re-made as of the effective date of this Waiver.

(b) Each of the Issuer, OOMC, OOMCC and the Depositor hereby represents and warrants that this Waiver constitutes the legal, valid and binding obligation of the Issuer, OOMC, OOMCC and the Depositor, as applicable, enforceable against the Issuer, OOMC, OOMCC and the Depositor, as applicable, in accordance with its terms. The execution, delivery and performance by the Issuer, OOMC, OOMCC and the Depositor of this Waiver: (i) are within the Issuer's, OOMC's, OOMCC's and the Depositor's power; (ii) have been duly authorized by all necessary or proper corporate action; (iii) are not in contravention of any

provision of the Issuer's, OOMC's, OOMCC's or the Depositor's certificate of incorporation, bylaws or other organizational documents; (iv) will not violate any law applicable to the Issuer, OOMC, OOMCC or the Depositor, as applicable; (v) will not conflict with or result in the breach or termination of, constitute a default under or accelerate any performance required by, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which the Issuer, OOMC, OOMCC or the Depositor is a party or by which the Issuer, OOMC, OOMCC or the Depositor or any of their respective property is bound; (vi) will not result in the creation or imposition of any Lien upon any of the property of the Issuer, OOMC, OOMCC or the Depositor, as applicable; and (vii) do not require the consent or approval of any governmental authority or any other Person, except those which were duly obtained, made or complied with prior to the date of this Waiver.

7. Reference to and Effect on the Sale and Servicing Agreement.

(a) Upon the effectiveness of this Waiver, each reference in the Sale and Servicing Agreement and in each of the other Basic Documents to "this Agreement," "hereunder," "hereof," "herein," or words of like import shall mean and be a reference to the Sale and Servicing Agreement as modified hereby, and each reference to the Sale and Servicing Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Sale and Servicing Agreement shall mean and be a reference to the Sale and Servicing Agreement as modified hereby.

(b) Except as specifically modified hereby, the Sale and Servicing Agreement, each of the other Basic Documents and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) Except as expressly provided in Section 2 hereof, the execution, delivery and effectiveness of this Waiver shall not operate as a waiver of any right, power or remedy of the Majority Noteholders under the Sale and Servicing Agreement or any of the other Basic Documents, nor constitute a waiver of, amendment of, consent to or other modification of any other term, provision, Event of Default, or of any term or provision of any other Basic Document, or of any transaction or further or future action of the Issuer which would require the consent of the Majority Noteholders under the Sale and Servicing Agreement. Without limiting the generality of the foregoing, the execution, delivery and effectiveness of this Waiver shall not entitle the Issuer to a waiver of any existing or hereafter arising Event of Default (other than with respect to the Minimum Income Covenant), nor shall the Majority Noteholders' execution and delivery of this Waiver establish a course of dealing between the Majority Noteholders and the Issuer or in any other way obligate the Majority Noteholders to hereafter provide any waiver or extension to the Issuer for the payment or performance by the Issuer of its obligations under the Sale and Servicing Agreement and the Basic Documents prior to the enforcement by the Majority Noteholders of any of their respective rights and remedies under the Sale and Servicing Agreement and the other Basic Documents.

8. GOVERNING LAW. THIS WAIVER SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES).

9. Execution in Counterparts. This Waiver may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

10. Headings. Section headings in this Waiver are included herein for convenience or reference only and shall not constitute a part of this Waiver for any other purpose.

11. Liability. It is expressly understood and agreed by the parties that (a) this Waiver is executed and delivered by Wilmington Trust Company, not individually or personally, but solely as Owner Trustee, in the exercise of the powers and authority conferred and vested in it, pursuant to the Trust Agreement, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose of binding the Issuer with respect thereto, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressly or impliedly contained herein, and the right to claim any and all such liability, if any, being expressly waived by the parties hereto and by any person claiming by, through or under the parties hereto, and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer hereunder or under any other related documents.

12. Direction of Majority Noteholders. By their signature(s) below, the Majority Noteholders hereby authorize and direct the Indenture Trustee to sign this Waiver.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Waiver to be executed by their respective officers thereto duly authorized as of the date first written above.

OPTION ONE OWNER TRUST 2001-2, as Issuer

By: Wilmington Trust Company, not in its individual capacity, but solely as Owner Trustee

By: /s/ Mary Kay Pupillo
Name: Mary Kay Pupillo
Title: Assistant Vice President

OPTION ONE MORTGAGE CORPORATION, as Loan Originator and as Servicer

By: /s/ Charles R. Fulton
Name: Charles R. Fulton
Title: Vice President

OPTION ONE MORTGAGE CAPITAL CORPORATION, as Loan Originator

By: /s/ Charles R. Fulton
Name: Charles R. Fulton
Title: Vice President

OPTION ONE LOAN WAREHOUSE CORPORATION, as Depositor

By: /s/ Charles R. Fulton
Name: Charles R. Fulton
Title: Assistant Secretary

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Indenture Trustee

By: /s/ Joshna Kelly
Name: Joshna Kelly
Title: Vice President

THE MAJORITY NOTEHOLDERS:
BANK OF AMERICA, N. A.

By: /s/ [ILLEGIBLE]
Name: [ILLEGIBLE]
Title: [ILLEGIBLE]

SCHEDULE I

List of Owner Trusts

Option One Owner Trust 2001-1A

Option One Owner Trust 2002-3

Option One Owner Trust 2003-4

Option One Owner Trust 2003-5

Option One Owner Trust 2005-6

Option One Owner Trust 2005-7

Option One Owner Trust 2005-8

Option One Owner Trust 2005-9

Exhibit 10.6

EXECUTION COPY

SECOND AMENDED AND RESTATED
SALE AND SERVICING AGREEMENT

among

OPTION ONE OWNER TRUST 2002-3
as Issuer

and

OPTION ONE LOAN WAREHOUSE CORPORATION
as Depositor

and

OPTION ONE MORTGAGE CORPORATION
as Loan Originator and Servicer

OPTION ONE MORTGAGE CAPITAL CORPORATION
as Loan Originator

and

WELLS FARGO BANK, N.A.
as Indenture Trustee

Dated as of January 19, 2007

OPTION ONE OWNER TRUST 2002-3
MORTGAGE-BACKED NOTES

EXHIBITS

SECOND AMENDED AND RESTATED SALE AND SERVICING AGREEMENT

This Second Amended and Restated Sale and Servicing Agreement (this "Agreement") is entered into effective as of January 19, 2007, among OPTION ONE OWNER TRUST 2002-3, a Delaware statutory trust (the "Issuer" or the "Trust"), OPTION ONE LOAN WAREHOUSE CORPORATION, a Delaware corporation, as Depositor (in such capacity, the "Depositor"), OPTION ONE MORTGAGE CORPORATION, a California corporation ("Option One"), as a Loan Originator (in such capacity, a "Loan Originator") and as Servicer (in such capacity, the "Servicer"), OPTION ONE MORTGAGE CAPITAL CORPORATION, a Delaware corporation ("Option One Capital"), as a Loan Originator (a "Loan Originator"), and WELLS FARGO BANK, N.A., a national banking association, as Indenture Trustee on behalf of the Noteholders (in such capacity, the "Indenture Trustee"). This Agreement amends and restates in its entirety the Amended and Restated Sale and Servicing Agreement by and among the Issuer, the Depositor, Option One and the Indenture Trustee dated as of March 18, 2005.

W I T N E S S E T H:

In consideration of the mutual agreements herein contained, the Issuer, the Depositor, the Loan Originator, the Servicer and the Indenture Trustee hereby agree as follows for the benefit of each of them and for the benefit of the holders of the Securities:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions.

Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the meanings specified in this Article. Unless otherwise specified, all calculations of interest described herein shall be made on the basis of a 360-day year and the actual number of days elapsed in each Accrual Period.

Accepted Servicing Practices: The Servicer's normal servicing practices in servicing and administering similar mortgage loans for its own account, which in general will conform to the mortgage servicing practices of prudent mortgage lending institutions which service for their own account mortgage loans of the same type as the Loans in the jurisdictions in which the related Mortgaged Properties are located and will give due consideration to the Noteholders' reliance on the Servicer and comply in all material respects with all applicable laws, rules, regulations and orders.

Accrual Period: With respect to the Notes, the period commencing on and including the preceding Payment Date (or, in the case of the first Payment Date, the period commencing on and including the first Transfer Date (which first Transfer Date is the first date on which the Note Principal Balance is greater than zero)) and ending on the day preceding the related Payment Date.

Act or Securities Act: The Securities Act of 1933, as amended.

Additional LIBOR Margin: As defined in the Pricing Letter.

Additional Note Principal Balance: With respect to each Transfer Date, the aggregate Sales Prices of all Loans conveyed on such date.

Adjustment Date: With respect to each ARM, the date set forth in the related Promissory Note on which the Loan Interest Rate on such ARM is adjusted in accordance with the terms of the related Promissory Note.

Administration Agreement: The Administration Agreement, dated as of July 2, 2002, between the Issuer and Option One, as the Administrator and Servicer.

Administrator: Option One, in its capacity as Administrator under the Administration Agreement.

Advance Account: The account established and maintained pursuant to Section 5.04.

Affiliate: With respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

Agreement: This Agreement, as the same may be amended and supplemented from time to time.

ALTA: The American Land Title Association and its successors in interest.

Appraised Value: With respect to any Loan, and the related Mortgaged Property, the lesser of:

(i) the lesser of (a) the value thereof as determined by an appraisal made for the originator of the Loan at the time of origination of the Loan by an appraiser who met the minimum requirements of Fannie Mae or Freddie Mac and (b) the value thereof as determined by a review appraisal process which may include an automated appraisal consistent with the Underwriting Guidelines conducted by the Loan Originator in the event any such review appraisal determines an appraised value more than 10% lower than the value thereof, in the case of a Loan with a Loan-to-Value Ratio less than or equal to 80%, or more than 5% lower than the value thereof, in the case of a Loan with a Loan-to-Value Ratio greater than 80%, as determined by the appraisal referred to in clause (i)(a) above; and

(ii) the purchase price paid for the related Mortgaged Property by the Borrower with the proceeds of the Loan; provided, however, that in the case of a Refinanced Loan or a Loan originated in connection with a "lease option purchase" if the "lease option purchase price" was set 12 months or more prior to origination, such value of the Mortgaged Property is based solely upon clause (i) above.

ARM: Any Loan, the Loan Interest Rate with respect to which is subject to adjustment during the life of such Loan.

Assignment: An LPA Assignment or S&SA Assignment.

Assignment of Mortgage: With respect to any Loan, an assignment of the related Mortgage in blank or to Wells Fargo Bank, N.A., as custodian or trustee under the applicable custodial agreement or trust agreement, and notice of transfer or equivalent instrument in recordable form, sufficient under the laws of the jurisdiction wherein the related Mortgaged Property is located to reflect the assignment and pledge of such Mortgage.

Balloon Loan: A Mortgage Loan having an original term to maturity that is shorter than the related amortization term.

Basic Documents: This Agreement, the Administration Agreement, the Custodial Agreement, the Indenture, the Loan Purchase and Contribution Agreement, the Master Disposition Confirmation Agreement, the Note Purchase Agreement, the Pricing Letter, the Trust Agreement, and, as and when required to be executed and delivered, the Assignments.

Borrower: The obligor or obligors on a Promissory Note.

Business Day: Any day other than (i) a Saturday or Sunday, or (ii) a day on which banking institutions in New York City, California, Maryland, Minnesota, Pennsylvania, Delaware or in the city in which the corporate trust office of the Indenture Trustee is located or the city in which the Servicer's servicing operations are located are authorized or obligated by law or executive order to be closed.

Certificateholder: A holder of a Trust Certificate.

Change of Control: As defined in the Indenture.

Clean-up Call Date: The first Payment Date occurring after the end of the Revolving Period on which the Note Principal Balance has declined to 10% or less of the aggregate Note Principal Balance as of the end of the Revolving Period.

Closing Date: January 19, 2007.

Code: The Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated by the United States Treasury thereunder.

Collateral Percentage: As defined in the Pricing Letter.

Collateral Value: As defined in the Pricing Letter.

Collection Account: The account designated as such, established and maintained by the Servicer in accordance with Section 5.01(a)(1) hereof.

Combined LTV or CLTV: With respect to any Second Lien Loan, the ratio, expressed as a percentage, of the outstanding Principal Balance on the related date of origination of (a) (i) such Loan plus (ii) the loan constituting the first lien, to (b) the lesser of (x) the Appraised Value of the Mortgaged Property at origination or (y) if the Mortgaged Property was purchased within 12 months of the origination of the Loan, the purchase price of the Mortgaged Property.

Commission: The Securities and Exchange Commission.

Condominium Mortgage Loan: A Mortgage Loan secured by a lien on a condominium unit.

Credit Score: With respect to each Borrower, the credit score for such Borrower from a nationally recognized credit repository; provided, however, in the event that a credit score for such Borrower was obtained from two repositories, the "Credit Score" shall be the lower of the two scores; provided, further, in the event that a credit score for such Borrower was obtained from three repositories, the "Credit Score" shall be the middle score of the three scores.

Custodial Agreement: The Custodial Agreement dated as of July 2, 2002, among the Issuer, the Servicer, the Indenture Trustee (in the capacity of Facility Administrator) and the Custodian, providing for the retention of the Custodial Loan Files by the Custodian on behalf of the Indenture Trustee.

Custodial Loan File: As defined in the Custodial Agreement.

Custodian: The custodian named in the Custodial Agreement, which custodian shall not be affiliated with the Servicer, the Loan Originator, the Depositor or any Subservicer. Wells Fargo Bank, N.A., a national banking association, shall be the initial Custodian pursuant to the terms of the Custodial Agreement.

Custodian Fee: For any Payment Date, the fee payable to the Custodian on such Payment Date as set forth in the Custodian Fee Notice for such Payment Date, which fee shall be calculated in accordance with the separate fee letter between the Custodian and the Servicer.

Custodian Fee Notice: For any Payment Date, the written notice provided by the Custodian to the Servicer and the Indenture Trustee pursuant to Section 6.01 hereof, which notice shall specify the amount of the Custodian Fee payable on such Payment Date.

Daily Interest Accrual Amount: With respect to each day and the related Accrual Period, interest accrued at the Note Interest Rate with respect to such Accrual Period on the Note Principal Balance as of the preceding Business Day after giving effect to all changes to the Note Principal Balance on or prior to such preceding Business Day.

Default: Any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

Defaulted Loan: With respect to any Determination Date, any Loan, including, without limitation, any Liquidated Loan, with respect to which any of the following has occurred as of the end of the related Remittance Period: (a) foreclosure or similar proceedings have been

commenced; or (b) the Servicer or any Subservicer has determined in good faith and in accordance with the servicing standard set forth in Section 4.01 of the Servicing Addendum that such Loan is in default or imminent default.

Deleted Loan: A Loan replaced or to be replaced by one or more Qualified Substitute Loans.

Delinquent: A Loan is "Delinquent" if any Monthly Payment due thereon is not made by the close of business on the day such Monthly Payment is required to be paid. A Loan is "30 days Delinquent" if any Monthly Payment due thereon has not been received by the close of business on the corresponding day of the month immediately succeeding the month in which such Monthly Payment was required to be paid or, if there is no such corresponding day (e.g., as when a 30-day month follows a 31-day month in which a payment was required to be paid on the 31st day of such month), then on the last day of such immediately succeeding month. The determination of whether a Loan is "60 days Delinquent," "90 days Delinquent", etc., shall be made in like manner.

Delivery: When used with respect to Trust Account Property means:

(a) with respect to bankers' acceptances, commercial paper, negotiable certificates of deposit and other obligations that constitute "instruments" within the meaning of Section 9-102(a)(47) of the UCC and are susceptible of physical delivery (except with respect to Trust Account Property consisting of certificated securities (as defined in Section 8-102(a)(4) of the UCC)), physical delivery to the Indenture Trustee or its custodian (or the related Securities Intermediary) endorsed to the Indenture Trustee or its custodian (or the related Securities Intermediary) or endorsed in blank (and if delivered and endorsed to the Securities Intermediary, by continuous credit thereof by book-entry to the related Trust Account);

(b) with respect to a certificated security (i) delivery of such certificated security endorsed to, or registered in the name of, the Indenture Trustee or endorsed in blank to its custodian or the related Securities Intermediary and the making by such Securities Intermediary of appropriate entries in its records identifying such certificated securities as credited to the related Trust Account, or (ii) by delivery thereof to a "clearing corporation" (as defined in Section 8-102(a)(5) of the UCC) and the making by such clearing corporation of appropriate entries in its records crediting the securities account of the related Securities Intermediary by the amount of such certificated security and the making by such Securities Intermediary of appropriate entries in its records identifying such certificated securities as credited to the related Trust Account (all of the Trust Account Property described in Subsections (a) and (b), "Physical Property");

and, in any event, any such Physical Property in registered form shall be in the name of the Indenture Trustee or its nominee or custodian (or the related Securities Intermediary); and such additional or alternative procedures as may hereafter become appropriate to effect the complete transfer of ownership of any such Trust Account Property to the Indenture Trustee or its nominee or custodian, consistent with changes in applicable law or regulations or the interpretation thereof;

(c) with respect to any security issued by the U.S. Treasury, Fannie Mae or Freddie Mac that is a book-entry security held through the Federal Reserve System pursuant to federal book-entry regulations, the following procedures, all in accordance with applicable law, including applicable federal regulations and Articles 8 and 9 of the UCC: the making by a Federal Reserve Bank of an appropriate entry crediting such Trust Account Property to an account of the related Securities Intermediary or the securities intermediary that is (x) also a "participant" pursuant to applicable federal regulations and (y) is acting as securities intermediary on behalf of the Securities Intermediary with respect to such Trust Account Property; the making by such Securities Intermediary or securities intermediary of appropriate entries in its records crediting such book-entry security held through the Federal Reserve System pursuant to federal book-entry regulations and Articles 8 and 9 of the UCC to the related Trust Account; and such additional or alternative procedures as may hereafter become appropriate to effect complete transfer of ownership of any such Trust Account Property to the Indenture Trustee or its nominee or custodian, consistent with changes in applicable law or regulations or the interpretation thereof; and

(d) with respect to any item of Trust Account Property that is an uncertificated security (as defined in Section 8-102(a)(18) of the UCC) and that is not governed by clause (c) above, registration in the records of the issuer thereof in the name of the related Securities Intermediary, and the making by such Securities Intermediary of appropriate entries in its records crediting such uncertificated security to the related Trust Account.

Designated Depository Institution: With respect to an Eligible Account, an institution whose deposits are insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the FDIC, the long-term deposits of which shall be rated A or better by S&P or A2 or better by Moody's and the short-term deposits of which shall be rated P-1 or better by Moody's and A-1 or better by S&P, unless otherwise approved in writing by the Initial Noteholder and which is any of the following: (A) a federal savings and loan association duly organized, validly existing and in good standing under the federal banking laws, (B) an institution duly organized, validly existing and in good standing under the applicable banking laws of any state, (C) a national banking association duly organized, validly existing and in good standing under the federal banking laws, (D) a principal subsidiary of a bank holding company or (E) approved in writing by the Initial Noteholder and, in each case acting or designated by the Servicer as the depository institution for the Eligible Account; provided, however, that any such institution or association shall have combined capital, surplus and undivided profits of at least $50,000,000.

Depositor: Option One Loan Warehouse Corporation, a Delaware corporation, and any successors thereto (including, without limitation, any limited liability company into which it is converted).

Determination Date: With respect to any Payment Date occurring on the 10th day of a month, the last calendar day of the month immediately preceding the month of such Payment Date, and with respect to any other Payment Date, as mutually agreed by the Servicer and the Noteholders.

Disposition: A Securitization, Whole Loan Sale transaction, or other disposition of Loans.

Disposition Agent: UBS Real Estate Securities Inc. and its successors and assigns acting at the direction, and as agent, of the Majority Noteholders.

Disposition Participant: As applicable, with respect to a Disposition, any "depositor" with respect to such Disposition, the Disposition Agent, the Majority Noteholders, the Issuer, the Servicer, the related trustee and the related custodian, any nationally recognized credit rating agency, the related underwriters, the related placement agent, the related credit enhancer, the related whole-loan purchaser, the related purchaser of securities and/or any other party necessary or, in the good faith belief of any of the foregoing, desirable to effect a Disposition.

Disposition Proceeds: With respect to a Disposition, (x) the proceeds of the Disposition remitted to the Trust in respect of the Loans transferred on the date of and with respect to such Disposition, including without limitation, any cash and Retained Securities created in any related Securitization less all costs, fees and expenses incurred in connection with such Disposition, including, without limitation, all amounts deposited into any reserve accounts upon the closing thereof minus (y) all other amounts agreed upon in writing by the Initial Noteholder, the Trust and the Servicer.

Distribution Account: The account established and maintained pursuant to Section 5.01(a)(2) hereof.

Due Date: The day of the month on which the Monthly Payment is due from the Borrower with respect to a Loan.

Due Diligence Fees: Shall have the meaning provided in Section 11.15 hereof.

Eligible Account: At any time, a deposit account or a securities account which is: (i) maintained with a Designated Depository Institution; (ii) fully insured by either the Bank Insurance Fund or the Savings Association Insurance Fund of the FDIC; (iii) a trust account (which shall be a "segregated trust account") maintained with the corporate trust department of a federal or state chartered depository institution or trust company with trust powers and acting in its fiduciary capacity for the benefit of the Indenture Trustee and the Issuer, which depository institution or trust company shall have capital and surplus of not less than $50,000,000; or (iv) with the prior written consent of the Initial Noteholder, any other deposit account or a securities account.

Eligible Servicer: Either (a) Option One for so long as Option One (i) is an approved seller-servicer by Fannie Mae or Freddie Mac and (ii) has a GAAP Net Worth of at least $200,000,000, (b) any other Person to which the Majority Noteholders may consent in writing.

Escrow Payments: With respect to any Loan, the amounts constituting ground rents, taxes, assessments, water rates, sewer rents, municipal charges, fire, hazard, liability and other insurance premiums, condominium charges, and any other payments required to be escrowed by the related Borrower with the lender or servicer pursuant to the Mortgage or any other document.

Event of Default: Either a Servicer Event of Default or an Event of Default under the Indenture.

Exceptions: The meaning set forth in the Custodial Agreement.

Exceptions Report: The meaning set forth in the Custodial Agreement.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Fannie Mae: The Federal National Mortgage Association and any successor thereto.

Fatal Exception: With respect to a Mortgage Loan, (i) any variance from the requirements of Section 2(b)(i), (ii), (iii), (iv) (v), (vi) or (viii) of the Custodial Agreement with respect to the Custodial Loan File (giving effect to the Issuer's right to deliver certified copies in lieu of original documents in certain circumstances); or (ii) that the documents in the Custodial Loan File referred to in the preceding clause (i) have been reviewed by the Custodian in accordance with the Review Procedures in Exhibit K to the Custodial Agreement and do not appear on their face to be regular or to relate to such Mortgage Loan.

FDIC: The Federal Deposit Insurance Corporation and any successor thereto.

Fidelity Bond: As described in Section 4.10 of the Servicing Addendum.

Final Put Date: The Put Date following the end of the Revolving Period on which the Majority Noteholders (or the Market Value Agent on their behalf) exercise the Put Option with respect to the entire outstanding Note Principal Balance, if the Majority Noteholders (or the Market Value Agent on their behalf) elects to exercise the Put Option.

First Lien Loan: A Loan secured by the lien on the related Mortgaged Property, subject to no prior liens on such Mortgaged Property.

First Payment Default Loan: A Loan with respect to which the first Monthly Payment due following either the date of origination of such Loan or the related Transfer Date is not paid by the related Borrower and received by the Servicer within 30 days after the date on which it is or was due.

Foreclosed Loan: As of any Determination Date, any Loan that as of the end of the preceding Remittance Period has been discharged as a result of (i) the completion of foreclosure or comparable proceedings by the Servicer on behalf of the Issuer; (ii) the acceptance of the deed or other evidence of title to the related Mortgaged Property in lieu of foreclosure or other comparable proceeding; or (iii) the acquisition of title to the related Mortgaged Property by operation of law.

Foreclosure Property: Any real property securing a Foreclosed Loan that has been acquired by the Servicer on behalf of the Issuer through foreclosure, deed in lieu of foreclosure or similar proceedings in respect of the related Loan.

Freddie Mac: The Federal Home Loan Mortgage Corporation and any successor thereto.

GAAP: Generally Accepted Accounting Principles as in effect in the United States.

Gross Margin: With respect to each ARM, the fixed percentage amount set forth in the related Promissory Note.

Indenture: The Indenture dated as of January 19, 2007, between the Issuer and the Indenture Trustee and all supplements and amendments thereto.

Indenture Trustee: Wells Fargo Bank, N.A., a national banking association, as Indenture Trustee under the Indenture, or any successor indenture trustee under the Indenture.

Indenture Trustee Fee: An annual fee of $5,000 payable by the Servicer in accordance with a separate fee agreement between the Indenture Trustee and the Servicer and Section 5.01 hereof.

Independent: When used with respect to any specified Person, such Person (i) is in fact independent of the Loan Originator, the Servicer, the Depositor or any of their respective Affiliates, (ii) does not have any direct financial interest in, or any material indirect financial interest in, the Loan Originator, the Servicer, the Depositor or any of their respective Affiliates and (iii) is not connected with the Loan Originator, the Depositor, the Servicer or any of their respective Affiliates, as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions; provided, however, that a Person shall not fail to be Independent of the Loan Originator, the Depositor, the Servicer or any of their respective Affiliates merely because such Person is the beneficial owner of 1% or less of any class of securities issued by the Loan Originator, the Depositor, the Servicer or any of their respective Affiliates, as the case may be.

Independent Accountants: A firm of nationally recognized certified public accountants which is independent of the Loan Originator according to the provisions of SEC Regulation S-X, Article 2.

Index: With respect to each ARM, the index set forth in the related Promissory Note for the purpose of calculating the Loan Interest Rate thereon.

Initial Noteholder: UBS Real Estate Securities Inc. and its successors and assigns.

Interest Carry-Forward Amount: With respect to any Payment Date, the excess, if any, of (A) the Interest Payment Amount for such Payment Date plus any unpaid portion of the Interest Payment Amount for the prior Payment Date over (B) the amount in respect of interest that is actually paid from the Distribution Account on such Payment Date in respect of the interest for such Payment Date.

Interest Only Mortgage Loan: A Mortgage Loan for which an interest-only payment feature is allowed during the period prior to the first Adjustment Date.

Interest Payment Amount: With respect to any Payment Date, the sum of the Daily Interest Accrual Amounts for all days in the related Accrual Period.

LIBOR Business Day: Any day on which banks in the City of London are open and conducting transactions in United States dollars.

LIBOR Determination Date: With respect to each Accrual Period, the first day of such Accrual Period.

LIBOR Margin: As defined in the Pricing Letter.

Lien: With respect to any asset, (a) any mortgage, lien, pledge, charge, security interest, hypothecation, option or encumbrance of any kind in respect of such asset or (b) the interest of a vendor or lessor under any conditional sale agreement, financing lease or other title retention agreement relating to such asset.

Lifetime Cap: The provision in the Promissory Note for each ARM which limits the maximum Loan Interest Rate over the life of such ARM.

Lifetime Floor: The provision in the Promissory Note for each ARM which limits the minimum Loan Interest Rate over the life of such ARM.

Liquidated Loan: As defined in Section 4.03(c) of the Servicing Addendum.

Liquidated Loan Losses: With respect to any Determination Date, the difference between (i) the aggregate Principal Balances as of such date of all Loans that became Liquidated Loans during the applicable period and (ii) all Liquidation Proceeds allocable to principal received during the applicable period with respect to such Loans.

Liquidation Proceeds: With respect to a Liquidated Loan, any cash amounts received in connection with the liquidation of such Liquidated Loan, whether through trustee's sale, foreclosure sale or other disposition, any cash amounts received in connection with the management of the Mortgaged Property from Defaulted Loans, any proceeds from Primary Insurance Policies and any other amounts required to be deposited in the Collection Account pursuant to Section 5.01(b) hereof, in each case other than Mortgage Insurance Proceeds and Released Mortgaged Property Proceeds. Liquidation Proceeds shall also include any awards or settlements in respect of the related Mortgage Property, whether permanent or temporary, partial or entire, by exercise of the power of eminent domain or condemnation.

Loan: Any loan sold to the Trust hereunder and pledged to the Indenture Trustee, which loan includes, without limitation, (i) a Promissory Note or Lost Note Affidavit and related Mortgage and (ii) all right, title and interest of the Loan Originator in and to the Mortgaged Property covered by such Mortgage. The term Loan shall be deemed to include the related Promissory Note or Lost Note Affidavit, related Mortgage, all other Loan Documents and related Foreclosure Property, if any.

Loan Documents: With respect to a Loan, the documents comprising the Loan File for such Loan.

Loan File: With respect to each Loan, the Custodial Loan File and the Servicer's Loan File.

Loan Interest Rate: With respect to each Loan, the annual rate of interest borne by the related Promissory Note, as shown on the Loan Schedule, and, in the case of an ARM, as the same may be periodically adjusted in accordance with the terms of such Loan.

Loan Originator: Each of Option One and Option One Capital, and their respective successors and assigns, jointly and severally.

Loan Originator Put: The mandatory repurchase by the Loan Originator, at the option of the Majority Noteholders, of a Loan pursuant to Section 3.08(a) hereof.

Loan Pool: As of any date of determination, the pool of all Loans conveyed to the Issuer pursuant to this Agreement on all Transfer Dates up to and including such date of determination, which Loans have not been released from the Lien of the Indenture pursuant to the terms of the Basic Documents, together with the rights and obligations of a holder thereof, and the payments thereon and proceeds therefrom received on and after the applicable Transfer Cut-off Date, as identified from time to time on the Loan Schedule.

Loan Purchase and Contribution Agreement: Each of: (i) the Loan Purchase and Contribution Agreement between Option One, as seller, and Option One Capital, as purchaser, dated as of December 29, 2006 and all supplements and amendments thereto and (ii) the Fifth Amended and Restated Loan Purchase and Contribution Agreement, between Option One Capital, as seller, and Depositor, as purchaser, dated as of December 29, 2006, and all supplements and amendments thereto.

Loan Schedule: The schedule of Loans conveyed to the Issuer on the Closing Date and on each Transfer Date and delivered to the Initial Noteholder and the Custodian in the form of a computer-readable transmission specifying the information set forth on Exhibit D hereto and, with respect to Wet Funded Loans, Exhibit N to the Custodial Agreement.

Loan-to-Value Ratio or LTV: With respect to any First Lien Loan, the ratio of the original outstanding principal amount of such Loan to the Appraised Value of the Mortgaged Property at origination.

Lost Note Affidavit: With respect to any Loan as to which the original Promissory Note has been permanently lost or destroyed and has not been replaced, an affidavit from the Loan Originator certifying that the original Promissory Note has been lost, misplaced or destroyed (together with a copy of the related Promissory Note) and indemnifying the Issuer against any loss, cost or liability resulting from the failure to deliver the original Promissory Note, in the form of Exhibit M attached to the Custodial Agreement.

LPA Assignment: The assignment of Loans from Option One to the Depositor under the Loan Purchase and Contribution Agreement.

Majority Certificateholders: As defined in the Trust Agreement.

Majority Noteholders: The holder or holders of in excess of 50% of the Note Principal Balance. In the event of the release of the Lien of the Indenture in accordance with the terms thereof, the Majority Noteholders shall mean the Majority Certificateholders.

Make-Whole Premium: As defined in the Pricing Letter.

Manufactured Home: A unit of manufactured housing which meets the requirements of Section 25(e)(10) of the Code, including, without limitation, any such unit that is legally classified as real property under applicable state law.

Manufactured Housing Loan: A loan or installment sales contract secured, in whole or in part, by a Manufactured Home.

Market Value: As of any date in respect of a Loan, the price at which such Loan could readily be sold as determined in the Market Value Agent's sole discretion using its reasonable business judgment, taking into account the level of interest rates, the financial condition of the Note Issuer, the characteristics of the collateral and general market conditions, which price may be determined to be zero.

Market Value Agent: UBS Real Estate Securities Inc. or an Affiliate thereof designated by UBS Real Estate Securities Inc. in writing to the parties hereto and, in either case, its successors in interest.

Master Disposition Confirmation Agreement: The Fifth Amended and Restated Master Disposition Confirmation Agreement, dated as of December 29, 2006, by and among Option One, the Depositor, the Delaware statutory trusts listed on Schedule I thereto and each of the Lenders listed on Schedule II thereto, as amended and supplemented from time to time.

Maturity Date: With respect to the Notes, as set forth in the Indenture or such later date as may be agreed in writing by the Majority Noteholders.

Maximum Note Principal Balance: As defined in the Pricing Letter.

Monthly Advance: The aggregate of the advances made by the Servicer on any Remittance Date pursuant to Section 4.14 of the Servicing Addendum.

Monthly Payment: The scheduled monthly payment of principal and/or interest required to be made by a Borrower on the related Loan, as set forth in the related Promissory Note.

Monthly Remittance Amount: With respect to each Remittance Date, the sum, without duplication, of (i) the aggregate payments on the Loans collected by the Servicer pursuant to Section 5.01(b)(i) during the immediately preceding Remittance Period and (ii) the aggregate of amounts deposited into the Collection Account pursuant to Section 5.01(b)(ii) through 5.01(b)(xi) during the immediately preceding Remittance Period.

Moody's: Moody's Investors Service, Inc., or any successor thereto.

Mortgage: With respect to any Loan, the mortgage, deed of trust or other instrument securing the related Promissory Note, which creates a first or second lien on the fee in real property and/or a first or second lien on the leasehold estate in real property securing the Promissory Note and the assignment of rents and leases related thereto.

Mortgage Insurance Policies: With respect to any Mortgaged Property or Loan, the insurance policies required pursuant to Section 4.08 of the Servicing Addendum.

Mortgage Insurance Proceeds: With respect to any Mortgaged Property, all amounts collected in respect of Mortgage Insurance Policies and not required either pursuant to applicable law or the related Loan Documents to be applied to the restoration of the related Mortgaged Property or paid to the related Borrower.

Mortgaged Property: With respect to a Loan, the related Borrower's fee and/or leasehold interest in the real property (and/or all improvements, buildings, fixtures, building equipment and personal property thereon (to the extent applicable) and all additions, alterations and replacements made at any time with respect to the foregoing) and all other collateral securing repayment of the debt evidenced by the related Promissory Note.

Net Liquidation Proceeds: With respect to any Payment Date, Liquidation Proceeds received during the prior Remittance Period, net of any reimbursements to the Servicer made from such amounts for any unreimbursed Servicing Compensation and Servicing Advances (including Nonrecoverable Servicing Advances) made and any other fees and expenses paid in connection with the foreclosure, inspection, conservation and liquidation of the related Liquidated Loans or Foreclosure Properties pursuant to Section 4.03 of the Servicing Addendum.

Net Loan Losses: With respect to any Defaulted Loan that is subject to a modification pursuant to Section 4.01 of the Servicing Addendum, an amount equal to the portion of the Principal Balance, if any, released in connection with such modification.

Net Worth: With respect to any Person, the excess of total assets of such Person, over total liabilities of such Person, determined in accordance with GAAP.

Non-Owner Occupied Loan: A Mortgage Loan secured by a Mortgaged Property which is not occupied by the related Borrower as such Borrower's primary residence.

Nonrecoverable Monthly Advance: Any Monthly Advance previously made or proposed to be made with respect to a Loan or Foreclosure Property that, in the good faith business judgment of the Servicer, as evidenced by an Officer's Certificate of a Servicing Officer delivered to the Initial Noteholder, will not, or, in the case of a proposed Monthly Advance, would not be, ultimately recoverable from the related late payments, Mortgage Insurance Proceeds, Liquidation Proceeds or condemnation proceeds on such Loan or Foreclosure Property as provided herein.

Nonrecoverable Servicing Advance: With respect to any Loan or any Foreclosure Property, (a) any Servicing Advance previously made and not reimbursed from late collections, condemnation proceeds, Liquidation Proceeds, Mortgage Insurance Proceeds or the Released Mortgaged Property Proceeds on the related Loan or Foreclosure Property or (b) a Servicing Advance proposed to be made in respect of a Loan or Foreclosure Property either of which, in the good faith business judgment of the Servicer, as evidenced by an Officer's Certificate of a Servicing Officer delivered to the Initial Noteholder, would not be ultimately recoverable.

Note: As defined in the Indenture.

Noteholder: As defined in the Indenture.

Note Interest Rate: As defined in the Pricing Letter.

Note Principal Balance: With respect to the Notes, as of any date of determination (a) the sum of the Additional Note Principal Balances purchased on or prior to such date pursuant to the Note Purchase Agreement less (b) all amounts previously distributed in respect of principal of the Notes on or prior to such day.

Note Purchase Agreement: The Second Amended and Restated Note Purchase Agreement among the Purchaser, the Issuer and the Depositor, dated as of January 19, 2007, and any amendments thereto.

Note Redemption Amount: As of any Determination Date, an amount without duplication equal to the sum of (i) the then outstanding Note Principal Balance of the Notes, plus the Interest Payment Amount for the related Payment Date, plus any Interest Carry-Forward for any previous Payment Date that has not theretofore been paid, (ii) any Trust Fees and Expenses due and unpaid on the related Payment Date, (iii) any Servicing Advance Reimbursement Amount as of such Determination Date, and (iv) any other amounts then due to the Noteholders hereunder.

Officer's Certificate: A certificate signed by a Responsible Officer of the Depositor, the Loan Originator, the Servicer or the Issuer, in each case, as required by this Agreement.

One-Month LIBOR: With respect to each Accrual Period, the rate determined by the Initial Noteholder on the basis of the offered rate for one-month U.S. dollar deposits, as such rate appears on the BTMM (Bloomberg Screen) (or such other screen as may replace such screen) on the related LIBOR Determination Date; provided that if such rate does not appear on the BTMM (Bloomberg Screen) (or such other screen as may replace such screen), the rate for such date will be determined on the basis of the rates offered to the Reference Bank for one-month U.S. dollar deposits by prime banks in the London interbank Eurodollar market on such LIBOR Determination Date. One-Month LIBOR shall be reset by the Initial Noteholder as described above and the Initial Noteholder's determination of One-Month LIBOR shall be conclusive upon the parties absent manifest error on the part of the Initial Noteholder.

Opinion of Counsel: A written opinion of counsel who may be employed by the Servicer, the Depositor, the Loan Originator or any of their respective Affiliates.

Option One: Option One Mortgage Corporation, a California corporation.

Option One Capital: Option One Mortgage Capital Corporation, a Delaware corporation.

Overcollateralization Shortfall: With respect to any Business Day, an amount equal to the positive difference, if any, between (a) the Note Principal Balance on such Business Day and (b) the aggregate Collateral Value of all Loans in the Loan Pool as of such Business Day; provided, however, that on (A) the termination of the Revolving Period, (B) the Payment Date on which the Trust is to be terminated pursuant to Section 10.02 hereof or (C) the Final Put Date, the Overcollateralization Shortfall shall be equal to the Note Principal Balance. Notwithstanding

anything to the contrary herein, in no event shall the Overcollateralization Shortfall, with respect to any Business Day, exceed the Note Principal Balance as of such date.

Owner Trustee: Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity but solely as Owner Trustee under this Agreement, and any successor owner trustee under the Trust Agreement.

Owner Trustee Fee: The annual fee of $4,000 payable in equal monthly installments to the Servicer pursuant to Section 5.01(c)(3)(i) which the Servicer shall in turn pay annually to the Owner Trustee on the anniversary of the Closing Date occurring each year during the term of this Agreement.

Paying Agent: As defined in the Indenture.

Payment Date: Each of, (i) the 10th day of each calendar month commencing on the first such 10th day to occur after the first Transfer Date, or if any such day is not a Business Day, the first Business Day immediately following such day, (ii) any day a Loan is sold pursuant to the terms hereof, (iii) a Put Date as specified by the Majority Noteholders pursuant to Section 10.05 of the Indenture and (iv) an additional Payment Date pursuant to Section 5.01(c)(4)(i) and 5.01(c)(4)(iii). From time to time, the Majority Noteholders and the Issuer may agree, upon written notice to the Owner Trustee and the Indenture Trustee, to additional Payment Dates in accordance with Section 5.01(c)(4)(ii).

Payment Statement: As defined in Section 6.01(b) hereof.

Percentage Interest: As defined in the Trust Agreement.

Periodic Cap: With respect to each ARM Loan and any Rate Change Date therefor, the annual percentage set forth in the related Promissory Note, which is the maximum annual percentage by which the Loan Interest Rate for such Loan may increase or decrease (subject to the Lifetime Cap or the Lifetime Floor) on such Rate Change Date from the Loan Interest Rate in effect immediately prior to such Rate Change Date.

Permitted Investments: Each of the following:

(a) Direct general obligations of the United States or the obligations of any agency or instrumentality of the United States fully and unconditionally guaranteed, the timely payment or the guarantee of which constitutes a full faith and credit obligation of the United States.

(b) Federal Housing Administration debentures rated Aa2 or higher by Moody’s and AA or better by S&P.

(c) Freddie Mac senior debt obligations rated Aa2 or higher by Moody’s and AA or better by S&P.

(d) Federal Home Loan Banks’ consolidated senior debt obligations rated Aa2 or higher by Moody’s and AA or better by S&P.

(e) Fannie Mae senior debt obligations rated Aa2 or higher by Moody's.

(f) Federal funds, certificates or deposit, time and demand deposits, and bankers' acceptances (having original maturities of not more than 30 days) of any domestic bank, the short-term debt obligations of which have been rated A-1 or better by S&P and P-1 or better by Moody's.

(g) Investment agreements approved by the Initial Noteholder provided:

(1) The agreement is with a bank or insurance company which has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) rated Aa2 or better by Moody's and AA or better by S&P, and

(2) Monies invested thereunder may be withdrawn without any penalty, premium or charge upon not more than one day's notice (provided such notice may be amended or canceled at any time prior to the withdrawal date), and

(3) The agreement is not subordinated to any other obligations of such insurance company or bank, and

(4) The same guaranteed interest rate will be paid on any future deposits made pursuant to such agreement, and

(5) The Indenture Trustee and the Initial Noteholder receive an opinion of counsel that such agreement is an enforceable obligation of such insurance company or bank.

(h) Commercial paper (having original maturities of not more than 365 days) rated A-1 or better by S&P and P-1 or better by Moody's.

(i) Investments in money market funds rated AAAM or AAAM-G by S&P and Aaa or P-1 by Moody's.

(j) Investments approved in writing by the Initial Noteholder;

provided that no instrument described above is permitted to evidence either the right to receive (a) only interest with respect to obligations underlying such instrument or (b) both principal and interest payments derived from obligations underlying such instrument and the interest and principal payments with respect to such instrument provided a yield to maturity at par greater than 120% of the yield to maturity at par of the underlying obligations; and provided, further, that no instrument described above may be purchased at a price greater than par if such instrument may be prepaid or called at a price less than its purchase price prior to stated maturity; and provided, further, that, with respect to any instrument described above, such instrument qualifies as a "permitted investment" within the meaning of Section 860G(a)(5) of the Code and the regulations thereunder.

Person: Any individual, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, national banking association, unincorporated organization or government or any agency or political subdivision thereof.

Physical Property: As defined in clause (b) of the definition of “Delivery” above.

Pool Principal Balance: With respect to any Determination Date, the aggregate Principal Balances of the Loans as of such Determination Date.

Prepaid Installment: With respect to any Loan, any installment of principal thereof and interest thereon received prior to the scheduled Due Date for such installment, intended by the Borrower as an early payment thereof and not as a Prepayment with respect to such Loan.

Prepayment: Any payment of principal of a Loan which is received by the Servicer in advance of the scheduled due date for the payment of such principal (other than the principal portion of any Prepaid Installment), and the proceeds of any Mortgage Insurance Policy which are to be applied as a payment of principal on the related Loan shall be deemed to be Prepayments for all purposes of this Agreement.

Preservation Expenses: Expenditures made by the Servicer in connection with a foreclosed Loan prior to the liquidation thereof, including, without limitation, expenditures for real estate property taxes, hazard insurance premiums, property restoration or preservation.

Pricing Letter: The Amended and Restated Pricing Side Letter among the Issuer, the Depositor, Option One Capital, the Initial Noteholder and the Indenture Trustee, dated January 19, 2007 and any amendments thereto.

Primary Insurance Policy: A policy of primary mortgage guaranty insurance issued by a Qualified Insurer pursuant to Section 4.06 of the Servicing Addendum.

Principal Balance: With respect to any Loan or related Foreclosure Property, (i) at the Transfer Cut-off Date, the Transfer Cut-off Date Principal Balance and (ii) with respect to any other date of determination, the outstanding unpaid principal balance of the Loan as of the end of the preceding Remittance Period (after giving effect to all payments received thereon and the allocation of any Net Loan Losses with respect thereto for a Defaulted Loan prior to the end of such Remittance Period); provided, however, that any Liquidated Loan shall be deemed to have a Principal Balance of zero.

Proceeding: Any suit in equity, action at law or other judicial or administrative proceeding.

Promissory Note: With respect to a Loan, the original executed promissory note or other evidence of the indebtedness of the related Borrower or Borrowers.

Purchaser: As defined in the Note Purchase Agreement.

Put/Call Loan: Any (i) Loan that has become 90 or more days Delinquent, (ii) Defaulted Loan, (iii) Loan that has been in default for a period of 30 days or more (other than a Loan

referred to in clause (i)), (iv) Loan that does not meet criteria established by independent rating agencies or surety agency conditions for Dispositions which criteria have been established at the related Transfer Date and may be modified only to match changed criteria of independent rating agencies or surety agents, or (v) Loan that is inconsistent with the intended tax status of a Securitization.

Put Date: Any date on which all or a portion of the Notes are to be purchased by the Issuer as a result of the exercise of the Put Option.

Put Option: The right of the Majority Noteholders to require the Issuer to repurchase all or a portion of the Notes in accordance with Section 10.04 of the Indenture.

QSPE Affiliate: Any of Option One Owner Trust 2001-1A, Option One Owner Trust 2001-1B, Option One Owner Trust 2002-3, Option One Owner Trust 2003-4, Option One Owner Trust 2003-5, Option One Owner Trust 2005-6, Option One Owner Trust 2005-7, Option One Owner Trust 2005-8, Option One Owner Trust 2005-9, or any other Affiliate of Option One which is a "qualified special purpose entity" in accordance with Financial Accounting Standards Board's Statement No. 140 or 125.

Qualified Insurer: An insurance company duly qualified as such under the laws of the states in which the Mortgaged Property is located, duly authorized and licensed in such states to transact the applicable insurance business and to write the insurance provided and that meets the requirements of Fannie Mae and Freddie Mac.

Qualified Substitute Loan: A Loan or Loans substituted for a Deleted Loan pursuant to Section 3.06 hereof, which (i) has or have been approved in writing by the Majority Noteholders and (ii) complies or comply as of the date of substitution with each representation and warranty set forth in Exhibit E and (iii) is or are not 30 or more days Delinquent as of the date of substitution for such Deleted Loan or Loans.

Rate Change Date: The date on which the Loan Interest Rate of each ARM is subject to adjustment in accordance with the related Promissory Note.

Rating Agencies: S&P and Moody's or such other nationally recognized credit rating agencies as may from time to time be designated in writing by the Majority Noteholders in their sole discretion.

Record Date: With respect to each Payment Date, the close of business of the immediately preceding Business Day.

Reference Bank: The principal office in London, England of UBS Real Estate Securities Inc.

Refinanced Loan: A Loan the proceeds of which were not used to purchase the related Mortgaged Property.

Released Mortgaged Property Proceeds: With respect to any Loan, proceeds received by the Servicer in connection with (i) a taking of an entire Mortgaged Property by exercise of the

power of eminent domain or condemnation or (ii) any release of part of the Mortgaged Property from the lien of the related Mortgage, whether by partial condemnation, sale or otherwise; which proceeds in either case are not released to the Borrower in accordance with applicable law and/or Accepted Servicing Practices.

Remittance Date: The Business Day immediately preceding each Payment Date.

Remittance Period: With respect to any Payment Date, the period commencing immediately following the Determination Date for the preceding Payment Date (or, in the case of the initial Payment Date, commencing immediately following the initial Transfer Cut-off Date) and ending on and including the related Determination Date.

Repurchase Price: With respect to a Loan the sum of (i) the Principal Balance thereof as of the date of purchase or repurchase, (ii) all accrued and unpaid interest on such Loan to the date of purchase or repurchase computed at the applicable Loan Interest Rate, (iii) the amount of any unreimbursed Servicing Advances made by the Servicer with respect to such Loan (after deducting therefrom any amounts received in respect of such purchased or repurchased Loan and being held in the Collection Account for future distribution to the extent such amounts represent recoveries of principal not yet applied to reduce the related Principal Balance or interest (net of the Servicing Fee) for the period from and after the date of repurchase) and (iv) the amount of any damages incurred by the Purchaser as a result of the violation of any Loan of any predatory or abusive lending law. To the extent the Servicer does not reimburse itself for amounts, if any, in respect of the Servicing Advance Reimbursement Amount pursuant to Section 5.01(c)(1) hereof, with respect to such Loan, the Repurchase Price shall be reduced by such amounts.

Responsible Officer: When used with respect to the Indenture Trustee or Custodian, any officer within the corporate trust office of such Person, including any Vice President, Assistant Vice President, Secretary, Assistant Secretary or any other officer of such Person customarily performing functions similar to those performed by any of the above designated officers and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject. When used with respect to the Issuer, any officer of the Owner Trustee who is authorized to act for the Owner Trustee in matters relating to the Issuer and who is identified on the list of Authorized Officers delivered by the Owner Trustee to the Indenture Trustee on the date hereof (as such list may be modified or supplemented from time to time thereafter) and, so long as the Administration Agreement is in effect, any Vice President or more senior officer of the Administrator who is authorized to act for the Administrator in matters relating to the Issuer and to be acted upon by the Administrator pursuant to the Administration Agreement and who is identified on the list of Responsible Officers delivered by the Administrator to the Owner Trustee on the date hereof (as such list may be modified or supplemented from time to time thereafter). When used with respect to the Depositor, the Loan Originator or the Servicer, the President, any Vice President, or the Treasurer.

Retained Security or Retained Securities: With respect to a Securitization, any subordinated securities issued or expected to be issued, or excess collateral value retained or expected to be retained, in connection therewith to the extent the Depositor, the Loan Originator or an Affiliate thereof retains, instead of sells, such securities.

Retained Securities Value: With respect to any Business Day and a Retained Security, the market value thereof as determined by the Market Value Agent in accordance with Section 6.03(d) hereof.

Revolving Period: With respect to the Notes, the period commencing on the Closing Date and ending on the earlier of (i) January 18, 2008, and (ii) the date on which the Revolving Period is terminated pursuant to Section 2.07 hereof.

Sales Price: For any Transfer Date, the sum of the Collateral Values with respect to each Loan conveyed on such Transfer Date as of such Transfer Date.

S&SA Assignment: An assignment, in the form of Exhibit C hereto, of Loans and other property from the Depositor to the Issuer pursuant to this Agreement.

Second Lien Loan: A Loan secured by the lien on the Mortgaged Property, subject to one Senior Lien on such Mortgaged Property.

Securities: The Notes and the Trust Certificates.

Securities Intermediary: A "securities intermediary" as defined in Section 8-102(a)(14) of the UCC that is holding a Trust Account for the Indenture Trustee as the sole "entitlement holder" as defined in Section 8-102(a)(7) of the UCC.

Securitization: A sale or transfer of Loans by the Issuer at the direction of the Majority Noteholders to any other Person in order to effect one or a series of structured-finance securitization transactions, including but not limited to transactions involving the issuance of securities which may be treated for federal income tax purposes as indebtedness of Option One or one or more of its wholly-owned subsidiaries.

Securityholder: Any Noteholder or Certificateholder.

Senior Lien: With respect to any Second Lien Loan, the mortgage loan having a senior priority lien on the related Mortgaged Property.

Servicer: Option One, in its capacity as the servicer hereunder, or any successor appointed as herein provided.

Servicer Call: The optional purchase by the Servicer of a Loan pursuant to Section 3.08(b) hereof.

Servicer Event of Default: As described in Section 9.01 hereof.

Servicer's Fiscal Year: May 1st of each year through April 30th of the following year.

Servicer's Loan File: With respect to each Loan, the file held by the Servicer, consisting of all documents (or electronic images thereof) relating to such Loan, including, without limitation, copies of all of the Loan Documents included in the related Custodial Loan File.

Servicer's Remittance Report: A report prepared and computed by the Servicer in substantially the form of Exhibit B attached hereto.

Servicing Addendum: The terms and provisions set forth in Exhibit F attached hereto relating to the administration and servicing of the Loans.

Servicing Advance Reimbursement Amount: With respect to any Determination Date, the amount of any Servicing Advances that have not been reimbursed as of such date, including Nonrecoverable Servicing Advances.

Servicing Advances: As defined in Section 4.14(b) of the Servicing Addendum.

Servicing Compensation: The Servicing Fee and other amounts to which the Servicer is entitled pursuant to Section 4.15 of the Servicing Addendum.

Servicing Fee: As to each Loan (including any Loan that has been foreclosed and for which the related Mortgaged Property has become a Foreclosure Property, but excluding any Liquidated Loan), the fee payable monthly to the Servicer, which shall be the product of 0.50% (50 basis points), or such other lower amount as shall be mutually agreed to in writing by the Majority Noteholders and the Servicer, and the Principal Balance of such Loan as of the beginning of the related Remittance Period, divided by 12. The Servicing Fee shall only be payable to the extent interest is collected on the related Loan.

Servicing Officer: Any officer of the Servicer or Subservicer involved in, or responsible for, the administration and servicing of the Loans whose name and specimen signature appears on a list of servicing officers annexed to an Officer's Certificate furnished by the Servicer or the Subservicer, respectively, on the date hereof to the Issuer and the Indenture Trustee, on behalf of the Noteholders, as such list may from time to time be amended.

S&P: Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc.

State: Any one of the states of the United States of America or the District of Columbia.

Subservicer: Any Person with which the Servicer has entered into a Subservicing Agreement and which is an Eligible Servicer and satisfies any requirements set forth in Section 4.22 of the Servicing Addendum in respect of the qualifications of a Subservicer.

Subservicing Account: An account established by a Subservicer pursuant to a Subservicing Agreement, which account must be an Eligible Account.

Subservicing Agreement: Any agreement between the Servicer and any Subservicer relating to subservicing and/or administration of any or all Loans as provided in Section 4.22 in the Servicing Addendum.

Subsidiary: With respect to any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons

performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person.

Substitution Adjustment: As to any date on which a substitution occurs pursuant to Section 2.05 or Section 3.06 hereof, the amount, if any, by which (a) the aggregate principal balance of any Qualified Substitute Loans (after application of principal payments received on or before the related Transfer Cut-off Date) is less than (b) the aggregate of the Principal Balances of the related Deleted Loans as of the first day of the month in which such substitution occurs.

Tangible Net Worth: With respect to any Person, as of any date of determination, the consolidated Net Worth of such Person and its Subsidiaries, less (i) the consolidated net book value of all assets of such Person and its Subsidiaries (to the extent reflected as an asset in the balance sheet of such Person or any Subsidiary at such date) which will be treated as intangibles under GAAP, including, without limitation, such items as deferred financing expenses, net leasehold improvements, goodwill, trademarks, trade names, service marks, copyrights, patents, licenses and unamortized debt discount and expense; provided, that residual securities issued by such Person or its Subsidiaries shall not be treated as intangibles for purposes of this definition; (ii) any loans outstanding to any officer or director of Option One or its Affiliates; and (iii) any receivables from H&R Block, Inc.

Termination Price: As of any Determination Date, an amount without duplication equal to the greater of (A) the Note Redemption Amount and (B) the sum of (i) the Principal Balance of each Loan included in the Trust as of the end of the preceding Remittance Period; (ii) all unpaid interest accrued on the Principal Balance of each such Loan at the related Loan Interest Rate to the end of the preceding Remittance Period; and (iii) the aggregate fair market value of each Foreclosure Property included in the Trust as of the end of the preceding Remittance Period, as determined by an Independent appraiser acceptable to the Majority Noteholders as of a date not more than 30 days prior to such Payment Date.

Transfer Cut-off Date: With respect to each Loan, (i) the first day of the month in which the Transfer Date with respect to such Loan occurs or if originated in such month, the date of origination or (ii) in the case of a purchase from a QSPE Affiliate, unless otherwise specified in the confirmation delivered in accordance with the Master Disposition Confirmation Agreement in connection with such purchase, the related Transfer Date.

Transfer Cut-off Date Principal Balance: As to each Loan, its Principal Balance as of the opening of business on the Transfer Cut-off Date (after giving effect to any payments received on the Loan before the Transfer Cut-off Date).

Transfer Date: With respect to each Loan, the day such Loan is either (i) sold and conveyed to the Depositor by the Loan Originator pursuant to the Loan Purchase and Contribution Agreement and to the Issuer by the Depositor pursuant to Section 2.01 hereof or (ii) sold to the Issuer pursuant to the Master Disposition Confirmation Agreement, which results in

an increase in the Note Principal Balance by the related Additional Note Principal Balance. With respect to any Qualified Substitute Loan, the Transfer Date shall be the day such Loan is conveyed to the Trust pursuant to Section 2.05 or 3.06 hereof.

Transfer Obligation: The obligation of the Loan Originator under Section 5.06 hereof to make certain payments in connection with Dispositions and other related matters.

Transfer Obligation Account: The account designated as such, established and maintained pursuant to Section 5.05 hereof.

Transfer Obligation Target Amount: With respect to any Payment Date, the cumulative total of all withdrawals pursuant to Section 5.05(e), 5.05(f), 5.05(g), and 5.05(h) hereof, from and after the date of this Second Amended and Restated Sale and Servicing Agreement, from the Transfer Obligation Account to but not including such Payment Date minus any amount withdrawn from the Transfer Obligation Account to return to the Loan Originator pursuant to Section 5.05(i)(i).

Trust: Option One Owner Trust 2002-3, the Delaware statutory trust created pursuant to the Trust Agreement.

Trust Account Property: The Trust Accounts, all amounts and investments held from time to time in the Trust Accounts and all proceeds of the foregoing.

Trust Accounts: The Distribution Account, the Collection Account, the Advance Account and the Transfer Obligation Account.

Trust Agreement: The Trust Agreement dated as of July 2, 2002 between the Depositor and the Owner Trustee.

Trust Certificate: The meaning assigned thereto in the Trust Agreement.

Trust Estate: Shall mean the assets subject to this Agreement, the Trust Agreement and the Indenture and assigned to the Trust, which assets consist of: (i) such Loans as from time to time are subject to this Agreement as listed in the Loan Schedule, as the same may be amended or supplemented on each Transfer Date and by the removal of Deleted Loans and Unqualified Loans and by the addition of Qualified Substitute Loans, together with the Servicer's Loan Files and the Custodial Loan Files relating thereto and all proceeds thereof, (ii) the Mortgages and security interests in the Mortgaged Properties, (iii) all payments in respect of interest and principal with respect to each Loan received on or after the related Transfer Cut-off Date, (iv) (iii) all guarantees, indemnities, warranties, insurance (and proceeds and refunds of premiums in respect thereof) or other agreements or arrangements of any kind from time to time supporting or securing payment of such Loan or performance of any obligation with respect thereto, whether pursuant to the Loan Documents related to such Loan or otherwise; (v) such assets as from time to time are identified as Foreclosure Property, (vi) such assets and funds as are from time to time deposited in the Distribution Account, Collection Account, Advance Account and the Transfer Obligation Account, including, without limitation, amounts on deposit in such accounts that are invested in Permitted Investments, (vii) lenders' rights under all Mortgage Insurance Policies and to any Mortgage Insurance Proceeds, (viii) Net Liquidation Proceeds and Released Mortgaged

Property Proceeds, and (ix) all right, title and interest of each of the Depositor, the Loan Originator and the Trust in and under the Basic Documents including, without limitation, the obligations of the Loan Originator under the Loan Purchase and Contribution Agreement and/or the Master Disposition Confirmation Agreement, and all proceeds of any of the foregoing.

Trust Fees and Expenses: As of each Payment Date, an amount equal to the Servicing Compensation, the Owner Trustee Fee, the Indenture Trustee Fee and the Custodian Fee, if any, and any expenses of the Servicer, the Owner Trustee, the Indenture Trustee or the Custodian.

UCC: The Uniform Commercial Code as in effect from time to time in the State of New York.

UCC Assignment: A form "UCC 2" or "UCC 3" statement meeting the requirements of the Uniform Commercial Code of the relevant jurisdiction to reflect an assignment of a secured party's interest in collateral.

UCC-1 Financing Statement: A financing statement meeting the requirements of the Uniform Commercial Code of the relevant jurisdiction.

Underwriting Guidelines: The underwriting guidelines (including the loan origination guidelines) of the Loan Originator, as the same may be amended from time to time with notice to the Initial Noteholder.

Unfunded Transfer Obligation: With respect to any date of determination, an amount equal to the greater of:

(A) the sum of (i) 10% of the aggregate Sales Prices of all Loans owned by the Issuer at the close of business on the immediately preceding day minus all payments actually made by the Loan Originator in respect of the Unfunded Transfer Obligation pursuant to Section 5.06 hereof with respect to such Loans since the related Transfer Dates plus (ii) 10% of the aggregate Sales Prices of all Loans purchased by the Issuer on such date of determination; and

(B) 10% of the average daily aggregate Sales Prices (as of the related Transfer Date) of all Loans owned by the Issuer over the 90 day period immediately preceding such date of determination minus all payments actually made by the Loan Originator in respect of the Unfunded Transfer Obligation pursuant to Section 5.06 with respect to such Loans.

Unfunded Transfer Obligation Percentage: As of any date of determination, an amount equal to (x) the Unfunded Transfer Obligation as of such date, divided by (y) 100% of the aggregate Collateral Values as of the related Transfer Date of all Loans in the Loan Pool.

Unqualified Loan: As defined in Section 3.06(a) hereof.

Wet Funded Custodial File Delivery Date: With respect to a Wet Funded Loan, the later of the fifteenth Business Day or the twentieth calendar day after the related Transfer Date, provided that if a Default or Event of Default shall have occurred, the Wet Funded Custodial File Delivery Date shall be the earlier of (x) such fifteenth Business Day or twentieth calendar day and (y) the fifth day after the occurrence of such event.

Wet Funded Loan: A Loan for which the Custodian has not received the related Custodial Loan File as of the related Transfer Date and for which the Custodian has issued a Trust Receipt with respect to the Wet Funded Loan, in substantially the form of Exhibit O attached to the Custodial Agreement.

Whole Loan Sale: A Disposition of Loans pursuant to a whole-loan sale.

Section 1.02 Other Definitional Provisions.

(a) Any agreement, instrument or statute defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as from time to time amended, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; references to a Person are also to its permitted successors and assigns.

(b) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) As used in this Agreement and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in this Agreement or in any such certificate or other document, and accounting terms partly defined in this Agreement or in any such certificate or other document to the extent not defined, shall have the respective meanings given to them under GAAP. To the extent that the definitions of accounting terms in this Agreement or in any such certificate or other document are inconsistent with the meanings of such terms under GAAP, the definitions contained in this Agreement or in any such certificate or other document shall control.

(d) The words “hereof,” “herein,” “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; Article, Section, Schedule and Exhibit references contained in this Agreement are references to Articles, Sections, Schedules and Exhibits in or to this Agreement unless otherwise specified; and the term “including” shall mean “including without limitation.”

(e) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

(f) Wells Fargo Bank, N.A. is the current name of the entity previously named Wells Fargo Bank Minnesota, National Association. Any references to Wells Fargo Bank Minnesota, National Association in this agreement or in any other agreement related to this agreement shall be construed to mean Wells Fargo Bank, N.A.

ARTICLE II

CONVEYANCE OF THE TRUST ESTATE; ADDITIONAL
NOTE PRINCIPAL BALANCES

Section 2.01 Conveyance of the Trust Estate; Additional Note Principal Balances.

(a) (i) On the terms and conditions of this Agreement, on each Transfer Date during the Revolving Period, the Depositor agrees to offer for sale and to sell a portion of each of the Loans and contribute to the capital of the Issuer the balance of each of the Loans and deliver the related Loan Documents to or at the direction of the Issuer. To the extent the Issuer has or is able to obtain sufficient funds under the Note Purchase Agreement and the Notes for the purchase thereof, the Issuer agrees to purchase such Loans offered for sale by the Depositor; any portion of the value of such Loan not paid in cash shall be deemed a contribution of capital by the Depositor to the Issuer. On the terms and conditions of this Agreement and the Master Disposition Confirmation Agreement, on each Transfer Date during the Revolving Period, the Issuer may acquire Loans from another QSPE Affiliate of the Loan Originator to the extent the Issuer has or is able to obtain sufficient funds for the purchase thereof.

(ii) In consideration of the payment of the Additional Note Principal Balance pursuant to Section 2.06 hereof and as a contribution to the assets of the Issuer, the Depositor as of the related Transfer Date and concurrently with the execution and delivery hereof, hereby sells, transfers, assigns, sets over and otherwise conveys to the Issuer, without recourse, but subject to the other terms and provisions of this Agreement, all of the right, title and interest of the Depositor in and to the Trust Estate.

(iii) During the Revolving Period, on each Transfer Date, subject to the conditions precedent set forth in Section 2.06 hereof and in accordance with the procedures set forth in Section 2.01(c), the Depositor, pursuant to an S&SA Assignment, will assign to the Issuer without recourse all of its respective right, title and interest, in and to the Loans and all proceeds thereof listed on the Loan Schedule attached to such S&SA Assignment, including all interest and principal and any prepayment charges received by the Loan Originator, the Depositor or the Servicer on or with respect to the Loans on or after the related Transfer Cut-off Date, together with all right, title and interest in and to the proceeds of any related Mortgage Insurance Policies and all of the Depositor's rights, title and interest in and to (but none of its obligations under) the Loan Purchase and Contribution Agreement and all proceeds of the foregoing.

(iv) The foregoing sales, transfers, assignments, set overs and conveyances do not, and are not intended to, result in a creation or an assumption by the Issuer of any of the obligations of the Depositor, the Loan Originator or any other Person in connection with the Trust Estate or under any agreement or instrument relating thereto except as specifically set forth herein.

(b) As of the Closing Date and as of each Transfer Date, the Issuer acknowledges (or will acknowledge pursuant to the S&SA Assignment) the conveyance to it of the Trust Estate, including, as applicable, all rights, title and interest of the Depositor and any QSPE Affiliate in and to the Trust Estate, receipt of which is hereby acknowledged by the Issuer. Concurrently with such delivery, as of the Closing Date and as of each Transfer Date, pursuant to the Indenture the Issuer pledges the Trust Estate to the Indenture Trustee. In addition, concurrently with such delivery and in exchange therefor, the Owner Trustee, pursuant to the instructions of the Depositor, has executed (not in its individual capacity, but solely as Owner Trustee on behalf of the Issuer) and caused the Trust Certificates to be authenticated and delivered to or at the direction of the Depositor.

(c) (i) Pursuant to and subject to the Note Purchase Agreement, the Issuer may, at its sole option, from time to time request advances on any Transfer Date of Additional Note Principal Balances.

(ii) Notwithstanding anything to the contrary herein, in no event shall the Purchaser be required to advance Additional Note Principal Balances on a Transfer Date if the conditions precedent to a transfer of the Loans under Section 2.06 and the conditions precedent to the purchase of Additional Note Principal Balances set forth in Section 4.01 of the Note Purchase Agreement have not been fulfilled.

(iii) The Servicer shall appropriately note such Additional Note Principal Balance (and the increased Note Principal Balance) in the next succeeding Payment Statement; provided, however, that failure to make any such notation in such Payment Statement or any error in such notation shall not adversely affect any Noteholder's rights with respect to its Note Principal Balance and its right to receive interest and principal payments in respect of the Note Principal Balance held by such Noteholder. Each Noteholder shall record on the schedule attached to such Noteholder's Note, the date and amount of any Additional Note Principal Balance advanced by it; provided, that failure to make such recordation on such schedule or any error in such schedule shall not adversely affect any Noteholder's rights with respect to its Note Principal Balance and its right to receive interest payments in respect of the Note Principal Balance held by such Noteholder.

(iv) Absent manifest error, the Note Principal Balance of each Note as set forth in the Noteholder's records shall be binding upon the Noteholders and the Trust, notwithstanding any notation made by the Servicer in its Payment Statement pursuant to the preceding paragraph.

Section 2.02 Ownership and Possession of Loan Files.

With respect to each Loan, as of the related Transfer Date the ownership of the related Promissory Note, the related Mortgage and the contents of the related Servicer's Loan File and Custodial Loan File shall be vested in the Trust for the benefit of the Securityholders, although possession of the Servicer's Loan File on behalf of and for the benefit of the Securityholders shall remain with the Servicer, and the Custodian shall take possession of the Custodial Loan Files as contemplated in Section 2.05 hereof.

Section 2.03 Books and Records; Intention of the Parties.

(a) As of each Transfer Date, the sale of each of the Loans conveyed by the Depositor on such Transfer Date shall be reflected on the balance sheets and other financial statements of the Depositor and the Loan Originator, as the case may be, as a sale of assets and a contribution to capital by the Loan Originator and the Depositor, as applicable, under GAAP. Each of the Servicer and the Custodian shall be responsible for maintaining, and shall maintain, a complete set of books and records for each Loan which shall be clearly marked to reflect the ownership of each Loan, as of the related Transfer Date, by the Issuer and for the benefit of the Securityholders.

(b) It is the intention of the parties hereto that, other than for federal, state and local income or franchise tax purposes, the transfers and assignments of the Trust Estate on the initial Closing Date, on each Transfer Date and as otherwise contemplated by the Basic Documents and the Assignments shall constitute a sale of the Trust Estate including, without limitation, the Loans and all other property comprising the Trust Estate specified in Section 2.01(a) hereof, from the Depositor to the Issuer and such property shall not be property of the Depositor. The parties hereto shall treat the Notes as indebtedness for federal, state and local income and franchise tax purposes.

(c) Each transfer and assignment contemplated by this Agreement shall constitute a sale in part, and a contribution to capital in part, of the Loans from the Depositor to the Issuer. Upon the consummation of those transactions the Loans shall be owned by and be the property of the Issuer, and not owned by or otherwise be the property of, the Depositor for any purpose including without limitation any bankruptcy, receivership, insolvency, liquidation, conservatorship or similar proceeding relating to either the Depositor or the Issuer or any property of either. The parties hereto hereby acknowledge that the Issuer and its creditors are relying, and its subsequent transferees and their creditors will rely, on such sales and contributions being recognized as such. If (A) any transfer and assignment contemplated hereby is subsequently determined for any reason under any circumstances to constitute a transfer to secure a loan rather than a sale in part, and a contribution in part, of the Loans or (B) any Loan is otherwise held to be property of the Depositor, then this Agreement (i) is and shall be a security agreement within the meaning of Articles 8 and 9 of the applicable Uniform Commercial Code and (ii) shall constitute a grant by the Depositor to the Issuer of a security interest in all of the Depositor's right, title and other interest in and to the Loans and the proceeds and other distributions and payments and general intangibles and other rights and benefits in respect thereof. For purposes of perfecting that security interest under any applicable Uniform Commercial Code, the possession by, and notices and other communications with respect thereto to and from, the Issuer or any agent thereof, of money, notes and other documents evidencing ownership of and other rights with respect to the Loans shall be "possession" by the secured party or purchaser and required notices and other communications to and from applicable financial intermediaries, bailees and other agents.

(d) The Depositor at its expense shall take such actions as may be necessary or reasonably requested by the Issuer or the Initial Noteholder to ensure the perfection, and priority to all other security interests, of the security interest described in the preceding paragraph including without limitation the execution and delivery of such financing statements and amendments thereto, continuation statements and other documents as the Issuer may reasonably request.

Section 2.04 Delivery of Loan Documents.

(a) The Loan Originator shall, prior to the related Transfer Date (or, in the case of each Wet Funded Loan, the related Wet Funded Custodial File Delivery Date), in accordance with the terms and conditions set forth in the Custodial Agreement, deliver or cause to be delivered to the Custodian, as the designated agent of the Indenture Trustee, a Loan Schedule and each of the documents constituting the Custodial Loan File with respect to each Loan. The Loan Originator shall ensure that (i) in the event that any Wet Funded Loan is not closed and funded to the order of the appropriate Borrower on the day funds are provided to the Loan Originator by the Purchaser, on behalf of the Issuer, such funds shall be promptly returned to the Purchaser, on behalf of the Issuer and (ii) in the event that any Wet Funded Loan is subject to a rescission, all funds received in connection with such rescission shall be promptly returned to the Purchaser, on behalf of the Issuer.

(b) The Loan Originator shall, on the related Transfer Date (or in the case of a Wet Funded Loan, on or before the related Wet Funded Custodial File Delivery Date), deliver or cause to be delivered to the Servicer the related Servicer's Loan File (i) for the benefit of, and as agent for, the Noteholders and (ii) for the benefit of the Indenture Trustee, on behalf of the Noteholders, for so long as the Notes are outstanding; after the Notes are not outstanding, the Servicer's Loan File shall be held in the custody of the Servicer for the benefit of, and as agent for, the Certificateholders.

(c) The Indenture Trustee shall cause the Custodian to take and maintain continuous physical possession of the Custodial Loan Files in the State of California (or upon prior written notice from the Custodian to the Loan Originator and the Initial Noteholder and delivery of an Opinion of Counsel with respect to the continued perfection of the Indenture Trustee's security interest, in the State of Minnesota or Utah) and, in connection therewith, shall act solely as agent for the Noteholders in accordance with the terms hereof and not as agent for the Loan Originator, the Servicer or any other party.

Section 2.05 Acceptance by the Indenture Trustee of the Loans; Certain Substitutions and Repurchases; Certification by the Custodian.

(a) The Indenture Trustee declares that it will cause the Custodian to hold the Custodial Loan Files and any additions, amendments, replacements or supplements to the documents contained therein, as well as any other assets included in the Trust Estate and delivered to the Custodian, in trust, upon and subject to the conditions set forth herein. The Indenture Trustee further agrees to cause the Custodian to execute and deliver such certifications as are required under the Custodial Agreement and to otherwise direct the Custodian to perform all of its obligations with respect to the Custodial Loan Files in strict accordance with the terms of the Custodial Agreement.

(b) (i) With respect to any Loans which are set forth as exceptions in the Exceptions Report, the Loan Originator shall cure such exceptions by delivering such missing documents to the Custodian or otherwise curing the defect no later than, in the case of (x) a non-Wet Funded Loan, five (5) Business Days, or (y) in the case of a Wet Funded Loan, one (1) Business Day after the Wet Funded Custodial File Delivery Date, in each case, following the receipt of the first Exceptions Report listing such exception with respect to such Loan.

(ii) In the event that, with respect to any Loan, the Loan Originator does not comply with the document delivery requirements of Section 2.04 and such failure has a material adverse effect on the value or enforceability of any Loan, or the interests of the Securityholders in any Loan, the Loan Originator shall repurchase such Loan within one (1) Business Day of notice thereof from the Indenture Trustee or the Initial Noteholder at the Repurchase Price thereof with respect to such Loan by depositing such Repurchase Price in the Collection Account. In lieu of such a repurchase, the Depositor and Loan Originator may comply with the substitution provisions of Section 3.06 hereof. The Loan Originator shall provide the Servicer, the Indenture Trustee, the Issuer and the Initial Noteholder with a certification of a Responsible Officer on or prior to such repurchase or substitution indicating that the Loan Originator intends to repurchase or substitute such Loan.

(iii) It is understood and agreed that the obligation of the Loan Originator to repurchase or substitute any such Loan pursuant to this Section 2.05(b) shall constitute the sole remedy with respect to such failure to comply with the foregoing delivery requirements.

(c) In performing its reviews of the Custodial Loan Files pursuant to the Custodial Agreement, the Custodian shall have no responsibility to determine the genuineness of any document contained therein and any signature thereon. The Custodian shall not have any responsibility for determining whether any document is valid and binding, whether the text of any assignment or endorsement is in proper or recordable form, whether any document has been recorded in accordance with the requirements of any applicable jurisdiction, or whether a blanket assignment is permitted in any applicable jurisdiction.

(d) The Servicer's Loan File shall be held in the custody of the Servicer (i) for the benefit of, and as agent for, the Noteholders and (ii) for the benefit of the Indenture Trustee, on behalf of the Noteholders, for so long as the Notes are outstanding; after the Notes are not outstanding, the Servicer's Loan File shall be held in the custody of the Servicer for the benefit of, and as agent for, the Certificateholders. It is intended that, by the Servicer's agreement pursuant to this Section 2.05(d), the Indenture Trustee shall be deemed to have possession of the Servicer's Loan Files for purposes of Section 9-313 of the Uniform Commercial Code of the State in which such documents or instruments are located. The Servicer shall promptly report to the Indenture Trustee any failure by it to hold the Servicer's Loan File as herein provided and shall promptly take appropriate action to remedy any such failure. In acting as custodian of such documents and instruments, the Servicer agrees not to assert any legal or beneficial ownership interest in the Loans or such documents or instruments. Subject to the exceptions in Section 8.01(a) hereof and the procedure in Section 8.01(d) hereof, the Servicer agrees to indemnify the Securityholders and the Indenture Trustee, their officers, directors, employees, agents and "control persons" as such term is used under the Act and under the Securities Exchange Act of 1934, as amended for any and all liabilities, obligations, losses, damages, payments, costs or expenses of any kind whatsoever which may be imposed on, incurred by or asserted against the Securityholders or the Indenture Trustee as the result of the negligence or willful misfeasance by the Servicer relating to the maintenance and custody of such documents or instruments which have been delivered to the Servicer; provided, however, that the Servicer will not be liable for any portion of any such amount resulting from the negligence or willful misconduct of any Securityholders or the Indenture Trustee; and provided, further, that the Servicer will not be liable for any portion of any such

amount resulting from the Servicer's compliance with any instructions or directions consistent with this Agreement issued to the Servicer by the Indenture Trustee or the Majority Noteholders. The Indenture Trustee shall have no duty to monitor or otherwise oversee the Servicer's performance as custodian of the Servicer Loan File hereunder.

Section 2.06 Conditions to Transfer.

(a) In the case of Wet Funded Loans, by 11:00 a.m. (New York City time) on the related Transfer Date, the Issuer shall give notice to the Initial Noteholder of such upcoming Transfer Date and shall deliver or cause to be delivered to the Initial Noteholder: (i) an estimate of the number of Loans and aggregate Principal Balance of such Loans to be transferred on such Transfer Date and (ii) a funding request amount. By no later than 4:00 p.m. (New York City time) on each Transfer Date, the Issuer shall deliver or cause to be delivered to the Initial Noteholder a Wet Funded Loan Schedule in computer-readable form with respect to the Loans requested to be transferred on such Transfer Date.

(b) In the case of non-Wet Funded Loans, two (2) Business Days prior to each Transfer Date, the Issuer shall give notice to the Initial Noteholder of such upcoming Transfer Date and by no later than 4:00 p.m. (New York City time) on the Business Day preceding each Transfer Date, the Issuer shall deliver or cause to be delivered to the Initial Noteholder: (i) an estimate of the number of Loans and aggregate Principal Balance of such Loans to be transferred on such Transfer Date and (ii) a funding request amount. By no later than 8:00 a.m. (New York City time) on each Transfer Date, the Issuer shall deliver or cause to be delivered to the Initial Noteholder a final Loan Schedule in computer-readable form with respect to the Loans requested to be transferred on such Transfer Date.

(c) On each Transfer Date, the Depositor or the applicable QSPE Affiliate shall convey to the Issuer, the Loans and the other property and rights related thereto described in the related S&SA Assignment, and the Issuer, only upon the satisfaction of each of the conditions set forth below on or prior to such Transfer Date, shall deposit or cause to be deposited cash in the amount of the Additional Note Principal Balance received from the Purchaser in the Advance Account in respect thereof, and the Paying Agent shall, promptly after such deposit, withdraw the amount deposited in respect of applicable Additional Note Principal Balance from the Advance Account, and distribute such amount to or at the direction of the Depositor or the applicable QSPE Affiliate.

(d) As of the Closing Date and each Transfer Date:

(i) the Depositor, the QSPE Affiliate and the Servicer, as applicable, shall have delivered to the Issuer and the Initial Noteholder duly executed Assignments, which shall have attached thereto a Loan Schedule setting forth the appropriate information with respect to all Loans conveyed on such Transfer Date and shall have delivered to the Initial Noteholder a computer readable transmission of such Loan Schedule;

(ii) the Depositor shall have deposited, or caused to be deposited, in the Collection Account all collections received with respect to each of the Loans on and after the applicable Transfer Cut-off Date;

(iii) as of such Transfer Date, none of the Loan Originator, the Depositor or the QSPE Affiliate, as applicable, shall (A) be insolvent, (B) be made insolvent by its respective sale of Loans or (C) have reason to believe that its insolvency is imminent;

(iv) the Revolving Period shall not have terminated;

(v) as of such Transfer Date (after giving effect to the sale of Loans on such Transfer Date), there shall be no Overcollateralization Shortfall;

(vi) in the case of non-Wet Funded Loans, the Issuer shall have delivered the Custodial Loan File to the Custodian in accordance with the Custodial Agreement and the Initial Noteholder shall have received a Trust Receipt by 4:30 p.m. New York City time, reflecting such delivery; provided that, in the event that any Additional Note Principal Balance is to be paid earlier than 8:00 a.m. New York City time on the Transfer Date, the Trust Receipt must be received by the Initial Noteholder prior to 6:00 p.m. New York City time on the Business Day prior to such Transfer Date; and provided further that no Additional Note Principal Balance shall be paid as to a Loan that has a Fatal Exception, as indicated on the Custodian's certification provided pursuant to the Custodial Agreement;

(vii) each of the representations and warranties made by the Loan Originator contained in Exhibit E with respect to the Loans shall be true and correct in all material respects as of the related Transfer Date with the same effect as if then made and the proviso set forth in Section 3.05 hereof with respect to Loans sold by a QSPE Affiliate shall not be applicable to any Loans, and the Depositor or the QSPE Affiliate, as applicable, shall have performed all obligations to be performed by it under the Basic Documents on or prior to such Transfer Date;

(viii) the Depositor or the QSPE Affiliate and the Servicer shall, at its own expense, within one (1) Business Day following the Transfer Date, indicate in their computer files that the Loans identified in each S&SA Assignment have been sold to the Issuer pursuant to this Agreement and the S&SA Assignment;

(ix) the Depositor or the QSPE Affiliate shall have taken any action requested by the Indenture Trustee, the Issuer or the Noteholders required to maintain the ownership interest of the Issuer in the Trust Estate;

(x) no selection procedures believed by the Depositor or the QSPE Affiliate to be adverse to the interests of the Noteholders shall have been utilized in selecting the Loans to be conveyed on such Transfer Date;

(xi) the Depositor shall have provided the Issuer, the Indenture Trustee and the Initial Noteholder no later than two (2) Business Days prior to such date a notice of Additional Note Principal Balance in the form of Exhibit A hereto;

(xii) after giving effect to the Additional Note Principal Balance associated therewith, the Note Principal Balance will not exceed the Maximum Note Principal Balance;

(xiii) all conditions precedent to the Depositor's purchase of Loans pursuant to the Loan Purchase and Contribution Agreement shall have been fulfilled as of such Transfer Date and, in the case of purchases from a QSPE Affiliate, all conditions precedent to the Issuer's purchase of Loans pursuant to the Master Disposition Confirmation Agreement shall have been fulfilled as of such Transfer Date;

(xiv) all conditions precedent to the Noteholders' purchase of Additional Note Principal Balance pursuant to the Note Purchase Agreement shall have been fulfilled as of such Transfer Date; and

(xv) with respect to each Loan acquired from any QSPE Affiliate that has a limited right of recourse to the Loan Originator under the terms of the applicable loan purchase agreement, the Loan Originator has not been required to pay any amount to or on behalf of such QSPE Affiliate that lowered the recourse to the Loan Originator available to such QSPE Affiliate below the maximum recourse to the Loan Originator available to such QSPE Affiliate under the terms of the related loan purchase contract providing for recourse by that QSPE Affiliate to the Loan Originator.

Section 2.07 Termination of Revolving Period.

Upon the occurrence of (i) an Event of Default or Default or (ii) the Unfunded Transfer Obligation Percentage equals 4% or less or (iii) either (a) the aggregate Principal Balance of all Loans that are 30 to 59 days Delinquent as of such Determination Date divided by the Pool Principal Balance as of such Determination Date is greater than 5% (unless such percentage is reduced to less than 5% within three Business Days of such Determination Date as a result of the exercise of a Servicer Call) or (b) the aggregate Principal Balance of all Loans that are 60 to 89 days Delinquent as of such Determination Date divided by the Pool Principal Balance as of such Determination Date is greater than 2% (unless such percentage is reduced to less than 2% within three Business Days of such Determination Date as a result of the exercise of a Servicer Call) or (iv) Option One, Option One Capital or any of their Affiliates default under, or fail to perform as requested under, or shall otherwise materially breach the terms of any repurchase agreement, loan and security agreement or similar credit facility or agreement entered into by Option One, Option One Capital or any of their Affiliates, including without limitation, the Sale and Servicing Agreement, dated as of April 1, 2001, among the Option One Owner Trust 2001-1A, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of July 2, 2002, among the Option One Owner Trust 2002-3, the Depositor, Option One and the Facility Administrator, the Sale and Servicing Agreement, dated as of August 8, 2003, among the Option One Owner Trust 2003-4, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of June 1, 2005, among Option One Owner Trust 2005-6, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of September 1, 2005, among the Option One Owner Trust 2005-7, the Depositor, Option One and

the Indenture Trustee, the Sale and Servicing Agreement, dated as of October 1, 2005 among Option One Owner Trust 2005-8, the Depositor, Option One and the Indenture Trustee and the Sale and Servicing Agreement, dated as of December 30, 2005 among Option One Owner Trust 2005-9, the Depositor, Option One and the Indenture Trustee, in each case as amended from time to time, and such default, failure or breach shall entitle any counterparty to declare the Indebtedness thereunder to be due and payable prior to the maturity thereof. The Initial Noteholder may, in any such case, in its sole discretion, terminate the Revolving Period.

Section 2.08 Correction of Errors.

The parties hereto who have relevant information shall cooperate to reconcile any errors in calculating the Sales Price from and after the Closing Date. In the event that an error in the Sales Price is discovered by either party, including without limitation, any error due to miscalculations of Market Value where insufficient information has been provided with respect to a Loan to make an accurate determination of Market Value as of any applicable Transfer Date, any miscalculations of Principal Balance, accrued interest, Overcollateralization Shortfall or aggregate unreimbursed Servicing Advances attributable to the applicable Loan, or any prepayments not properly credited, such party shall give prompt notice to the other parties hereto, and the party that shall have benefited from such error shall promptly remit to the other, by wire transfer of immediately available funds, the amount of such error with no interest thereon.

ARTICLE III

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 3.01 Representations, Warranties and Covenants of the Depositor.

The Depositor hereby represents, warrants and covenants to the other parties hereto and the Securityholders that as of the Closing Date and as of each Transfer Date:

(a) The Depositor is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has, and had at all relevant times, full power to own its property, to carry on its business as currently conducted, to enter into and perform its obligations under each Basic Document to which it is a party;

(b) The execution and delivery by the Depositor of each Basic Document to which the Depositor is a party and its performance of and compliance with all of the terms thereof will not violate the Depositor's organizational documents or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in the breach or acceleration of, any material contract, agreement or other instrument to which the Depositor is a party or which are applicable to the Depositor or any of its assets;

(c) The Depositor has the full power and authority to enter into and consummate the transactions contemplated by each Basic Document to which the Depositor is a party, has duly authorized the execution, delivery and performance of each Basic Document to which it is a party and has duly executed and delivered each Basic Document to which it is a party; each Basic Document to which it is a party, assuming due authorization, execution and delivery by the other party or parties

thereto, constitutes a valid, legal and binding obligation of the Depositor, enforceable against it in accordance with the terms thereof, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the rights of creditors generally, and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law);

(d) The Depositor is not in violation of, and the execution and delivery by the Depositor of each Basic Document to which the Depositor is a party and its performance and compliance with the terms of each Basic Document to which the Depositor is a party will not constitute a violation with respect to, any order or decree of any court or any order or regulation of any federal, state, municipal or governmental agency having jurisdiction, which violation would materially and adversely affect the condition (financial or otherwise) or operations of the Depositor or any of its properties or materially and adversely affect the performance of any of its duties hereunder;

(e) There are no actions or proceedings against, or investigations of, the Depositor currently pending with regard to which the Depositor has received service of process and no action or proceeding against, or investigation of, the Depositor is, to the knowledge of the Depositor, threatened or otherwise pending before any court, administrative agency or other tribunal that (A) if determined adversely to the Depositor, have a reasonable possibility of prohibiting or preventing its entering into any of the Basic Documents to which it is a party or render the Securities invalid, (B) seek to prevent the issuance of the Securities or the consummation of any of the transactions contemplated by any of the Basic Documents to which it is a party or (C) if determined adversely to the Depositor, would prohibit or materially and adversely affect the performance by the Depositor of its obligations under, or the validity or enforceability of, any of the Basic Documents to which it is a party or the Securities, provided, however, that insofar as this representation relates to the Loan Originator's satisfaction of its financial covenants, there is also a reasonable possibility of an adverse determination of such action, proceeding or investigation having such effect;

(f) No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by the Depositor of, or compliance by the Depositor with, any of the Basic Documents to which the Depositor is a party or the Securities, or for the consummation of the transactions contemplated by any of the Basic Documents to which the Depositor is a party, except for such consents, approvals, authorizations and orders, if any, that have been obtained prior to such date;

(g) The Depositor is solvent, is able to pay its debts as they become due and has capital sufficient to carry on its business and its obligations hereunder; it will not be rendered insolvent by the execution and delivery of any of the Basic Documents to which it is a party or the assumption of any of its obligations thereunder; no petition of bankruptcy (or similar insolvency proceeding) has been filed by or against the Depositor;

(h) The Depositor did not transfer the Loans sold thereon by the Depositor to the Trust with any intent to hinder, delay or defraud any of its creditors; nor will the Depositor be rendered insolvent as a result of such sale;

(i) The Depositor had good title to, and was the sole owner of, each Loan sold thereon by the Depositor free and clear of any lien other than any such lien released simultaneously

with the sale contemplated herein, and, immediately upon each transfer and assignment herein contemplated, the Depositor will have delivered to the Trust good title to, and the Trust will be the sole owner of, each Loan transferred by the Depositor thereon free and clear of any lien;

(j) The Depositor acquired title to each of the Loans sold thereon by the Depositor in good faith, without notice of any adverse claim;

(k) None of the Basic Documents to which the Depositor is a party, nor any Officer's Certificate, statement, report or other document prepared by the Depositor and furnished or to be furnished by it pursuant to any of the Basic Documents to which it is a party or in connection with the transactions contemplated thereby contains any untrue statement of material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading;

(l) The Depositor is not required to be registered as an "investment company," under the Investment Company Act of 1940, as amended;

(m) The transfer, assignment and conveyance of the Loans by the Depositor thereon pursuant to this Agreement is not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction;

(n) The Depositor's principal place of business and chief executive offices are located at Irvine, California or at such other address as shall be designated by such party in a written notice to the other parties hereto;

(o) The Depositor covenants that during the continuance of this Agreement it will comply in all respects with the provisions of its organizational documents in effect from time to time;

(p) The representations and warranties set forth in (h), (i), (j) and (m) above were true and correct with respect to each Loan transferred to the Trust by any QSPE Affiliate at the time such Loan was transferred to such QSPE Affiliate by the Depositor; and

(q) Whenever the Depositor becomes aware that a claim is being asserted against Depositor in a judicial, administrative or arbitration forum, the Depositor shall promptly notify the Initial Noteholder of the existence and general nature of such claim.

Section 3.02 Representations and Warranties of the Loan Originator.

The Loan Originator hereby represents and warrants to the other parties hereto and the Securityholders that as of the Closing Date and as of each Transfer Date:

(a) The Loan Originator is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and (i) is duly qualified, in good standing and licensed to carry on its business in each state where any Mortgaged Property related to a Loan sold by it is located and (ii) is in compliance with the laws of any such jurisdiction, in both cases, to the extent necessary to ensure the enforceability of such Loans in accordance with the terms thereof and had at all relevant times, full corporate power to originate such Loans, to own its property, to carry on its business as currently conducted and to enter into and perform its obligations under each Basic Document to which it is a party;

(b) The execution and delivery by the Loan Originator of each Basic Document to which it is a party and its performance of and compliance with the terms thereof will not violate the Loan Originator's articles of organization or by-laws or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in the breach or acceleration of, any contract, agreement or other instrument to which the Loan Originator is a party or which may be applicable to the Loan Originator or any of its assets;

(c) The Loan Originator has the full power and authority to enter into and consummate all transactions contemplated by the Basic Documents to be consummated by it, has duly authorized the execution, delivery and performance of each Basic Document to which it is a party and has duly executed and delivered each Basic Document to which it is a party; each Basic Document to which it is a party, assuming due authorization, execution and delivery by each of the other parties thereto, constitutes a valid, legal and binding obligation of the Loan Originator, enforceable against it in accordance with the terms hereof, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the rights of creditors generally, and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law);

(d) The Loan Originator is not in violation of, and the execution and delivery of each Basic Document to which it is a party by the Loan Originator and its performance and compliance with the terms of each Basic Document to which it is a party will not constitute a violation with respect to, any order or decree of any court or any order or regulation of any federal, state, municipal or governmental agency having jurisdiction, which violation would materially and adversely affect the condition (financial or otherwise) or operations of the Loan Originator or its properties or materially and adversely affect the performance of its duties under any Basic Document to which it is a party;

(e) There are no actions or proceedings against, or investigations of, the Loan Originator currently pending with regard to which the Loan Originator has received service of process and no action or proceeding against, or investigation of, the Loan Originator is, to the knowledge of the Loan Originator, threatened or otherwise pending before any court, administrative agency or other tribunal that (A) if determined adversely to the Loan Originator, would reasonably be expected to prohibit its entering into any Basic Document to which it is a party or render the Securities invalid, (B) seek to prevent the issuance of the Securities or the consummation of any of the transactions contemplated by any Basic Document to which it is a party or (C) if determined adversely to the Loan Originator, would have a reasonable possibility of prohibiting or preventing or materially and adversely affecting the sale of the Loans to the Depositor, the performance by the Loan Originator of its obligations under, or the validity or enforceability of, any Basic Document to which it is a party or the Securities; provided, however, that insofar as this representation relates to the Loan Originator's satisfaction of its financial covenants contained in any Basic Document, there is also a reasonable possibility of an adverse determination of such action, proceeding or investigation having such effect;

(f) No consent, approval, authorization or order of any court or governmental agency or body is required for: (1) the execution, delivery and performance by the Loan Originator of, or compliance by the Loan Originator with, any Basic Document to which it is a party, (2) the issuance of the Securities, (3) the sale and contribution of the Loans, or (4) the consummation of the

transactions required of it by any Basic Document to which it is a party, except such as shall have been obtained before such date;

(g) Immediately prior to the sale of any Loan to the Depositor, the Loan Originator had good title to such Loan sold by it on such date without notice of any adverse claim;

(h) The information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of the Loan Originator to the Purchaser in connection with the negotiation, preparation or delivery of the Basic Documents to which it is a party or delivered pursuant thereto, when taken as a whole, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. All written information furnished after the date hereof by or on behalf of the Loan Originator to the Initial Noteholder or any Noteholder in connection with the Basic Documents to which it is a party and the transactions contemplated thereby will be true, complete and accurate in every material respect, or (in the case of projections) based on reasonable estimates, on the date as of which such information is stated or certified;

(i) The Loan Originator is solvent, is able to pay its debts as they become due and has capital sufficient to carry on its business and its obligations under each Basic Document to which it is a party; it will not be rendered insolvent by the execution and delivery of this Agreement or by the performance of its obligations under each Basic Document to which it is a party; no petition of bankruptcy (or similar insolvency proceeding) has been filed by or against the Loan Originator prior to the date hereof;

(j) The Loan Originator has transferred the Loans transferred by it on or prior to such Transfer Date without any intent to hinder, delay or defraud any of its creditors;

(k) Option One has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it to Option One Capital and the Loan Originator has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it to on such Transfer Date to the Depositor;

(l) The Loan Originator has not dealt with any broker or agent or other Person who might be entitled to a fee, commission or compensation in connection with the transaction contemplated by this Agreement;

(m) Option One is in compliance with each of its financial covenants set forth in Section 7.02;

(n) The Loan Originator’s principal place of business and chief executive offices are located at Irvine, California or at such other address as shall be designated by such party in a written notice to the other parties hereto; and

(o) Whenever the Loan Originator becomes aware that a claim is being asserted against the Loan Originator in a judicial, administrative or arbitration forum, in which the amount of claimed damages exceeds $5 million (and without regard to the Loan Originator’s judgment as to the likelihood of actual recovery of such amount or any amount), the Loan Originator shall promptly notify the Initial Noteholder of the existence and general nature of such claim.

It is understood and agreed that the representations and warranties set forth in this Section 3.02 shall survive delivery of the respective Custodial Loan Files to the Custodian (as the agent of the Indenture Trustee) and shall inure to the benefit of the Securityholders, the Depositor, the Servicer, the Indenture Trustee, the Owner Trustee and the Issuer. Upon discovery by the Loan Originator, the Depositor, the Servicer, the Indenture Trustee or the Issuer of a breach of any of the foregoing representations and warranties that materially and adversely affects the value of any Loan or the interests of the Securityholders in any Loan or in the Securities, the party discovering such breach shall give prompt written notice (but in no event later than two (2) Business Days following such discovery) to the other parties and to the Initial Noteholder. The obligations of the Loan Originator set forth in Sections 2.05 and 3.06 hereof to cure any breach or to substitute for or repurchase an affected Loan shall constitute the sole remedies available hereunder to the Securityholders, the Depositor, the Servicer, the Indenture Trustee, the Owner Trustee or the Issuer respecting a breach of the representations and warranties contained in this Section 3.02, but shall be cumulative with, and not exclusive of, any remedies provided in any other Basic Document with respect to breaches of the Loan Originator's representations and warranties set forth therein. The fact that the Initial Noteholder or any Noteholder has conducted or has failed to conduct any partial or complete due diligence investigation of the Loan Files shall not affect the Securityholders rights to demand repurchase or substitution as provided under this Agreement.

Section 3.03 Representations, Warranties and Covenants of the Servicer.

The Servicer hereby represents and warrants to and covenants with the other parties hereto and the Securityholders that as of the Closing Date and as of each Transfer Date:

(a) The Servicer is a corporation duly organized, validly existing and in good standing under the laws of the State of California and (i) is duly qualified, in good standing and licensed to carry on its business in each state where any Mortgaged Property is located, and (ii) is in compliance with the laws of any such state, in both cases, to the extent necessary to ensure the enforceability of the Loans in accordance with the terms thereof and to perform its duties under each Basic Document to which it is a party and had at all relevant times, full corporate power to own its property, to carry on its business as currently conducted, to service the Loans and to enter into and perform its obligations under each Basic Document to which it is a party;

(b) The execution and delivery by the Servicer of each Basic Document to which it is a party and its performance of and compliance with the terms thereof will not violate the Servicer's articles of incorporation or by-laws or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in the breach or acceleration of, any material contract, agreement or other instrument to which the Servicer is a party or which are applicable to the Servicer or any of its assets;

(c) The Servicer has the full power and authority to enter into and consummate all transactions contemplated by each Basic Document to which it is a party, has duly authorized the execution, delivery and performance of each Basic Document to which it is a party and has duly executed and delivered each Basic Document to which it is a party. Each Basic Document to which it is a party, assuming due authorization, execution and delivery by each of the other parties thereto, constitutes a valid, legal and binding obligation of the Servicer, enforceable against it in accordance

with the terms hereof, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the rights of creditors generally, and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law);

(d) The Servicer is not in violation of, and the execution and delivery of each Basic Document to which it is a party by the Servicer and its performance and compliance with the terms of each Basic Document to which it is a party will not constitute a violation with respect to, any order or decree of any court or any order or regulation of any federal, state, municipal or governmental agency having jurisdiction, which violation would materially and adversely affect the condition (financial or otherwise) or operations of the Servicer or materially and adversely affect the performance of its duties under any Basic Document to which it is a party;

(e) There are no actions or proceedings against, or investigations of, the Servicer currently pending with regard to which the Servicer has received notice or service of process; and no action or proceeding against, or investigation of, the Servicer is, to the knowledge of the Servicer, threatened or otherwise pending before any court, administrative agency or other tribunal or local, state or federal body or agency that (A) if determined adversely to the Servicer, would prohibit its entering into any Basic Document to which it is a party, (B) seek to prevent the consummation of any of the transactions contemplated by any Basic Document to which it is a party, (C) if determined adversely to the Servicer, would have a reasonable possibility of prohibiting or materially and adversely affect the performance by the Servicer of its obligations under, or the validity or enforceability of, any Basic Document to which it is a party or the Securities; provided, however, that insofar as this representation relates to the Loan Originator's satisfaction of its financial covenants under any of the Basic Documents, there is also a reasonable possibility of an adverse determination of such action, proceeding or investigation having such effect, or (D) allege that the Servicer has engaged in practices, with respect to any of the Loans, that are predatory, abusive, deceptive or otherwise wrongful under an applicable statute, regulation or ordinance or that are otherwise actionable and that have a reasonable possibility of adverse determination;

(f) No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by the Servicer of, or compliance by the Servicer with, any Basic Document to which it is a party or the Securities, or for the consummation of the transactions contemplated by any Basic Document to which it is a party, except for such consents, approvals, authorizations and orders, if any, that have been obtained prior to such date;

(g) The information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of the Servicer to the Majority Noteholders in connection with the negotiation, preparation or delivery of the Basic Documents to which it is a party or delivered pursuant thereto, when taken as a whole, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. All written information furnished after the date hereof by or on behalf of the Servicer to the Noteholders in connection with the Basic Documents to which it is a party and the transactions contemplated thereby will be true, complete and accurate in every material respect, or (in the case of projections) based on reasonable estimates, on the date as of which such information is stated or certified;

(h) The Servicer is solvent and will not be rendered insolvent as a result of the performance of its obligations pursuant to under the Basic Documents to which it is a party;

(i) The Servicer acknowledges and agrees that the Servicing Compensation represents reasonable compensation for the performance of its services hereunder and that the entire Servicing Compensation shall be treated by the Servicer, for accounting purposes, as compensation for the servicing and administration of the Loans pursuant to this Agreement;

(j) The Servicer is in compliance with each of its financial covenants set forth in Section 7.02;

(k) Each Subservicer is an Eligible Servicer and the Servicer covenants to cause each Subservicer to be an Eligible Servicer;

(l) The Servicer has not engaged in any practice or activity with respect to the Loans, or any other loans, that is predatory, abusive, deceptive or otherwise wrongful under the statutes, regulations and ordinances, if any, that are applicable to the particular loans or that is otherwise actionable;

(m) Whenever the Servicer becomes aware that a claim is being asserted against Servicer in a judicial, administrative or arbitration forum, in which the amount of claimed damages exceeds $5 million (and without regard to the Servicer's judgment as to the likelihood of actual recovery of such amount or any amount), the Servicer shall promptly notify the Initial Noteholder of the existence and general nature of such claim;

(n) Whenever the Servicer, the Depositor or the Loan Originator becomes aware of a failure on the part of such company duly to observe or perform in any material respect any other of the material covenants or agreements on the part of the Servicer, contained in any Basic Document to which it is a party, such company shall notify the Initial Noteholder of the existence and general nature of such failure; and

(o) Whenever the Servicer, the Depositor or the Loan Originator becomes aware of a breach on the part of such company of any representation or warranty contained in any Basic Document to which it is a party, such company shall notify the Initial Noteholder of the existence and general nature of such breach.

It is understood and agreed that the representations, warranties and covenants set forth in this Section 3.03 shall survive delivery of the respective Custodial Loan Files to the Indenture Trustee or the Custodian on its behalf and shall inure to the benefit of the Depositor, the Securityholders, the Indenture Trustee, the Owner Trustee and the Issuer. Upon discovery by the Loan Originator, the Depositor, the Servicer, the Indenture Trustee, the Owner Trustee or the Issuer of a breach of any of the foregoing representations, warranties and covenants that materially and adversely affects the value of any Loan or the interests of the Securityholders therein or in the Securities, the party discovering such breach shall give prompt written notice (but in no event later than two (2) Business Days following such discovery) to the other parties and to the Initial Noteholder, and the Servicer shall take appropriate action to correct the breach. The fact that the Initial Noteholder or any Noteholder has conducted or has failed to conduct any

partial or complete due diligence investigation shall not affect the Securityholders, rights to exercise their remedies as provided under this Agreement.

Section 3.04 Reserved.

Section 3.05 Representations and Warranties Regarding Loans.

The Loan Originator makes each of the representations and warranties set forth on Exhibit E hereto with respect to each Loan, provided, however, that with respect to each Loan proposed to be transferred to the Issuer by a QSPE Affiliate, to the extent that the Loan Originator has at the time of such transfer actual knowledge of any facts or circumstances that would render any of such representations and warranties materially false, the Loan Originator shall notify the Initial Noteholder of such facts or circumstances and, in such event, shall have no obligation to make such materially false representation and warranty and the Issuer shall not purchase such Loan.

In addition, the Loan Originator represents and warrants with respect to each Loan sold by a QSPE Affiliate that the Loan Originator has not been required to pay any amount to or on behalf of such QSPE Affiliate that lowered the recourse to the Loan Originator available to such QSPE Affiliate below the maximum recourse to the Loan Originator available to such QSPE Affiliate under the terms of any loan purchase agreement providing for recourse by that QSPE Affiliate to the Loan Originator.

Section 3.06 Purchase and Substitution.

(a) It is understood and agreed that the representations and warranties set forth in Exhibit E hereto shall survive the conveyance of the Loans to the Indenture Trustee on behalf of the Issuer, and the delivery of the Securities to the Securityholders. Upon discovery by the Depositor, the Servicer, the Loan Originator, the Custodian, the Issuer, the Indenture Trustee or any Securityholder of a breach of any of such representations and warranties or the representations and warranties of the Loan Originator set forth in Section 3.02 which materially and adversely affects the value or enforceability of any Loan or the interests of the Securityholders in any Loan (notwithstanding that such representation and warranty was made to the Loan Originator's best knowledge) or which constitutes a breach of the representations and warranties set forth in Exhibit E, the party discovering such breach shall give prompt written notice to the others and to the Initial Noteholder. The Loan Originator shall within five Business Days of the earlier of the Loan Originator's discovery or the Loan Originator's receiving notice of any breach of a representation or warranty, promptly cure such breach in all material respects. If within five Business Days after the earlier of the Loan Originator's discovery of such breach or the Loan Originator's receiving notice thereof such breach has not been remedied by the Loan Originator and such breach materially and adversely affects the interests of the Securityholders in the related Loan (an "Unqualified Loan"), the Loan Originator shall promptly upon receipt of instructions from the Majority Noteholders either (i) remove such Unqualified Loan from the Trust (in which case it shall become a Deleted Loan) and substitute one or more Qualified Substitute Loans in the manner and subject to the conditions set forth in this Section 3.06 or (ii) purchase such Unqualified Loan at a purchase price equal to the Repurchase Price with respect to such Unqualified Loan by depositing or causing to be deposited such Repurchase Price in the Collection Account.

Any substitution of Loans pursuant to this Section 3.06(a) shall be accompanied by payment by the Loan Originator of the Substitution Adjustment, if any, (x) if no Overcollateralization Shortfall exists on the date of such substitution (after giving effect to such substitution), remitted to the Noteholders in accordance with Section 5.01(c)(4)(i) or (y) otherwise to be deposited in the Collection Account pursuant to Section 5.01(b) hereof.

(b) As to any Deleted Loan for which the Loan Originator substitutes a Qualified Substitute Loan or Loans, the Loan Originator shall effect such substitution by delivering to the Indenture Trustee and the Initial Noteholder a certification executed by a Responsible Officer of the Loan Originator to the effect that the Substitution Adjustment, if any, has been (x) if no Overcollateralization Shortfall exists on the date of such substitution (after giving effect to such substitution), remitted to the Noteholders in accordance with Section 5.01(c)(4)(i), or (y) otherwise deposited in the Collection Account. As to any Deleted Loan for which the Loan Originator substitutes a Qualified Substitute Loan or Loans, the Loan Originator shall effect such substitution by delivering to the Custodian the documents constituting the Custodial Loan File for such Qualified Substitute Loan or Loans.

The Servicer shall deposit in the Collection Account all payments received in connection with each Qualified Substitute Loan after the date of such substitution. Monthly Payments received with respect to Qualified Substitute Loans on or before the date of substitution will be retained by the Loan Originator. The Trust will be entitled to all payments received on the Deleted Loan on or before the date of substitution and the Loan Originator shall thereafter be entitled to retain all amounts subsequently received in respect of such Deleted Loan. The Loan Originator shall give written notice to the Issuer, the Servicer (if the Loan Originator is not then acting as such), the Indenture Trustee and the Initial Noteholder that such substitution has taken place and the Servicer shall amend the Loan Schedule to reflect (i) the removal of such Deleted Loan from the terms of this Agreement and (ii) the substitution of the Qualified Substitute Loan. The Servicer shall promptly deliver to the Issuer, the Loan Originator, the Indenture Trustee and the Initial Noteholder, a copy of the amended Loan Schedule. Upon such substitution, such Qualified Substitute Loan or Loans shall be subject to the terms of this Agreement in all respects, and the Loan Originator shall be deemed to have made with respect to such Qualified Substitute Loan or Loans, as of the date of substitution, the covenants, representations and warranties set forth in Exhibit E hereto. On the date of such substitution, the Loan Originator will (x) if no Overcollateralization Shortfall exists as of the date of substitution (after giving effect to such substitution), remit to the Noteholders as provided in Section 5.01(c)(4)(i) or (y) otherwise deposit into the Collection Account, in each case an amount equal to the related Substitution Adjustment, if any. In addition, on the date of such substitution, the Servicer shall cause the Indenture Trustee to release the Deleted Loan from the Lien of the Indenture and the Servicer will cause such Qualified Substitute Loan to be pledged to the Indenture Trustee under the Indenture as part of the Trust Estate.

(c) With respect to all Unqualified Loans or other Loans repurchased by the Loan Originator pursuant to this Agreement, upon the deposit of the Repurchase Price therefor into the Collection Account or the conveyance of one or more Qualified Substitute Loans and payment of any Substitution Adjustment, (i) the Issuer shall assign to the Loan Originator, without representation or warranty, all of the Issuer’s right, title and interest in and to such Unqualified Loan, which right, title and interest were conveyed to the Issuer pursuant to Section 2.01 hereof and (ii) the Indenture Trustee shall assign to the Loan Originator, without recourse, representation or warranty, all the Indenture

Trustee's right, title and interest in and to such Unqualified Loans or Loans, which right, title and interest were conveyed to the Indenture Trustee pursuant to Section 2.01 hereof and the Indenture. The Issuer and the Indenture Trustee shall, at the expense of the Loan Originator, take any actions as shall be reasonably requested by the Loan Originator to effect the repurchase of any such Loans and to have the Custodian return the Custodial Loan File of the Deleted Loan to the Servicer.

(d) It is understood and agreed that the obligations of the Loan Originator set forth in this Section 3.06 to cure, purchase or substitute for an Unqualified Loan constitute the sole remedies hereunder of the Depositor, the Issuer, the Indenture Trustee, the Owner Trustee and the Securityholders respecting a breach of the representations and warranties contained in Sections 3.02 hereof and in Exhibit E hereto. Any cause of action against the Loan Originator relating to or arising out of a defect in a Custodial Loan File or against the Loan Originator relating to or arising out of a breach of any representations and warranties made in Sections 3.02 hereof and in Exhibit E hereto shall accrue as to any Loan upon (i) discovery of such defect or breach by any party and notice thereof to the Loan Originator or knowledge thereof by the Loan Originator (whereupon the Loan Originator shall be obligated to give notice thereof to the Indenture Trustee and the Initial Noteholder) and either (ii) failure by the Loan Originator to cure such defect or breach or purchase or substitute such Loan as specified above or (iii) demand upon the Loan Originator, as applicable, by the Issuer or the Majority Noteholders for all amounts payable in respect of such Loan.

(e) Neither the Issuer nor the Indenture Trustee shall have any duty to conduct any affirmative investigation other than as specifically set forth in this Agreement as to the occurrence of any condition requiring the repurchase or substitution of any Loan pursuant to this Section or the eligibility of any Loan for purposes of this Agreement.

Section 3.07 Disposition.

(a) The Majority Noteholders may at any time, and from time to time, require that the Issuer redeem all or any portion of the Note Principal Balance of the Notes by paying the Note Redemption Amount with respect to the Note Principal Balance to be redeemed in accordance with Section 10.04. In connection with any such redemption, the Issuer shall effect Dispositions at the direction of the Majority Noteholders in accordance with this Agreement, including in accordance with this Section 3.07.

(b) (i) In consideration of the consideration received from the Depositor under the Loan Purchase and Contribution Agreement, the Loan Originator hereby agrees and covenants that in connection with each Disposition it shall effect the following:

(A) make such representations and warranties concerning the Loans as of the "cut-off date" of the related Disposition to the Disposition Participants as may be necessary to effect the Disposition and such additional representations and warranties as may be necessary, in the reasonable opinion of any of the Disposition Participants, to effect such Disposition; provided, that, to the extent that the Loan Originator has at the time of the Disposition actual knowledge of any facts or circumstances that would render any of such representations and warranties materially false, the Loan Originator may notify the Disposition

Participants of such facts or circumstances and, in such event, shall have no obligation to make such materially false representation and warranty;

(B) supply such information, opinions of counsel, letters from law and/or accounting firms and other documentation and certificates regarding the origination of the Loans as any Disposition Participant shall reasonably request to effect a Disposition and enter into such indemnification agreements customary for such transaction relating to or in connection with the Disposition as the Disposition Participants may reasonably require;

(C) make itself available for and engage in good faith consultation with the Disposition Participants concerning information to be contained in any document, agreement, private placement memorandum, or filing with the Securities and Exchange Commission relating to the Loan Originator or the Loans in connection with a Disposition and shall use reasonable efforts to compile any information and prepare any reports and certificates, into a form, whether written or electronic, suitable for inclusion in such documentation;

(D) to implement the foregoing and to otherwise effect a Disposition, enter into, or arrange for its Affiliates to enter into insurance and indemnity agreements, underwriting or placement agreements, servicing agreements, purchase agreements and any other documentation which may reasonably be required of or reasonably deemed appropriate by the Disposition Participants in order to effect a Disposition; and

(E) take such further actions as may be reasonably necessary to effect the foregoing; provided, that notwithstanding anything to the contrary, (a) the Loan Originator shall have no liability for the Loans arising from or relating to the ongoing ability of the related Borrowers to pay under the Loans; (b) none of the indemnities hereunder shall constitute an unconditional guarantee by the Loan Originator of collectability of the Loans; (c) the Loan Originator shall have no obligation with respect to the financial inability of any Borrower to pay principal, interest or other amount owing by such Borrower under a Loan; and (d) the Loan Originator shall only be required to enter into documentation in connection with Dispositions that is consistent with the prior public securitizations of affiliates of the Loan Originator, provided that to the extent an Affiliate of any Noteholder acts as “depositor” or performs a similar function in a Securitization, additional indemnities and informational representations and warranties are provided which are consistent with those in the Basic Documents and may upon request of the Loan Originator be set forth in a separate agreement between such Affiliate of the Noteholder and the Loan Originator.

(ii) In the event of any Disposition to the Loan Originator or any of its Affiliates (except in connection with a Securitization or a Disposition to a QSPE Affiliate), the purchase price paid by the Loan Originator or any such Affiliate shall be the “fair market value” of the Loans subject to such Disposition (as determined by the Market Value Agent based upon recent sales of comparable

loans or such other objective criteria as may be approved for determining “fair market value” by a “Big Four” national accounting firm).

(iii) As long as no Event of Default or Default shall have occurred and be continuing under this Agreement or the Indenture, the Servicer may continue to service the Loans included in any Disposition subject to any applicable “term-to-term” servicing provisions in Section 9.01(b) and subject to any required amendments to the related servicing provisions as may be necessary to effect the related Disposition including but not limited to the obligation to make recoverable principal and interest advances on the Loans.

After the termination of the Revolving Period, the Issuer shall effect one or more Dispositions at the direction of the Disposition Agent, and the Loan Originator and the Depositor agree to use commercially reasonable efforts to effectuate such Dispositions.

(c) The Issuer shall effect Dispositions at the direction of the Majority Noteholders in accordance with the terms of this Agreement and the Basic Documents. In connection therewith, the Trust agrees to assist the Loan Originator in such Dispositions and accordingly it shall, at the request and direction of the Majority Noteholders:

(i) transfer, deliver and sell all or a portion of the Loans, as of the “cut-off dates” of the related Dispositions, to such Disposition Participants as may be necessary to effect the Dispositions; provided, that any such sale shall be for “fair market value,” as determined by the Market Value Agent in its reasonable discretion;

(ii) deposit the cash Disposition Proceeds into the Distribution Account pursuant to Section 5.01(c)(2)(D);

(iii) to the extent that a Securitization creates any Retained Securities, to accept such Retained Securities as a part of the Disposition Proceeds in accordance with the terms of this Agreement; and

(iv) take such further actions, including executing and delivering documents, certificates and agreements, as may be reasonably necessary to effect such Dispositions.

(d) The Servicer hereby covenants that it will take such actions as may be reasonably necessary to effect Dispositions as the Disposition Participants may request and direct, including without limitation providing the Loan Originator such information as may be required to make representations and warranties required hereunder, and covenants that it will make such representations and warranties regarding its servicing of the Loans hereunder as of the Cut-off Date of the related Disposition as reasonably required by the Disposition Participants.

(e) [reserved].

(f) The Majority Noteholders may effect Whole Loan Sales upon written notice to the Servicer of its intent to cause the Issuer to effect a Whole Loan Sale at least five (5) Business Days

in advance thereof. The Disposition Agent shall serve as agent for Whole Loan Sales and will receive a reasonable fee for such services provided that no such fee shall be payable if (i) the Loan Originator or its Affiliates purchase such Loans and (ii) no Event of Default or Default shall have occurred and be continuing. If no Default or Event of Default shall have occurred and be continuing, the Loan Originator or its Affiliates may concurrently bid to purchase Loans in a Whole Loan Sale; provided, however, that neither the Loan Originator nor any such Affiliates shall pay a price in excess of the fair market value thereof (as determined by the Market Value Agent based upon recent sales of comparable loans or such other objective criteria as may be approved for determining "fair market value" by a "Big Four" national accounting firm). In the event that the Loan Originator does not bid in any such Whole Loan Sale, it shall have a right of first refusal to purchase the Loans offered for sale at the price offered by the highest bidder, but not less than 100% of the outstanding principal balance plus accrued interest. The Disposition Agent shall conduct any Whole Loan Sale subject to the Loan Originator's right of first refusal and shall promptly notify the Loan Originator of the amount of the highest bid. The Loan Originator shall have five (5) Business Days following its receipt of such notice to exercise its right of first refusal by notifying the Disposition Agent in writing.

(g) Except as otherwise expressly set forth under this Section 3.07, the parties' rights and obligations under this Section 3.07 shall continue notwithstanding the occurrence of an Event of Default.

(h) The Disposition Participants (and the Majority Noteholders to the extent directing the Disposition Participants) shall be independent contractors to the Issuer and shall have no fiduciary obligations to the Issuer or any of its Affiliates. In that connection, the Disposition Participants shall not be liable for any error of judgment made in good faith and shall not be liable with respect to any action they take or omit to take in good faith in the performance of their duties.

Section 3.08 Loan Originator Put; Servicer Call.

(a) Loan Originator Put. The Loan Originator shall promptly purchase, upon the written demand of the Majority Noteholders, any Put/Call Loan; provided, however, that the Loan Originator may (if it is at that time the Servicer), upon receipt of such demand, elect to repurchase such Put/Call Loan pursuant to (b) below, in which case such repurchase shall be deemed a Servicer Call.

(b) Servicer Call. The Servicer may repurchase any Put/Call Loan at any time. Such Servicer Call shall be solely at the option of the Servicer. Prior to exercising a Servicer Call, the Servicer shall deliver written notice to the Majority Noteholders and the Indenture Trustee which notice shall identify each Loan to be purchased and the Repurchase Price therefor; provided, however, that the Servicer may irrevocably waive its right to repurchase any Put/Call Loan as soon as reasonably practicable following its receipt of notice of the occurrence of any event or events giving rise to such Loan being a Put/Call Loan.

(c) In connection with each Loan Originator Put, the Loan Originator shall deposit into the Collection Account the Repurchase Price for the Loans to be repurchased. In connection with each Servicer Call, the Servicer shall deposit into the Collection Account the Repurchase Price for the Loans to be purchased. The aggregate Repurchase Price of all Loans transferred pursuant to Section

3.08(a) as of any date shall in no event exceed the Unfunded Transfer Obligation at the time of the related Loan Originator Put.

Section 3.09 Modification of Underwriting Guidelines.

The Loan Originator shall give the Noteholders prompt written notification of any modification or change to the Underwriting Guidelines. If the Initial Noteholder objects in writing to any modification or change to the Underwriting Guidelines within fifteen (15) days after receipt of such notice, no Loans may be conveyed to the Issuer pursuant to this Agreement unless such Loans have been originated pursuant to the Underwriting Guidelines without giving effect to such modification or change. Notwithstanding anything contained in this Agreement to the contrary, any Loan conveyed to the Issuer pursuant to this Agreement that was originated pursuant to a modification or change to the Underwriting Guidelines that has been rejected by the Noteholders or of which the Noteholders did not receive notice, shall be deemed an Unqualified Loan and shall be repurchased or substituted for in accordance with Section 3.06.

ARTICLE IV

ADMINISTRATION AND SERVICING OF THE LOANS

Section 4.01 Servicer's Servicing Obligations.

The Servicer, as independent contract servicer, shall service and administer the Loans in accordance with the terms and provisions set forth in the Servicing Addendum, which Servicing Addendum is incorporated herein by reference. The Servicer shall timely deliver any reports and other information necessary for the Indenture Trustee to prepare reports the Indenture Trustee is required to prepare under the Basic Documents on the basis of reports or other information to be provided by the Servicer.

Section 4.02 Financial Statements.

(a) So long as the Notes remain outstanding, the Servicer shall furnish to the Noteholders:

(i) annual consolidated audited financial statements of the Servicer and its Affiliates no later than 105 days after the Servicer's Fiscal Year;

(ii) quarterly unaudited statements of the Servicer no later than 60 days after quarter-end, accompanied by a certification to the effect that such statements were prepared in accordance with generally accepted accounting principles consistently applied (with customary exceptions for year-end adjustments), and as to the absence of any Default or Event of Default (or if a Default or Event of Default exists, identifying it with reasonable specificity and stating the Servicer's plan for curing it);

(iii) monthly unaudited statements of the Servicer no later than 45 days after month-end;

(iv) on a timely basis, (i) quarterly and annual consolidating financial statements reflecting material intercompany adjustments, (ii) all form 10-K, registration statements and other "corporate finance" filings made with the SEC (other than 8-K filings), provided, however, that the Servicer shall provide the Noteholders a copy of the H&R Block, Inc.'s annual SEC Form 10-K filing no later than 105 days after year-end, and (iii) any other financial information that the Noteholders may reasonably request; and

(v) monthly portfolio performance data with respect to the mortgage loans the Servicer services, including, without limitation, any outstanding delinquencies, prepayments in whole or in part, and repurchases by the Servicer.

(b) Any and all financial statements provided pursuant to this Section 4.02 shall be prepared in accordance with GAAP, and, in the case of audited statements shall be accompanied by an unqualified auditor's report.

ARTICLE V

ESTABLISHMENT OF TRUST ACCOUNTS; TRANSFER OBLIGATION

Section 5.01 Collection Account and Distribution Account.

(a) (1) Establishment of Collection Account. The Servicer, for the benefit of the Noteholders, shall cause to be established and maintained one or more Collection Accounts (collectively, the "Collection Account"), which shall be separate Eligible Accounts entitled "Option One Owner Trust 2002-3 Collection Account, Wells Fargo Bank, N.A., as Indenture Trustee, for the benefit of the Option One Owner Trust 2002-3 Mortgage-Backed Notes." The Collection Account shall be maintained with a depository institution and shall satisfy the requirements set forth in the definition of Eligible Account. Funds in the Collection Account shall be invested in accordance with Section 5.03 hereof.

(2) Establishment of Distribution Account. The Servicer, for the benefit of the Noteholders, shall cause to be established and maintained, one or more Distribution Accounts (collectively, the "Distribution Account"), which shall be separate Eligible Accounts, entitled "Option One Owner Trust 2002-3 Distribution Account, Wells Fargo Bank, N.A., as Indenture Trustee, for the benefit of the Option One Owner Trust 2002-3 Mortgage-Backed Notes." The Distribution Account shall be maintained with a depository institution and shall satisfy the requirements set forth in the definition of Eligible Account. Funds in the Distribution Account shall be invested in accordance with Section 5.03 hereof. The Servicer may, at its option, maintain one account to serve as both the Distribution Account and the Collection Account, in which case, the account shall be entitled "Option One Owner Trust 2002-3 Collection/Distribution Account, Wells Fargo Bank, N.A., as Indenture Trustee, for the benefit of the Option One Owner Trust 2002-3 Mortgage-Backed Notes." If the Servicer makes such an election, all references herein or in any other Basic Document to either the Collection Account or the Distribution Account shall mean the Collection/Distribution Account described in the preceding sentence.

(3) The Servicer will inform the Indenture Trustee of the location of any accounts held in the Indenture Trustee's name, including any location to which an account is transferred.

(b) Deposits to Collection Account. The Servicer shall deposit or cause to be deposited (without duplication) to the Collection Account:

(i) all payments on or in respect of each Loan collected on or after the related Transfer Cut-off Date (net, in each case, of any Servicing Compensation retained therefrom) within two (2) Business Days after receipt thereof;

(ii) all Net Liquidation Proceeds within two (2) Business Days after receipt thereof;

(iii) all Mortgage Insurance Proceeds within two (2) Business Days after receipt thereof;

(iv) all Released Mortgaged Property Proceeds within two (2) Business Days after receipt thereof;

(v) any amounts payable in connection with the repurchase of any Loan and the amount of any Substitution Adjustment pursuant to Sections 2.05 and 3.06 hereof concurrently with payment thereof;

(vi) any Repurchase Price payable in connection with a Servicer Call pursuant to Section 3.08 hereof concurrently with payment thereof;

(vii) the deposit of the Termination Price under Section 10.02 hereof concurrently with payment thereof;

(viii) from the Servicer's own funds, any Make-Whole Premiums; and

(ix) any Repurchase Price payable in connection with a Loan Originator Put remitted by the Loan Originator pursuant to Section 3.08 hereof.

Except as otherwise expressly provided in Section 5.01(c)(4)(i), the Servicer agrees that it will cause the Loan Originator, Borrower or other appropriate Person paying such amounts, as the case may be, to remit directly to the Servicer for deposit into the Collection Account all amounts referenced in clauses (i) through (ix). To the extent the Servicer receives any such amounts, it will deposit them into the Collection Account on the same Business Day as receipt thereof.

(c) Withdrawals From Collection Account; Deposits to Distribution Account.

(1) Withdrawals From Collection Account — Reimbursement Items. The Paying Agent shall periodically but in any event on each Determination Date, make the following withdrawals from the Collection Account prior to any other withdrawals, in no particular order of priority:

(i) to withdraw any amount not required to be deposited in the Collection Account or deposited therein in error, including Servicing Compensation;

(ii) to withdraw the Servicing Advance Reimbursement Amount except to the extent that an Overcollateralization Shortfall would result from such withdrawal; and

(iii) to clear and terminate the Collection Account in connection with the termination of this Agreement.

(2) Deposits to Distribution Account — Payment Dates.

(A) On the Business Day prior to each Payment Date, the Paying Agent shall deposit into the Distribution Account such amounts as are required from the Transfer Obligation Account pursuant to Sections 5.05(e), 5.05(f), 5.05(g) and 5.05(h).

(B) After making all withdrawals specified in Section 5.01(c)(1) above, on each Remittance Date, the Paying Agent (based on information provided by the Servicer for such Payment Date), shall withdraw the Monthly Remittance Amount (or, with respect to an additional Payment Date pursuant to Section 5.01(c)(4)(ii), all amounts on deposit in the Collection Account on such date up to the amount necessary to make the payments due on the related Payment Date in accordance with Section 5.01(c)(3)) from the Collection Account not later than 5:00 P.M., New York City time and deposit such amount into the Distribution Account.

(C) [reserved];

(D) The Servicer shall deposit or cause to be deposited in the Distribution Account any cash Disposition Proceeds pursuant to Section 3.07. To the extent the Servicer receives such amounts, it will deposit them into the Distribution Account on the same Business Day as receipt thereof.

(3) Withdrawals From Distribution Account — Payment Dates. On each Payment Date, to the extent funds are available in the Distribution Account, the Paying Agent (based on the information provided by the Servicer contained in the Servicer's Remittance Report for such Payment Date) shall make withdrawals therefrom for application in the following order of priority:

(i) to distribute on such Payment Date the following amounts in the following order: (a) to the Indenture Trustee, an amount equal to the Indenture Trustee Fee and all unpaid Indenture Trustee Fees from prior Payment Dates and all amounts owing to the Indenture Trustee pursuant to Section 6.07 of the Indenture and not paid by the Servicer or the Depositor up to an amount not to exceed $25,000 per annum, (b) to the Custodian, an amount equal to the Custodian Fee and all unpaid Custodian Fees from prior Payment Dates, (c) to the Servicer, (x) an amount equal to the Servicing Compensation and all unpaid Servicing Compensation from prior Payment Dates (to the extent not retained from collections or remitted to the Servicer pursuant to Section 5.01(c)) and (y) all Nonrecoverable Servicing Advances not previously reimbursed except to the extent that an Overcollateralization Shortfall would result from such payment, and (d) to the

Servicer, in trust for the Owner Trustee, an amount equal to the Owner Trustee Fee and all unpaid Owner Trustee Fees from prior Payment Dates;

(ii) [reserved]

(iii) to the holders of the Notes pro rata, the sum of the Interest Payment Amount for such Payment Date and the Interest Carry-Forward Amount for the preceding Payment Date;

(iv) to the holders of the Notes pro rata, the Overcollateralization Shortfall for such Payment Date; provided, however, that if an Event of Default under the Indenture or Default shall have occurred, the holders of the Notes shall receive, in respect of principal, all remaining amounts on deposit in the Distribution Account;

(v) to the Purchaser, any Make-Whole Premium for such Payment Date, to the extent payable, together with any Make-Whole Premiums unpaid from any prior Payment Dates;

(vi) to the appropriate Person, amounts in respect of Issuer/Depositor Indemnities (as defined in the Trust Agreement) and Due Diligence Fees until such amounts are paid in full;

(vii) to the Transfer Obligation Account, all remaining amounts until the balance therein equals the Transfer Obligation Target Amount;

(viii) to the Indenture Trustee all amounts owing to the Indenture Trustee pursuant to Section 6.07 of the Indenture and not paid by the Servicer or Depositor or pursuant to clause (i) above; and

(ix) to the holders of the Trust Certificates, subject to Section 5.2(b) of the Trust Agreement, all amounts remaining therein; provided, however, if the Owner Trustee has notified the Paying Agent that any amounts are due and owing to it and remain unpaid, then first to the Owner Trustee, such amounts.

(4) (i) If the Loan Originator or the Servicer, as applicable, repurchases, purchases or substitutes a Loan pursuant to Section 2.05, 3.06, 3.08(a), 3.08(b) or 3.08(c), then the Noteholders and the Issuer shall deem such date to be an additional Payment Date and the Issuer shall provide written notice to the Indenture Trustee and the Paying Agent of such additional Payment Date at least one (1) Business Day prior to such Payment Date. On such additional Payment Date, the Loan Originator or the Servicer, in satisfaction of its obligations under Section 2.05, 3.06, 3.08(a) 3.08(b) or 3.08(c) and in satisfaction of the obligations of the Issuer and the Paying Agent to distribute such amounts to the Noteholders pursuant to Section 5.01(c), shall remit to the Noteholders, on behalf of the Issuer and the Paying Agent, an amount equal to the Repurchase Prices and any Substitution Adjustments (as applicable) to be paid by the Loan Originator or the Servicer by 12:00 p.m. New York City time, as applicable, under such Section, on such Payment Date, and the Note Principal Balance will be reduced accordingly. Such amounts shall be deemed deposited into the Collection Account and the Distribution Account, as applicable, and such amounts will be deemed distributed pursuant to the terms of Section 5.01(c). Upon notice of an additional Payment Date to the Paying Agent and

the Indenture Trustee as provided above, the Paying Agent shall provide the Loan Originator or the Servicer (as applicable) information necessary so that remittances to the Noteholders pursuant to this clause (4)(i) may be made by the Loan Originator or the Servicer, as applicable, in compliance with Section 5.02(a) hereof.

(ii) To the extent that there is deposited in the Collection Account or the Distribution Account any amounts referenced in Section 5.01(b)(vii) and 5.01(c)(2)(D), the Majority Noteholders and the Issuer may agree, upon reasonable written notice to the Paying Agent and the Indenture Trustee, to additional Payment Dates. The Issuer and the Majority Noteholders shall give the Paying Agent and the Indenture Trustee at least one (1) Business Day's written notice prior to such additional Payment Date and such notice shall specify each amount in Section 5.01(c) to be withdrawn from the Collection Account and Distribution Account on such day.

(iii) To the extent that there is deposited in the Distribution Account any amounts referenced in Section 5.05(f), an additional Payment Date shall be deemed to have been established on such date (or if that fact is not recognized by 4:30 PM, then on the next following Business Day). On such additional Payment Date, the Paying Agent shall pay the sum of the Overcollateralization Shortfall to the Noteholders in respect of principal on the Notes.

Notwithstanding that the Notes have been paid in full, the Indenture Trustee, the Paying Agent and the Servicer shall continue to maintain the Distribution Account hereunder until this Agreement has been terminated.

Section 5.02 Payments to Securityholders.

(a) All distributions made on the Notes on each Payment Date or pursuant to Section 5.04(b) of the Indenture will be made on a pro rata basis among the Noteholders of record of the Notes on the next preceding Record Date based on the Percentage Interest represented by their respective Notes, without preference or priority of any kind, and, except as otherwise provided in the next succeeding sentence, shall be made by wire transfer of immediately available funds to the account of such Noteholder, if such Noteholder shall own of record Notes having a Percentage Interest (as defined in the Indenture) of at least 20% and shall have so notified the Paying Agent and the Indenture Trustee five (5) Business Days prior to the related Record Date, and otherwise by check mailed to the address of such Noteholder appearing in the Note Register on the related Record Date. The final distribution on each Note will be made in like manner, but only upon presentment and surrender of such Note at the location specified in the notice to Noteholders of such final distribution.

(b) All distributions made on the Trust Certificates on each Payment Date or pursuant to Section 5.04(b) of the Indenture will be made in accordance with the Percentage Interest among the holders of the Trust Certificates of record on the next preceding Record Date based on their Percentage Interests (as defined in the Trust Agreement) on the date of distribution, without preference or priority of any kind, and, except as otherwise provided in the next succeeding sentence, shall be made by wire transfer of immediately available funds to the account of each such holder, if such holder shall own of record a Trust Certificate in an original denomination aggregating at least 25% of the Percentage Interests and shall have so notified the Paying Agent and the Indenture Trustee five (5) Business Days prior to the related Record Date, and otherwise by check mailed to the address of such

Certificateholder appearing in the Certificate Register. The final distribution on each Trust Certificate will be made in like manner, but only upon presentment and surrender of such Trust Certificate at the location specified in the notice to holders of the Trust Certificates of such final distribution. Any amount distributed to the holders of the Trust Certificates on any Payment Date shall not be subject to any claim or interest of the Noteholders. In the event that at any time there shall be more than one Certificateholder, the Indenture Trustee shall be entitled to reasonable additional compensation from the Servicer for any increase in its obligations hereunder.

Section 5.03 Trust Accounts; Trust Account Property.

(a) Control of Trust Accounts. Each of the Trust Accounts established hereunder has been pledged by the Issuer to the Indenture Trustee under the Indenture and shall be subject to the Lien of the Indenture. Amounts distributed from each Trust Account in accordance with the terms of this Agreement shall be released for the benefit of the Securityholders from the Trust Estate upon such distribution thereunder or hereunder. The Indenture Trustee shall possess all right, title and interest in and to all funds on deposit from time to time in the Trust Accounts and in all proceeds thereof (including all income thereon) and all such funds, investments, proceeds and income shall be part of the Trust Account Property and the Trust Estate. If, at any time, any Trust Account ceases to be an Eligible Account, the Indenture Trustee shall, within ten (10) Business Days (or such longer period, not to exceed thirty (30) calendar days, with the prior written consent of the Majority Noteholders) (i) establish a new Trust Account as an Eligible Account, (ii) terminate the ineligible Trust Account, and (iii) transfer any cash and investments from such ineligible Trust Account to such new Trust Account.

With respect to the Trust Accounts, the Issuer and the Indenture Trustee agree, that each such Trust Account shall be subject to the "control" (in accordance with Section 9-104 of the Uniform Commercial Code) of the Indenture Trustee for the benefit of the Noteholders, and, except as may be consented to in writing by the Majority Noteholders, or provided in the related Blocked Account Agreement, the Indenture Trustee shall have sole signature and withdrawal authority with respect thereto.

The Servicer (unless it is also the Paying Agent) shall not be entitled to make any withdrawals or payments from the Trust Accounts.

(b) (1) Investment of Funds. Funds held in the Collection Account, the Distribution Account and the Transfer Obligation Account may be invested and reinvested (to the extent practicable and consistent with any requirements of the Code) in Permitted Investments, as directed by the Servicer prior to the occurrence of an Event of Default and by the Majority Noteholders thereafter, in writing or facsimile transmission confirmed in writing by the Servicer or Majority Noteholders, as applicable. In the event the Indenture Trustee has not received such written direction, such funds shall be invested in any Permitted Investment described in clause (a) of the definition of Permitted Investments. In any case, funds in the Collection Account, the Distribution Account and the Transfer Obligation Account must be available for withdrawal without penalty, and any Permitted Investments must mature or otherwise be available for withdrawal, one (1) Business Day prior to the next Payment Date and shall not be sold or disposed of prior to its maturity subject to Subsection (b)(2) of this Section. All Permitted Investments in which funds in the Collection Account, the Distribution Account or the Transfer Obligation Account are invested must be held by or registered

in the name of “Wells Fargo Bank, N.A., as Indenture Trustee, in trust for the Option One Owner Trust 2002-3 Mortgage-Backed Notes.”

(2) Insufficiency and Losses in Trust Accounts. If any amounts are needed for disbursement from the Collection Account, the Distribution Account or the Transfer Obligation Account held by or on behalf of the Indenture Trustee and sufficient uninvested funds are not available to make such disbursement, the Indenture Trustee shall cause to be sold or otherwise converted to cash a sufficient amount of the investments in the Collection Account, the Distribution Account or the Transfer Obligation Account, as the case may be. The Indenture Trustee shall not be liable for any investment loss or other charge resulting therefrom, unless such loss or charge is caused by the failure of the Indenture Trustee to perform in accordance with written directions provided pursuant to this Section 5.03.

If any losses are realized in connection with any investment in the Collection Account, the Distribution Account or the Transfer Obligation Account pursuant to this Agreement during a period in which the Servicer has the right to direct investments pursuant to Section 5.03(b), then the Servicer shall deposit the amount of such losses (to the extent not offset by income from other investments in the Collection Account, the Distribution Account or the Transfer Obligation Account, as the case may be) into the Collection Account, the Distribution Account or the Transfer Obligation Account, as the case may be, immediately upon the realization of such loss. All interest and any other investment earnings on amounts held in the Collection Account, the Distribution Account and the Transfer Obligation Account shall be taxed to the Issuer and for federal and state income tax purposes the Issuer shall be deemed to be the owner of the Collection Account, the Distribution Account and/or the Transfer Obligation Account, as the case may be.

(c) Subject to Section 6.01 of the Indenture, the Indenture Trustee shall not in any way be held liable by reason of any insufficiency in any Trust Account held by the Indenture Trustee resulting from any investment loss on any Permitted Investment included therein.

(d) With respect to the Trust Account Property, the Indenture Trustee acknowledges and agrees that:

(1) any Trust Account Property that is held in deposit accounts or securities accounts shall be held solely in the Eligible Accounts, subject to the last sentence of the first paragraph of Subsection (a) of this Section 5.03; and each such Eligible Account shall be subject to the “control” (in accordance with Section 9-104 of the UCC) of the Indenture Trustee; and, without limitation on the foregoing, the Indenture Trustee shall have sole signature authority with respect thereto;

(2) any Trust Account Property that constitutes Physical Property shall be delivered to the Indenture Trustee in accordance with paragraphs (a) and (b) of the definition of “Delivery” in Section 1.01 hereof and shall be held, pending maturity or disposition, solely by the Indenture Trustee or a securities intermediary (as such term is defined in Section 8-102(a)(14) of the UCC) acting solely for the Indenture Trustee;

(3) any Trust Account Property that is a book-entry security held through the Federal Reserve System pursuant to federal book-entry regulations shall be delivered in accordance with paragraph (c) of the definition of "Delivery" in Section 1.01 hereof and shall be maintained by the Indenture Trustee, pending maturity or disposition, through continued book-entry registration of such Trust Account Property as described in such paragraph; and

(4) any Trust Account Property that is an "uncertificated security" under Article 8 of the UCC and that is not governed by clause (3) above shall be delivered to the Indenture Trustee in accordance with paragraph (d) of the definition of "Delivery" in Section 1.01 hereof and shall be maintained by the Indenture Trustee, pending maturity or disposition, through continued registration of the Indenture Trustee's (or its nominee's) ownership of such security.

Section 5.04 Advance Account.

(a) The Servicer shall cause to be established and maintained in its name, an Advance Account (the "Advance Account"), with respect to which a Blocked Account Agreement acceptable to the Purchaser shall be duly executed. The Advance Account shall be a separate Eligible Account. The Advance Account shall be maintained with a financial institution acceptable to the Purchaser and shall be maintained for and on behalf of the Purchaser, entitled "Option One Mortgage Corporation on behalf of UBS Real Estate Securities Inc., for the benefit of the Issuer, Re: Custodial Agreement dated as of July 2, 2002." Amounts in the Advance Account may not be invested.

(b) Deposits and Withdrawals. Amounts in respect of the transfer of Additional Note Principal Balances and Loans shall be deposited into and withdrawn from the Advance Account as provided in Sections 2.01(c) and 2.06 hereof and Section 3.01 of the Note Purchase Agreement. Any amounts on deposit in the Advance Account but not applied on any Transfer Date shall remain in the Advance Account and may be applied to any subsequent transfer of Additional Note Principal Balances and Loans, subject to the conditions set forth in Sections 2.01(c) and 2.06 hereof and Section 3.01 of the Note Purchase Agreement.

Section 5.05 Transfer Obligation Account.

(a) The Servicer, for the benefit of the Noteholders, shall cause to be established and maintained in the name of the Indenture Trustee a Transfer Obligation Account (the "Transfer Obligation Account"), which shall be a separate Eligible Account and may be interest-bearing, entitled "Option One Owner Trust 2002-3 Transfer Obligation Account, Wells Fargo Bank, N.A., as Indenture Trustee, in trust for the Option One Owner Trust 2002-3 Mortgage-Backed Notes." The Indenture Trustee shall have no monitoring or calculation obligation with respect to withdrawals from the Transfer Obligation Account. Amounts in the Transfer Obligation Account shall be invested in accordance with Section 5.03 hereof.

(b) In accordance with Section 5.06 hereof, the Loan Originator shall deposit into the Transfer Obligation Account any amounts as may be required thereby.

(c) On each Payment Date, the Paying Agent will deposit in the Transfer Obligation Account any amounts required to be deposited therein pursuant to Section 5.01(c)(3)(vii) hereof.

(d) On the date of each Disposition, the Paying Agent shall withdraw from the Transfer Obligation Account such amount on deposit therein in respect of the payment of Transfer Obligations as may be requested by the Disposition Agent in writing to effect such Disposition.

(e) On each Payment Date, the Paying Agent shall withdraw from the Transfer Obligation Account and deposit into the Distribution Account on such Payment Date the lesser of (x) the amount then on deposit in the Transfer Obligation Account and (y) the Interest Carry-Forward Amount as of such date, after taking all other funds into account.

(f) If with respect to any Business Day there exists an Overcollateralization Shortfall which has not been remitted directly to the Noteholders pursuant to Section 5.06 hereof, the Paying Agent, upon the written direction of the Majority Noteholders, shall withdraw from the Transfer Obligation Account and deposit into the Distribution Account on such Business Day the lesser of (x) the amount then on deposit in the Transfer Obligation Account and (y) the amount of such Overcollateralization Shortfall as of such date.

(g) [reserved]

(h) In the event of the occurrence of an Event of Default under the Indenture, the Paying Agent shall withdraw all remaining funds from the Transfer Obligation Account and apply such funds in satisfaction of the Notes as provided in Section 5.04(b) of the Indenture.

(i) The Paying Agent shall return to the Loan Originator all amounts on deposit in the Transfer Obligation Account (after making all other withdrawals pursuant to this Section 5.05) whenever funds remain on deposit, until the Majority Noteholders provide written notice to the Indenture Trustee (with a copy to the Loan Originator and the Servicer) of the occurrence of a default or event of default (however defined) under any Basic Document with respect to the Issuer, the Depositor, the Loan Originator or any of their Affiliates and (ii) upon the date of the termination of this Agreement pursuant to Article X, the Paying Agent shall withdraw any remaining amounts from the Transfer Obligation Account and remit all such amounts to the Loan Originator.

Section 5.06 Transfer Obligation.

(a) In consideration of the transactions contemplated by the Basic Documents, the Loan Originator agrees and covenants with the Depositor that:

(i) In connection with each Disposition it shall fund, or cause to be funded, reserve funds, pay credit enhancer fees, pay, or cause to be paid, underwriting fees, fund any negative difference between the cash Disposition Proceeds and the aggregate Note Principal Balance at the time of such Disposition, and make, or cause to be made, such other payments as may be, in the reasonable opinion of the Disposition Agent, commercially reasonably necessary to effect Dispositions, in each case to the extent that Disposition Proceeds are insufficient to pay such amounts;

(ii) [reserved]

(iii) If any Interest Carry-Forward Amount is projected to occur, it shall deposit into the Transfer Obligation Account any such Interest Carry-Forward Amount on or before the Business Day preceding such related Payment Date;

(iv) If on any Business Day there exists an Overcollateralization Shortfall, it shall on such Business Day either (A) remit such Overcollateralization Shortfall Amount to the Paying Agent for immediate payment to the Noteholders (in which case such day shall be deemed an additional Payment Date) or (B) if so directed by the Majority Noteholders, deposit into the Transfer Obligation Account the full amount of the Overcollateralization Shortfall as of such date, provided, that in the event that notice of such Overcollateralization Shortfall is provided to the Loan Originator after 3:00 p.m. New York City time, the Loan Originator shall make such remittance or deposit on the following Business Day;

(v) If on any applicable Payment Date, the amount available to pay the Make-Whole Premium is insufficient, the Loan Originator, from its own funds, shall deposit the amount of such shortfall on the Business Day prior to such Payment Date;

(vi) If the amount available to pay an Indemnified Party against any Losses (as such terms are defined in the Note Purchase Agreement) is insufficient, the Loan Originator shall promptly deposit the amount of such shortfall; and

(vii) Notwithstanding anything to the contrary herein, in the event of the occurrence of an Event of Default under the Indenture, the Loan Originator shall promptly deposit into the Transfer Obligation Account the entire amount of the Unfunded Transfer Obligation;

provided, that notwithstanding anything to the contrary contained herein, the Loan Originator's cumulative payments under or in respect of the Transfer Obligations (after subtracting therefrom any amounts returned to the Loan Originator pursuant to Section 5.05(i)(i)) together with the Loan Originator's payments in respect of any Loan Originator Puts shall not in the aggregate exceed the Unfunded Transfer Obligation.

(b) The Loan Originator agrees that the Noteholders, as ultimate assignee of the rights of the Depositor under this Agreement and the other Basic Documents, may enforce the rights of the Depositor directly against the Loan Originator.

(c) With respect to the obligations of the Loan Originator pursuant to this Section 5.06, Option One shall be obligated to make payments hereunder only if Option One Capital does not make such payments prior to the time any such payment is required to be made. If Option One Capital does not make any such payment prior to the time such payment is required to be made, Option One shall be required to make such payment not later than the time such payment is required to be made. ***]***

ARTICLE VI

STATEMENTS AND REPORTS; SPECIFICATION OF TAX MATTERS

Section 6.01 Statements.

(a) No later than 12:00 noon (New York City time) on each Remittance Date, the Servicer shall deliver to the Indenture Trustee and the Initial Noteholder by electronic transmission, the receipt and legibility of which shall be confirmed by telephone, and with hard copy thereof to be delivered no later than one (1) Business Day after such Remittance Date, the Servicer's Remittance Report, setting forth the date of such Report (day, month and year), the name of the Issuer (i.e., "Option One Owner Trust 2002-3"), and the date of this Agreement, all in substantially the form set out in Exhibit B hereto. Furthermore, on each Remittance Date, the Servicer shall deliver to the Indenture Trustee and the Noteholder a data file providing, with respect to each Loan in the Loan Pool as of the last day of the related Remittance Period (i) if such Loan is an ARM, the current Loan Interest Rate; (ii) the Principal Balance with respect to such Loan; (iii) the date of the last Monthly Payment paid in full; and (iv) such other information as may be reasonably requested by the Initial Noteholder and the Indenture Trustee. In addition, no later than 12:00 noon (New York City time) on the fifteenth (15th) day of each calendar month (or if such day is not a Business Day, the preceding Business Day), the Custodian shall prepare and provide to the Servicer and the Indenture Trustee by facsimile, the Custodian Fee Notice for the Payment Date falling in such calendar month.

(b) No later than 12:00 noon (New York City time) on each Remittance Date, the Servicer shall prepare (or cause to be prepared) and provide to the Indenture Trustee electronically, receipt confirmed by telephone, and each Noteholder, a statement (the "Payment Statement"), stating each date and amount of a purchase of Additional Note Principal Balance (day, month and year), the name of the Issuer (i.e., "Option One Owner Trust 2002-3"), the date of this Agreement, restating all of the information set forth in the Loan Schedule for all Loans as of such Remittance Date and the following information:

(1) the aggregate amount of collections in respect of principal of the Loans received by the Servicer during the preceding Remittance Period;

(2) the aggregate amount of collections in respect of interest on the Loans received by the Servicer during the preceding Remittance Period;

(3) all Mortgage Insurance Proceeds received by the Servicer during the preceding Remittance Period and not required to be applied to restoration or repair of the related Mortgaged Property or returned to the Borrower under applicable law or pursuant to the terms of the applicable Mortgage Insurance Policy;

(4) all Net Liquidation Proceeds deposited by the Servicer into the Collection Account during the preceding Remittance Period;

(5) all Released Mortgaged Property Proceeds deposited by the Servicer into the Collection Account during the preceding Remittance Period;

(6) the aggregate amount of all Servicing Advances made by the Servicer during the preceding Remittance Period;

(7) the aggregate of all amounts deposited into the Distribution Account in respect of the repurchase of Unqualified Loans and the repurchase of Loans pursuant to Section 3.06 hereof during the preceding Remittance Period;

(8) the aggregate Principal Balance of all Loans for which a Servicer Call was exercised during the preceding Remittance Period;

(9) the aggregate Principal Balance of all Loans for which a Loan Originator Put was exercised during the preceding Remittance Period;

(10) [reserved]

(11) the aggregate amount of all withdrawals from the Distribution Account pursuant to Section 5.01(c)(1)(i) hereof during the preceding Remittance Period;

(12) the aggregate amount of cash Disposition Proceeds received during the preceding Remittance Period;

(13) withdrawals from the Collection Account in respect of the Servicing Advance Reimbursement Amount with respect to the related Payment Date;

(14) [reserved];

(15) the number and aggregate Principal Balance of all Loans that are (i) 30-59 days Delinquent, (ii) 60- 89 days Delinquent, (iii) 90 or more days Delinquent as of the end of the related Remittance Period;

(16) the aggregate amount of Liquidated Loan Losses incurred (i) during the preceding Remittance Period, and (ii) during the preceding three Remittance Periods;

(17) the aggregate of the Principal Balances of all Loans in the Loan Pool as of the end of the related Remittance Period;

(18) the aggregate amount of all deposits into the Distribution Account from the Transfer Obligation Account pursuant to Sections 5.05(e), 5.05(f), 5.05(g), and 5.05(h) on the related Payment Date;

(19) the aggregate amount of distributions in respect of Servicing Compensation to the Servicer, and unpaid Servicing Compensation from prior Payment Dates for the related Payment Date;

(20) the aggregate amount of distributions in respect of Indenture Trustee Fees and unpaid Indenture Trustee Fees from prior Payment Dates for the related Payment Date;

(21) the aggregate amount of distributions in respect of the Custodian Fee and unpaid Custodian Fees from prior Payment Dates for the related Payment Date;

(22) the aggregate amount of distributions in respect of the Owner Trustee Fees and unpaid Owner Trustee Fees from prior Payment Dates and for the related Payment Date;

(23) the Unfunded Transfer Obligation and Overcollateralization Shortfall on such Payment Date for the related Payment Date;

(24) the aggregate amount of distributions to the Transfer Obligation Account for the related Payment Date;

(25) the aggregate amount of distributions in respect of Trust/Depositor Indemnities for the related Payment Date;

(26) the aggregate amount of distributions to the holders of the Trust Certificates for the related Payment Date;

(27) the Note Principal Balance of the Notes as of the last day of the related Remittance Period (without taking into account any Additional Note Principal Balance between the last day of such Remittance Period and the related Payment Date) before and after giving effect to distributions made to the holders of the Notes for such Payment Date;

(28) the Pool Principal Balance as of the end of the preceding Remittance Period; and

(29) the Unfunded Transfer Obligation Percentage as of the related Payment Date.

Such Payment Statement shall also be provided on the Remittance Date to the Noteholders and Indenture Trustee in the form of a data file in a form mutually agreed to by and between the Noteholders, the Indenture Trustee and the Servicer. The Indenture Trustee shall have no duty to monitor any events resulting in withdrawals from the Transfer Obligation Account.

Section 6.02 Specification of Certain Tax Matters.

The Paying Agent shall comply with all requirements of the Code and applicable state and local law with respect to the withholding from any distributions made to any Securityholder of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith, giving due effect to any applicable exemptions from such withholding and effective certifications or forms provided by the recipient. Any amounts withheld pursuant to this Section 6.02 shall be deemed to have been distributed to the Securityholders, as the case may be, for all purposes of this Agreement. The Indenture Trustee shall have no responsibility for preparing or filing any tax returns.

Section 6.03 Valuation of Loans, Retained Securities Value; Market Value Agent.

(a) The Issuer hereby irrevocably appoints the Market Value Agent to determine the Market Value of each Loan and the Retained Securities Value of all Retained Securities, in accordance with subsections (b) and (c) below.

(b) The Market Value Agent shall determine the Market Value of each Loan in its sole judgment. In determining the Market Value of each Loan, the Market Value Agent may consider any information that it may deem relevant and shall base such determination primarily on the lesser of its estimate of the projected proceeds from such Loan's inclusion in (i) a Securitization (inclusive of the projected Retained Securities Value of any Retained Securities to be issued in connection with such Securitization) and (ii) a Whole Loan Sale, in each case net of such Loan's ratable share of all costs and fees associated with such Disposition, including, without limitation, any costs of issuance, sale, underwriting and funding reserve accounts. The Market Value Agent's determination, in its sole judgment, of Market Value shall be conclusive and binding upon the parties hereto, absent manifest error (including, without limitation, any error contemplated in Section 2.08).

(c) On each Business Day, the Market Value Agent shall determine in its sole judgment the Retained Securities Value of the Retained Securities, if any, expected to be issued pursuant to such Securitization as of the closing date of such Securitization. In making such determination the Market Value Agent may rely exclusively on quotations provided by leading dealers in instruments similar to such Retained Securities, which leading dealers may include the Market Value Agent and its Affiliates and such other sources of information as the Market Value Agent may deem appropriate.

ARTICLE VII

FINANCIAL COVENANTS

Section 7.01 [reserved]

Section 7.02 Financial Covenants.

(a) Each of Option One and the Servicer shall maintain a minimum Tangible Net Worth of $425 million as of any day.

(b) Each of Option One and the Servicer shall maintain a ratio of 1.0 or greater at any time pursuant to the Capital Adequacy Test, attached as Exhibit G hereto.

(c) Neither Option One nor the Servicer may exceed a maximum non-warehouse leverage ratio (the ratio of (i) the sum of (A) all funded debt (excluding debt from H&R Block, Inc. or any of its Affiliates and all non-recourse debt) less (B) 91% of its mortgage loan inventory held for sale less (C) 90% of servicing advance receivables (determined and valued in accordance with GAAP) to (ii) Tangible Net Worth) of 0.50x at any time. Any direct or indirect debt provided by H&R Block, Inc. will be subject to a subordination agreement; or, if H&R Block, Inc. does not enter into a subordination agreement, the maximum permitted non-warehouse leverage ratio including debt from

H&R Block, Inc. will be 1.0x at any time, provided, that no more than 0.5x of such non-warehouse leverage ratio can be funded by entities not affiliated with Option One or H&R Block, Inc.

(d) Each of Option One and the Servicer shall maintain a minimum liquidity facility (defined as a committed, unsecured, non-amortizing liquidity facility from H&R Block, Inc. not to mature (scheduled or accelerated) prior to the Maturity Date) in an amount no less than $150 million or cash of $20 million. Such facility from H&R Block, Inc. cannot contain covenants or termination events more restrictive than the covenants or termination events contained in the Basic Documents.

(e) Each of Option One and the Servicer shall maintain a minimum "Net Income" (defined and determined in accordance with GAAP) of at least $1 based on the total of the current quarter combined with the previous three quarters, commencing with the quarter ending April 30, 2007.

(f) Each of Option One and the Servicer, on a quarterly basis, shall provide the Initial Noteholder with an Officer's Certificate stating that Option One or the Servicer, as the case may be, is in compliance with the financial covenants set forth in this Section 7.02 and the details of such compliance.

(g) Each of Option One and the Servicer shall possess sufficient net capital and liquid assets (or ability to access the same) to satisfy its debts and other obligations as they become due in the normal course of business.

ARTICLE VIII

THE SERVICER

Section 8.01 Indemnification; Third Party Claims.

(a) The Servicer shall indemnify the Loan Originator, the Owner Trustee, the Trust, the Depositor, the Indenture Trustee and the Noteholders, their respective officers, directors, employees, agents and "control persons," as such term is used under the Act and under the Securities Exchange Act of 1934 as amended (each a "Servicer Indemnified Party") and hold harmless each of them against any and all claims, losses, damages, penalties, fines, forfeitures, reasonable legal fees and related costs, judgments, and other costs and expenses resulting from any claim, demand, defense or assertion based on or grounded upon, or resulting from, a breach of any of the Servicer's representations and warranties and covenants contained in this Agreement or in any way relating to the failure of the Servicer to perform its duties and service the Loans in compliance with the terms of this Agreement except to the extent such loss arises out of such Servicer Indemnified Party's gross negligence or willful misconduct; provided, however, that if the Servicer is not liable pursuant to the provisions of Section 8.01(b) hereof for its failure to perform its duties and service the Loans in compliance with the terms of this Agreement, then the provisions of this Section 8.01 shall have no force and effect with respect to such failure. The provisions of this indemnity shall run directly to and be enforceable by a Servicer Indemnified Party subject to the limitations hereof.

(b) None of the Loan Originator, the Depositor or the Servicer or any of their respective Affiliates, directors, officers, employees or agents shall be under any liability to the Owner Trustee, the Issuer, the Indenture Trustee or the Securityholders for any action taken, or for refraining from the taking of any action, in good faith pursuant to this Agreement, or for errors in judgment; provided, however, that this provision shall not protect the Loan Originator, the Depositor, the Servicer or any of their respective Affiliates, directors, officers, employees, agents against the remedies provided herein for the breach of any warranties, representations or covenants made herein, or against any expense or liability specifically required to be borne by such party without right of reimbursement pursuant to the terms hereof, or against any expense or liability which would otherwise be imposed by reason of misfeasance, bad faith or negligence in the performance of the respective duties of the Servicer, the Depositor or the Loan Originator, as the case may be. The Loan Originator, the Depositor, the Servicer and any of their respective Affiliates, directors, officers, employees, agents may rely in good faith on any document of any kind which, prima facie, is properly executed and submitted by any Person respecting any matters arising hereunder.

(c) The Loan Originator agrees to indemnify and hold harmless the Depositor and the Noteholders, as the ultimate assignees from the Depositor (each an "Originator Indemnified Party," together with the Servicer Indemnified Parties, the "Indemnified Parties"), from and against any loss, liability, expense, damage, claim or injury arising out of or based on (i) any breach of any representation, warranty or covenant of the Loan Originator, the Servicer or their Affiliates, in any Basic Document, including, without limitation, the origination or prior servicing of the Loans by reason of any acts, omissions, or alleged acts or omissions arising out of activities of the Loan Originator, the Servicer or their Affiliates, and (ii) any untrue statement by the Loan Originator, the Servicer or its Affiliates of any material fact or any such Person's failure to state a material fact necessary to make such statements not misleading with respect to any such Person's statements contained in any Basic Document, including, without limitation, any Officer's Certificate, statement, report or other document or information prepared by any such Person and furnished or to be furnished by it pursuant to or in connection with the transactions contemplated thereby and not corrected prior to completion of the relevant transaction including, without limitation, such written information as may have been and may be furnished in connection with any due diligence investigation with respect to the Loans or any such Person's business, operations or financial condition, including reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim; provided that the Loan Originator shall not indemnify an Originator Indemnified Party to the extent such loss, liability, expense, damage or injury is due to either an Originator Indemnified Party's willful misfeasance, bad faith or negligence or by reason of an Originator Indemnified Party's reckless disregard of its obligations hereunder; provided, further, that the Loan Originator shall not be so required to indemnify an Originator Indemnified Party or to otherwise be liable hereunder or under any provision of the Basic Documents to an Originator Indemnified Party for any losses in respect of the performance of the Loans, the insolvency, bankruptcy, delinquency, creditworthiness and similar characteristics of the Borrowers under the Loans, the uncollectability of any principal, interest, and any other charges (including late fees) under such loans (provided such uncollectability was not due to an error on the part of the Loan Originator or any affiliate of the Loan Originator), changes in the market value of the Loans or other similar investment risks associated with the Loans arising from a breach of any representation or warranty set forth in Exhibit E hereto, the sole remedy for the breach of which is provided in Section 3.06 hereof. The provisions of this indemnity shall run directly to and be enforceable by an Originator Indemnified Party subject to the limitations hereof.

(d) With respect to a claim subject to indemnity hereunder made by any Person against an Indemnified Party (a "Third Party Claim"), such Indemnified Party shall notify the related indemnifying parties (each an "Indemnifying Party") in writing of the Third Party Claim within a reasonable time after receipt by such Indemnified Party of written notice of the Third Party Claim unless the Indemnifying Parties shall have previously obtained actual knowledge thereof. Thereafter, the Indemnified Party shall deliver to the Indemnifying Parties, within a reasonable time after the Indemnified Party's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnified Party relating to the Third Party Claim. No failure to give such notice or deliver such documents shall effect the rights to indemnity hereunder. Each Indemnifying Party shall promptly notify the Indenture Trustee and the Indemnified Party (if other than the Indenture Trustee) of any claim of which it has been notified and shall promptly notify the Indenture Trustee and the Indemnified Party (if applicable) of its intended course of action with respect to any claim.

(e) If a Third Party Claim is made against an Indemnified Party, while maintaining control over its own defense, the Indemnified Party shall cooperate and consult fully with the Indemnifying Party in preparing such defense, and the Indemnified Party may defend the same in such manner as it may deem appropriate, including settling such claim or litigation after giving notice to the Indemnifying Party of such terms and the Indemnifying Party will promptly reimburse the Indemnified Party upon written request; provided, however, that the Indemnified Party may not settle any claim or litigation without the consent of the Indemnifying Party.

Section 8.02 Merger or Consolidation of the Servicer.

The Servicer shall keep in full effect its existence, rights and franchises as a corporation, and will obtain and preserve its qualification to do business as a foreign corporation and maintain such other licenses and permits in each jurisdiction necessary to protect the validity and enforceability of each Basic Document to which it is a party and each of the Loans and to perform its duties under each Basic Document to which it is a party; provided, however, that the Servicer may merge or consolidate with any other corporation upon the satisfaction of the conditions set forth in the following paragraph.

Subject to the prior written consent of the Majority Noteholders, any Person into which the Servicer may be merged or consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Servicer shall be a party, or any Person succeeding to the business of the Servicer, shall be an Eligible Servicer and shall be the successor of the Servicer, as applicable hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. The Servicer shall send notice of any such proposed merger, conversion, consolidation or succession to the Indenture Trustee and the Issuer.

Section 8.03 Limitation on Liability of the Servicer and Others.

The Servicer and any director, officer, employee or agent of the Servicer may rely on any document of any kind which it in good faith reasonably believes to be genuine and to have been adopted or signed by the proper authorities respecting any matters arising hereunder. Subject to the terms of Section 8.01 hereof, the Servicer shall have no obligation to appear with respect to,

prosecute or defend any legal action which is not incidental to the Servicer's duty to service the Loans in accordance with this Agreement.

Section 8.04 Servicer Not to Resign; Assignment.

The Servicer shall not resign from the obligations and duties hereby imposed on it except (a) with the consent of the Majority Noteholders or (b) upon determination that its duties hereunder are no longer permissible under applicable law. Any such determination pursuant to clause (b) of the preceding sentence permitting the resignation of the Servicer shall be evidenced by an Independent opinion of counsel to such effect delivered (at the expense of the Servicer) to the Indenture Trustee and the Majority Noteholders. No resignation of the Servicer shall become effective until a successor servicer, appointed pursuant to the provisions of Section 9.02 hereof shall have assumed the Servicer's responsibilities, duties, liabilities (other than those liabilities arising prior to the appointment of such successor) and obligations under this Agreement.

Except as expressly provided herein, the Servicer shall not assign or transfer any of its rights, benefits or privileges hereunder to any other Person, or delegate to or subcontract with, or authorize or appoint any other Person to perform any of the duties, covenants or obligations to be performed by the Servicer hereunder and any agreement, instrument or act purporting to effect any such assignment, transfer, delegation or appointment shall be void.

The Servicer agrees to cooperate with any successor Servicer in effecting the transfer of the Servicer's servicing responsibilities and rights hereunder pursuant to the first paragraph of this Section 8.04, including, without limitation, the transfer to such successor of all relevant records and documents (including any Loan Files in the possession of the Servicer) and all amounts received with respect to the Loans and not otherwise permitted to be retained by the Servicer pursuant to this Agreement. In addition, the Servicer, at its sole cost and expense, shall prepare, execute and deliver any and all documents and instruments to the successor Servicer including all Loan Files in its possession and do or accomplish all other acts necessary or appropriate to effect such termination and transfer of servicing responsibilities.

Section 8.05 Relationship of Servicer to Issuer and the Indenture Trustee.

The relationship of the Servicer (and of any successor to the Servicer as servicer under this Agreement) to the Issuer, the Owner Trustee and the Indenture Trustee under this Agreement is intended by the parties hereto to be that of an independent contractor and not of a joint venturer, agent or partner of the Issuer, the Owner Trustee or the Indenture Trustee.

Section 8.06 Servicer May Own Securities.

Each of the Servicer and any Affiliate of the Servicer may in its individual or any other capacity become the owner or pledgee of Securities with the same rights as it would have if it were not the Servicer or an Affiliate thereof except as otherwise specifically provided herein; provided, however, that at any time that Option One or any of its Affiliates is the Servicer, neither the Servicer nor any of its Affiliates (other than an Affiliate which is a corporation whose purpose is limited to holding securities and related activities and which cannot incur recourse debt) may be a Noteholder. Securities so owned by or pledged to the Servicer or such Affiliate shall have an equal and proportionate benefit under the provisions of this Agreement, without

preference, priority, or distinction as among all of the Securities; provided, however, that any Securities owned by the Servicer or any Affiliate thereof, during the time such Securities are owned by them, shall be without voting rights for any purpose set forth in this Agreement unless the Servicer or such Affiliate owns all outstanding Securities of the related class. The Servicer shall notify the Indenture Trustee promptly after it or any of its Affiliates becomes the owner or pledgee of a Security.

Section 8.07 Indemnification of the Indenture Trustee and the Noteholders.

The Servicer agrees to indemnify the Indenture Trustee and its employees, officers, directors and agents, and reimburse its reasonable out-of-pocket expenses in accordance with Section 6.07 of the Indenture as if it was a signatory thereto. The Servicer agrees to indemnify the Noteholders and the Initial Noteholder in accordance with Section 9.01 of the Note Purchase Agreement as if it were signatory thereto.

ARTICLE IX

SERVICER EVENTS OF DEFAULT

Section 9.01 Servicer Events of Default.

(a) In case one or more of the following Servicer Events of Default shall occur and be continuing, that is to say:

(1) any failure by Servicer to deposit into the Collection Account or the Distribution Account or any failure by the Servicer to make payments therefrom in accordance with Section 5.01 hereof; or

(2) any failure on the part of the Servicer duly to observe or perform in any material respect any other of the material covenants or agreements on the part of the Servicer, contained in any Basic Document to which it is a party, which continues unremedied for a period of thirty (30) days (or, in the case of payment of insurance premiums, for a period of fifteen (15) days) after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by any other party hereto or to the Servicer (with copy to each other party hereto), by Holders of 25% of the Percentage Interests of the Notes or the Trust Certificates; or

(3) any breach on the part of the Servicer of any representation or warranty contained in any Basic Document to which it is a party that materially and adversely affects the interests of any of the parties hereto or any Securityholder and which continues unremedied for a period of thirty (30) days after the date on which written notice of such breach, requiring the same to be remedied, shall have been given to the Servicer by any other party hereto or to the Servicer (with copy to each other party hereto), by the Initial Noteholder or Holders of 25% of the Percentage Interests (as defined in the Indenture) of the Notes; or

(4) there shall have been commenced before a court or agency or supervisory authority having jurisdiction in the premises an involuntary proceeding against the Servicer under any present or future federal or state bankruptcy, insolvency or similar law for the

appointment of a conservator, receiver, liquidator, trustee or similar official in any bankruptcy, insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, which action shall not have been dismissed for a period of 60 days; or

(5) the Servicer shall consent to the appointment of a conservator, receiver, liquidator, trustee or similar official in any bankruptcy, insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings of or relating to it or of or relating to all or substantially all of its property; or

(6) the Servicer (or the Loan Originator if the Servicer is not Option One) fails to be an Eligible Servicer or to comply with the financial covenants set forth in Section 7.02; or

(7) the Servicer ceases to be a 100% direct or indirect wholly-owned subsidiary of H&R Block Inc.;

(8) the Servicer shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable bankruptcy, insolvency or reorganization statute, make an assignment for the benefit of its creditors, voluntarily suspend payment of its obligations, or take any corporate action in furtherance of the foregoing; or

(9) the Servicer ceases to be an approved servicer for Fannie Mae or Freddie Mac, and that status continues unremedied for a period of 30 days.

Then, and in each and every such case, so long as a Servicer Event of Default shall not have been remedied, the Indenture Trustee or the Majority Noteholders, by notice in writing to the Servicer may, in addition to whatever rights such Person may have at law or in equity to damages, including injunctive relief and specific performance, may terminate all the rights and obligations of the Servicer under this Agreement and in and to the Loans and the proceeds thereof, as servicer under this Agreement. Upon receipt by the Servicer of such written notice, all authority and power of the Servicer under this Agreement, whether with respect to the Loans or otherwise, shall, subject to Section 9.02 hereof, pass to and be vested in a successor servicer, and the successor servicer is hereby authorized and empowered to execute and deliver, on behalf of the Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments and do or cause to be done all other acts or things necessary or appropriate to effect the purposes of such notice of termination, including, but not limited to, the transfer and endorsement or assignment of the Loans and related documents. The Servicer agrees to cooperate with the successor servicer in effecting the termination of the Servicer's responsibilities and rights hereunder, including, without limitation, the transfer to the successor servicer for administration by it of all amounts which shall at the time be credited by the Servicer to each Collection Account or thereafter received with respect to the Loans.

(b) Upon the occurrence of (i) an Event of Default or Default under any of the Basic Documents, (ii) a Servicer Event of Default under this Agreement, or (iii) an event shall occur or circumstances otherwise arise which, in the Initial Noteholder's sole determination, exercised in good

faith, may have a reasonable possibility of materially impairing the ability of the Servicer to service and administer the Loans in accordance with the terms and provisions set forth in the Basic Documents (each, a "Term Event"), the Servicer's right to service the Loans pursuant to the terms of this Agreement shall be in effect for an initial period commencing on the date on which such Term Event occurred and shall automatically terminate at 5:00 p.m. New York City time, on the last Business Day of the calendar month in which such Term Event occurred (the "Initial Term"). Thereafter, the Initial Term shall be extendible in the sole discretion of the Majority Noteholders by written notice (each, a "Servicer Extension Notice") of the Majority Noteholders for successive one-month terms (each such term ending at 5:00 p.m. New York City time, on the last business day of the related month). Following a Term Event, the Servicer hereby agrees that the Servicer shall be bound for the duration of the Initial Term and the term covered by any such Servicer Extension Notice to act as the Servicer pursuant to this Agreement. Following a Term Event, the Servicer agrees that if, as of 3:00 p.m. New York City time on the last Business Day of any month, the Servicer shall not have received a Servicer Extension Notice from the Majority Noteholders, the Servicer shall give written notice of such non-receipt to the Majority Noteholders by 4:00 p.m. New York City time. Following a Term Event, the failure of the Majority Noteholders to deliver a Servicer Extension Notice by 5:00 p.m. New York City time shall result in the automatic and immediate termination of the Servicer (the "Termination Date"). Notwithstanding these time frames, the Servicer and the Noteholders shall comply with all applicable laws in connection with such transfer and the Servicer shall continue to service the Loans until completion of such transfer.

Section 9.02 Appointment of Successor.

On and after the date the Servicer receives a notice of termination pursuant to Section 9.01 hereof or is automatically terminated pursuant to Section 9.01(c) hereof, or the Owner Trustee receives the resignation of the Servicer evidenced by an Opinion of Counsel or accompanied by the consents required by Section 8.04 hereof, or the Servicer is removed as servicer pursuant to this Article IX or Section 4.01 of the Servicing Addendum, then, the Majority Noteholders shall appoint a successor servicer to be the successor in all respects to the Servicer in its capacity as Servicer under this Agreement and the transactions set forth or provided for herein and shall be subject to all the responsibilities, duties and liabilities relating thereto placed on the Servicer by the terms and provisions hereof; provided, however, that the successor servicer shall not be liable for any actions of any servicer prior to it.

As compensation for making Servicing Advances, the successor servicer appointed pursuant to the following paragraph, shall be entitled to all funds relating to the Loans which the Servicer would have been entitled to receive from the Collection Account pursuant to Section 5.01 hereof as if the Servicer had continued to act as servicer hereunder, together with other Servicing Compensation in the form of assumption fees, late payment charges or otherwise as provided in Section 4.15 of the Servicing Addendum. The Servicer shall not be entitled to any termination fee if it is terminated pursuant to Section 9.01 hereof but shall be entitled to any accrued and unpaid Servicing Compensation to the date of termination.

Any collections received by the Servicer after removal or resignation shall be endorsed by it to the Indenture Trustee and remitted directly to the successor servicer. The compensation of any successor servicer appointed shall be the Servicing Fee, together with other Servicing Compensation provided for herein. The Indenture Trustee, the Issuer, any Custodian, the

Servicer and any such successor servicer shall take such action, consistent with this Agreement, as shall be reasonably necessary to effect any such succession. Any costs or expenses incurred by the Indenture Trustee in connection with the termination of the Servicer and the succession of a successor servicer shall be an expense of the outgoing Servicer and, to the extent not paid thereby, an expense of such successor servicer. The Servicer agrees to cooperate with the Indenture Trustee and any successor servicer in effecting the termination of the Servicer's servicing responsibilities and rights hereunder and shall promptly provide the successor servicer all documents and records reasonably requested by it to enable it to assume the Servicer's functions hereunder and shall promptly also transfer to the successor servicer all amounts which then have been or should have been deposited in any Trust Account maintained by the Servicer or which are thereafter received with respect to the Loans. Upon the occurrence of an Event of Default, the Majority Noteholders shall have the right to order the Servicer's Loan Files and all other files of the Servicer relating to the Loans and all other records of the Servicer and all documents relating to the Loans which are then or may thereafter come into the possession of the Servicer or any third party acting for the Servicer to be delivered to such custodian or servicer as it selects and the Servicer shall deliver to such custodian or servicer such assignments as the Majority Noteholders shall request. No successor servicer shall be held liable by reason of any failure to make, or any delay in making, any distribution hereunder or any portion thereof caused by (i) the failure of the Servicer to deliver, or any delay in delivering, cash, documents or records to it or (ii) restrictions imposed by any regulatory authority having jurisdiction over the Servicer hereunder. No appointment of a successor to the Servicer hereunder shall be effective until written notice of such proposed appointment shall have been provided to the Majority Noteholders, the Indenture Trustee, the Issuer and the Depositor, the Majority Noteholders and the Issuer shall have consented in writing thereto.

In connection with such appointment and assumption, the Majority Noteholders may make such arrangements for the compensation of such successor servicer out of payments on the Loans as they and such successor servicer shall agree.

Section 9.03 Waiver of Defaults.

The Majority Noteholders may waive any events permitting removal of the Servicer as servicer pursuant to this Article IX. Upon any waiver of a past default, such default shall cease to exist and any Servicer Event of Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto except to the extent expressly so waived.

Section 9.04 Accounting Upon Termination of Servicer.

Upon termination of the Servicer under this Article IX, the Servicer shall, at its own expense:

(a) deliver to its successor or, if none shall yet have been appointed, to the Indenture Trustee the funds in any Trust Account maintained by the Servicer;

(b) deliver to its successor or, if none shall yet have been appointed, to the Custodian all Loan Files and related documents and statements held by it hereunder and a Loan portfolio by computer transmission or disk;

(c) deliver to its successor or, if none shall yet have been appointed, to the Indenture Trustee and to the Issuer and the Securityholders a full accounting of all funds, including a statement showing the Monthly Payments collected by it and a statement of monies held in trust by it for payments or charges with respect to the Loans; and

(d) execute and deliver such instruments and perform all acts reasonably requested in order to effect the orderly and efficient transfer of servicing of the Loans to its successor and to more fully and definitively vest in such successor all rights, powers, duties, responsibilities, obligations and liabilities of the Servicer under this Agreement.

ARTICLE X

TERMINATION; PUT OPTION

Section 10.01 Termination.

(a) This Agreement shall terminate upon either: (A) the later of (i) the satisfaction and discharge of the Indenture and the provisions thereof, including payment to the Noteholders of all amounts due and owing in accordance with the provisions hereof or (ii) the disposition of all funds with respect to the last Loan and the remittance of all funds due hereunder and the payment of all amounts due and payable, including, in both cases, without limitation, indemnification payments payable pursuant to any Basic Document to the Indenture Trustee, the Owner Trustee, the Issuer, the Initial Noteholder, the Servicer and the Custodian, written notice of the occurrence of either of which shall be provided to the Indenture Trustee by the Servicer; or (B) the mutual consent of the Servicer, the Depositor and all Securityholders in writing and delivered to the Indenture Trustee by the Servicer.

(b) The Securities shall be subject to an early redemption or termination at the option of the Servicer and the Majority Noteholders in the manner and subject to the provisions of Section 10.02 and 10.04 of this Agreement.

(c) Except as provided in this Article X, none of the Depositor, the Servicer nor any Certificateholder or Noteholder shall be entitled to revoke or terminate the Trust.

Section 10.02 Optional Termination.

The Servicer may, at its option, effect an early termination of the Trust on any Payment Date on or after the Clean-up Call Date by purchasing all of the Loans at a purchase price, payable in cash, equal to or greater than the Termination Price. The Servicer shall effect such early termination by providing notice thereof to the Indenture Trustee and Owner Trustee not later than the time of payment of the purchase price. The expense of any Independent appraiser required in connection with the calculation and payment of the Termination Price under this Section 10.02 shall be a nonreimbursable expense of the Servicer.

Any such early termination by the Servicer shall be accomplished by depositing into the Collection Account on the third Business Day prior to the Payment Date on which the purchase is to occur the amount of the Termination Price to be paid. The Termination Price and any amounts then on deposit in the Collection Account (other than any amounts withdrawable pursuant to Section 5.01(c)(1) hereof) shall be deposited in the Distribution Account and distributed by the Indenture Trustee pursuant to Section 5.01(c)(3) of this Agreement and Section 9.1 of the Trust Agreement on the next succeeding Payment Date; and any amounts received with respect to the Loans and Foreclosure Properties subsequent to the final Payment Date shall belong to the Servicer, as purchaser thereof.

Section 10.03 Notice of Termination.

Notice of termination of this Agreement or of early redemption and termination of the Issuer pursuant to Section 10.01 shall be sent by the Indenture Trustee to the Noteholders in accordance with Section 10.02 of the Indenture.

Section 10.04 Put Option.

The Majority Noteholders may, at their option, effect a put of the entire outstanding Note Principal Balance, or any portion thereof, to the Trust on any date by exercise of the Put Option. The Majority Noteholders shall effect such put by providing notice thereof in accordance with Section 10.05 of the Indenture.

Unless otherwise agreed by the Majority Noteholders, on the third Business Day prior to the Put Date, the Issuer shall deposit the Note Redemption Amount into the Distribution Account and, if the Put Date occurs after the termination of the Revolving Period and constitutes a put of the entire outstanding Note Principal Balance, any amounts then on deposit in the Collection Account (other than any amounts withdrawable pursuant to Section 5.01(c)(1) hereof) shall be deposited in the Distribution Account and distributed by the Paying Agent pursuant to Section 5.01(c)(3) of this Agreement on the Put Date; and any amounts received with respect to the Loans and Foreclosure Properties subsequent to the Put Date shall belong to the Issuer.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.01 Acts of Securityholders.

Except as otherwise specifically provided herein and except with respect to Section 11.02(b), whenever action, consent or approval of the Securityholders is required under this Agreement, such action, consent or approval shall be deemed to have been taken or given on behalf of, and shall be binding upon, all Securityholders if the Majority Noteholders agree to take such action or give such consent or approval.

Section 11.02 Amendment.

(a) This Agreement may also be amended from time to time by the Depositor, the Servicer, the Loan Originator, the Indenture Trustee and the Issuer by written agreement, with the

prior written consent of the Majority Noteholders, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement, or of modifying in any manner the rights of the Securityholders; provided, however, that no such amendment shall (i) reduce in any manner the amount of, or delay the timing of, collections of payments on Loans or distributions which are required to be made on any Security, without the consent of the holders of 100% of the Securities affected thereby, (ii) adversely affect in any material respect the interests of any of the holders of the Securities in any manner other than as described in clause (i), without the consent of the holders of 100% of the Securities affected thereby, or (iii) reduce the percentage of the Securities, the consent of which is required for any such amendment, without the consent of the holders of 100% of the Securities.

(b) It shall not be necessary for the consent of Securityholders under this Section to approve the particular form of any proposed amendment, but it shall be sufficient if such consent shall approve the substance thereof.

Prior to the execution of any amendment to this Agreement, the Issuer and the Indenture Trustee shall be entitled to receive and rely upon an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Agreement. The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment which affects the Issuer's own rights, duties or immunities of the Issuer or the Indenture Trustee, as the case may be, under this Agreement.

Section 11.03 Recordation of Agreement.

To the extent permitted by applicable law, this Agreement, or a memorandum thereof if permitted under applicable law, is subject to recordation in all appropriate public offices for real property records in all of the counties or other comparable jurisdictions in which any or all of the Mortgaged Property is situated, and in any other appropriate public recording office or elsewhere, such recordation to be effected by the Servicer at the Securityholders' expense on direction of the Majority Noteholders but only when accompanied by an Opinion of Counsel to the effect that such recordation materially and beneficially affects the interests of the Securityholders or is necessary for the administration or servicing of the Loans.

Section 11.04 Duration of Agreement.

This Agreement shall continue in existence and effect until terminated as herein provided.

Section 11.05 Governing Law.

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS (INCLUDING SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW BUT OTHERWISE WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW). With respect to all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby, each party irrevocably submits to the non-exclusive jurisdiction of the courts of the State of New York and the United States District

Court located in the Borough of Manhattan, City of New York, and each party irrevocably waives any objection which it may have at any time to the laying of venue of any suit, action or proceeding arising out of or relating hereto brought in any such court, irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in any inconvenient forum and further irrevocably waives the right to object, with respect to such claim, suit, action or proceeding brought in any such court, that such court does not have jurisdiction over such party, provided that service of process is made by any lawful means. Nothing in this Section 11.05 shall affect the right of any party hereto or its assignees, or of any Noteholder or its assignees, to bring any other action or proceeding against any party hereto or its property in the courts of other jurisdictions.

Section 11.06 Notices.

All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered personally, mailed by overnight mail, certified mail or registered mail, postage prepaid, or (ii) transmitted by telecopy, upon telephone confirmation of receipt thereof, as follows:

(I) in the case of the Depositor, to Option One Loan Warehouse Corporation, 3 Ada, Irvine, California 92618, or such other addresses or telecopy or telephone numbers as may hereafter be furnished to the Securityholders and the other parties hereto in writing by the Depositor;

(II) in the case of the Trust, to Option One Owner Trust 2002-3, c/o Wilmington Trust Company, One Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, Attention: Corporate Trust Administration, telecopy number: (302) 636-4144, telephone number: (302) 636-1000, or such other address or telecopy or telephone numbers as may hereafter be furnished to the Noteholders and the other parties hereto in writing by the Trust;

(III) in the case of the Loan Originator, (A) if to Option One, to Option One Mortgage Corporation, 3 Ada, Irvine, California 92618, Attention: Matthew Engel, telecopy number: (949) (866)715-8329 telephone number: (949) 790-8128 or (B) if to Option One Capital, to Option One Mortgage Capital Corporation, 3 Ada Road, Irvine, California 92618, Attention: Chief Financial Officer, telecopy number: (866)715-8329, telephone number: (949) 790-8128 or, in either case, to such other addresses or telecopy or telephone numbers as may hereafter be furnished to the Securityholders and the other parties hereto in writing by Option One or Option One Capital;

(IV) in the case of the Servicer, to Option One Mortgage Corporation 3 Ada, Irvine, California 92618, Attention: Matthew Engel, telecopy number: (866)715-8329, telephone number: (949) 790-8128 or such other addresses or telecopy or telephone numbers as may hereafter be furnished to the Securityholders and the other parties hereto in writing by the Servicer; and

(V) in the case of the Indenture Trustee, to Wells Fargo Bank, N.A., 9062 Old Annapolis Road, Columbia, Maryland 21045, Attention: Corporate Trust Services — Option One Owner Trust 2002-3, with a copy to it at the Corporate Trust Office, as defined in the Indenture, any

such notices shall be deemed to be effective with respect to any party hereto upon the receipt of such notice or telephone confirmation thereof by such party; provided, that notices to the Securityholders shall be effective upon mailing or personal delivery.

Section 11.07 Severability of Provisions.

If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be held invalid for any reason whatsoever, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other covenants, agreements, provisions or terms of this Agreement.

Section 11.08 No Partnership.

Nothing herein contained shall be deemed or construed to create any partnership or joint venture between the parties hereto and the services of the Servicer shall be rendered as an independent contractor.

Section 11.09 Counterparts.

This Agreement may be executed in one or more counterparts and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed to be an original; such counterparts, together, shall constitute one and the same Agreement.

Section 11.10 Successors and Assigns.

This Agreement shall inure to the benefit of and be binding upon the Servicer, the Loan Originator, the Depositor, the Indenture Trustee, the Issuer and the Securityholders and their respective successors and permitted assigns.

Section 11.11 Headings.

The headings of the various Sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be part of this Agreement.

Section 11.12 Actions of Securityholders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Agreement to be given or taken by Securityholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Securityholders in person or by an agent duly appointed in writing; and except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Depositor, the Servicer, the Loan Originator or the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Agreement and conclusive in favor of the Depositor, the Servicer, the Loan Originator and the Issuer if made in the manner provided in this Section 11.12.

(b) The fact and date of the execution by any Securityholder of any such instrument or writing may be proved in any reasonable manner which the Depositor, the Servicer, the Loan Originator or the Issuer may deem sufficient.

(c) Any request, demand, authorization, direction, notice, consent, waiver or other act by a Securityholder shall bind every holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done, or omitted to be done, by the Depositor, the Servicer, the Loan Originator or the Issuer in reliance thereon, whether or not notation of such action is made upon such Security.

(d) The Depositor, the Servicer, the Loan Originator or the Issuer may require additional proof of any matter referred to in this Section 11.12 as it shall deem necessary.

Section 11.13 Non-Petition Agreement.

Notwithstanding any prior termination of any Basic Document, the Loan Originator, the Servicer, the Depositor and the Indenture Trustee each severally and not jointly covenants that it shall not, prior to the date which is one year and one day after the payment in full of the all of the Notes, acquiesce, petition or otherwise, directly or indirectly, invoke or cause the Trust or the Depositor to invoke the process of any governmental authority for the purpose of commencing or sustaining a case against the Issuer or Depositor under any Federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or Depositor or any substantial part of their respective property or ordering the winding up or liquidation of the affairs of the Issuer or the Depositor.

Section 11.14 Holders of the Securities.

(a) Any sums to be distributed or otherwise paid hereunder or under this Agreement to the holders of the Securities shall be paid to such holders pro rata based on their Percentage Interests;

(b) Where any act or event hereunder is expressed to be subject to the consent or approval of the holders of the Securities, such consent or approval shall be capable of being given by the holder or holders evidencing in the aggregate not less than 51% of the Percentage Interests of the Notes or the Certificates, as applicable.

Section 11.15 Due Diligence Fees, Due Diligence.

The Loan Originator acknowledges that the Majority Noteholders have the right to perform continuing due diligence reviews with respect to the Loans, for purposes of verifying compliance with the representations, warranties and specifications made hereunder, or otherwise, and the Loan Originator agrees that upon reasonable prior notice (with no notice being required upon the occurrence of an Event of Default) to the Loan Originator, the Majority Noteholders, the Indenture Trustee and Custodian or its authorized representatives will be permitted during normal business hours to examine, inspect, and make copies and extracts of, the Loan Files and any and all documents, records, agreements, instruments or information relating to such Loans in the possession or under the control of the Servicer and the Indenture Trustee. The Loan

Originator also shall make available to the Majority Noteholders a knowledgeable financial or accounting officer for the purpose of answering questions respecting the Loan Files and the Loans and the financial condition of the Loan Originator. Without limiting the generality of the foregoing, the Loan Originator acknowledges that the Majority Noteholders may purchase Notes based solely upon the information provided by the Loan Originator to the Majority Noteholders in the Loan Schedule and the representations, warranties and covenants contained herein, and that the Majority Noteholders, at their option, have the right at any time to conduct a partial or complete due diligence review on some or all of the Loans securing such purchase, including without limitation ordering new credit reports and new appraisals on the related Mortgaged Properties and otherwise re-generating the information used to originate such Loan. The Majority Noteholders may underwrite such Loans or engage a mutually agreed upon third party underwriter to perform such underwriting. The Loan Originator agrees to cooperate with the Majority Noteholders and any third party underwriter in connection with such underwriting, including, but not limited to, providing the Majority Noteholders and any third party underwriter with access to any and all documents, records, agreements, instruments or information relating to such Loans in the possession, or under the control, of the Servicer. The Loan Originator further agrees that the Loan Originator shall reimburse the Majority Noteholders for any and all reasonable out-of-pocket costs and expenses incurred by the Majority Noteholders in connection with the Majority Noteholders's activities pursuant to this Section 11.15 hereof (the "Due Diligence Fees"). In addition to the obligations set forth in Section 11.17 of this Agreement, the Majority Noteholders agree (on behalf of themselves and their Affiliates, directors, officers, employees and representatives) to use reasonable precaution to keep confidential, in accordance with its customary procedures for handling confidential information and in accordance with safe and sound practices, and not to disclose to any third party, any non-public information supplied to it or otherwise obtained by it hereunder with respect to the Loan Originator or any of its Affiliates (including, but not limited to, the Loan File); provided, however, that nothing herein shall prohibit the disclosure of any such information to the extent required by statute, rule, regulation or judicial process; provided, further, that, unless specifically prohibited by applicable law or court order, the Majority Noteholders shall, prior to disclosure thereof, notify the Loan Originator of any request for disclosure of any such non-public information. The Majority Noteholders further agree not to use any such non-public information for any purpose unrelated to this Agreement and that the Majority Noteholders shall not disclose such non-public information to any third party underwriter in connection with a potential Disposition without obtaining a written agreement from such third party underwriter to comply with the confidentiality provisions of this Section 11.15. Without limiting the foregoing, non-public information shall not include information which (i) is or becomes generally available to the public other than as a result of a disclosure; (ii) was available to the Majority Noteholders on a non-confidential basis prior to its disclosure to such Majority Noteholders by the Servicer or the Loan Originator; (iii) is required to be disclosed by a governmental authority or related governmental agencies or as otherwise required by law; or (iv) becomes available to the Majority Noteholders on a non-confidential basis from a Person other than the Servicer or the Loan Originator who, to the best knowledge of such Majority Noteholders, is not otherwise bound by a confidentiality agreement with the Servicer or the Loan Originator and is not otherwise prohibited from transmitting the information to such Majority Noteholders.

Section 11.16 No Reliance.

Each of the Loan Originator, the Depositor, the Servicer and the Issuer hereby acknowledges that it has not relied on the Initial Noteholder, the Noteholders or any of their officers, directors, employees, agents and "control persons" as such term is used under the Act and under the Securities Exchange Act of 1934, as amended, for any tax, accounting, legal or other professional advice in connection with the transactions contemplated by the Basic Documents, that each of the Loan Originator, the Depositor, the Servicer and the Issuer has retained and been advised by such tax, accounting, legal and other professionals as it has deemed necessary in connection with the transactions contemplated by the Basic Documents and that neither the Initial Noteholder nor the Noteholders makes any representation or warranty, and shall have no liability with respect to, the tax, accounting or legal treatment or implications relating to the transactions contemplated by the Basic Documents.

Section 11.17 Confidential Information.

In addition to the confidentiality requirements set forth in Section 11.15 of this Agreement, each Noteholder, as well as the Indenture Trustee and the Disposition Agent (each of said parties singularly referred to herein as a "Receiving Party" and collectively referred to herein as the "Receiving Parties"), agrees to hold and treat all Confidential Information (as defined below) in confidence and in accordance with this Section. Such Confidential Information will not, without the prior written consent of the Servicer and the Loan Originator, be disclosed or used by such Receiving Parties or their subsidiaries, Affiliates, directors, officers, members, employees, agents or controlling persons (collectively, the "Information Recipients") other than for the purpose of making a decision to purchase or sell Notes or taking any other permitted action under this Agreement or any other Basic Document. Each Receiving Party agrees to disclose Confidential Information only to its Information Recipients who need to know it for the purpose of making a decision to purchase or sell Notes or the taking of any other permitted action under this Agreement or any other Basic Document (including in connection with the servicing of the Loans and in connection with any servicing transfers) and who are informed by such Receiving Party of its confidential nature and who agree to be bound by the terms of this Section 11.17. Disclosure that is not in violation of the Right to Financial Privacy Act, the Gramm-Leach-Bliley Act or other applicable law by such Receiving Party of any Confidential Information at the request of its outside auditors or governmental regulatory authorities in connection with an examination of a Receiving Party by any such authority shall not constitute a breach of its obligations under this Section 11.17 and shall not require the prior consent of the Servicer and the Loan Originator.

Each Receiving Party shall be responsible for any breach of this Section 11.17 by its Information Recipients. The Noteholders may use Confidential Information for internal due diligence purposes in connection with their analysis of the transactions contemplated by the Basic Documents. The Disposition Agent may disclose Confidential Information to the Disposition Participants as required to effect Dispositions. This Section 11.17 shall terminate upon the occurrence of an Event of Default; provided, however, that such termination shall not relieve the Receiving Parties or their respective Information Recipients from the obligation to comply with the Gramm-Leach-Bliley Act or other applicable law with respect to their use or disclosure of Confidential Information following the occurrence of an Event of Default.

As used herein, “Confidential Information” means non-public personal information (as defined in the Gramm-Leach-Bliley Act and its enabling regulations issued by the Federal Trade Commission) regarding Borrowers. Confidential Information shall not include information which (i) is or becomes generally available to the public other than as a result of a disclosure by a Receiving Party or any Information Recipients; (ii) was available to a Receiving Party on a non-confidential basis prior to its disclosure to such Receiving Party by the Servicer or the Loan Originator; (iii) is required to be disclosed by a governmental authority or related governmental agencies or as otherwise required by law; or (iv) becomes available to a Receiving Party on a non-confidential basis from a Person other than the Servicer or the Loan Originator who, to the best knowledge of such Receiving Party, is not otherwise bound by a confidentiality agreement with the Servicer or the Loan Originator and is not otherwise prohibited from transmitting the information to such Receiving Party. Without limiting the generality of the foregoing, the parties acknowledge and agree that this Agreement and other Basic Documents (other than the Pricing Letter) will be filed with the Securities and Exchange Commission as exhibits to filings of the Loan Originator’s parent corporation under the Securities Exchange Act of 1934.

Section 11.18 Conflicts.

Notwithstanding anything contained in the Basic Documents to the contrary, in the event of the conflict between the terms of this Agreement and any other Basic Document, the terms of this Agreement shall control.

Section 11.19 Limitation on Liability.

It is expressly understood and agreed by the parties hereto that (a) this Agreement is executed and delivered by Wilmington Trust Company, not individually or personally, but solely as Owner Trustee of Option One Owner Trust 2002-3, in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose for binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Agreement or any other related documents.

Section 11.20 No Agency.

Nothing contained herein or in the Basic Documents shall be construed to create an agency or fiduciary relationship between the Initial Noteholder, any Noteholder or the Majority Noteholders or any of their Affiliates and the Issuer, the Depositor, the Loan Originator or the Servicer. None of the Initial Noteholder, any Noteholder, the Majority Noteholders or any of their Affiliates shall be liable for any acts or actions affected in connection with a disposition of Loans, including without limitation, any Securitization pursuant to Section 3.07 hereof, any Loan

Originator Put or Servicer Call pursuant to Section 3.08 hereof nor any Whole Loan Sale pursuant to Section 3.07 hereof.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the Issuer, the Depositor, the Servicer, the Indenture Trustee and the Loan Originator have caused their names to be signed by their respective officers thereunto duly authorized, as of the day and year first above written, to this SECOND AMENDED AND RESTATED SALE AND SERVICING AGREEMENT.

OPTION ONE OWNER TRUST 2002-3,
By: Wilmington Trust Company,
not in its individual capacity
but solely as Owner Trustee

By: _____
Name:
Title:

OPTION ONE LOAN WAREHOUSE
CORPORATION, as Depositor

By: _____
Name:
Title:

OPTION ONE MORTGAGE CORPORATION,
as Loan Originator and Servicer

By: _____
Name:
Title:

WELLS FARGO BANK, NA, as Indenture
Trustee

By: _____
Name:
Title:

Exhibit 10.7

EXECUTION COPY

SECOND AMENDED AND RESTATED NOTE PURCHASE AGREEMENT

among

OPTION ONE OWNER TRUST 2002-3
as Issuer,

OPTION ONE LOAN WAREHOUSE CORPORATION
as Depositor

and

UBS REAL ESTATE SECURITIES INC.
as Purchaser

Dated as of January 19, 2007

OPTION ONE OWNER TRUST 2002-3
MORTGAGE-BACKED NOTES

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SECOND AMENDED AND RESTATED NOTE PURCHASE AGREEMENT

SECOND AMENDED AND RESTATED NOTE PURCHASE AGREEMENT, dated as of January 19, 2007 (the "Note Purchase Agreement"), among OPTION ONE OWNER TRUST 2002-3 (the "Issuer"), OPTION ONE LOAN WAREHOUSE CORPORATION (the "Depositor"), and UBS REAL ESTATE SECURITIES INC. ("UBS" and in its capacity as the purchaser, the "Purchaser").

The parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Certain Defined Terms. Capitalized terms used herein without definition shall have the meanings set forth in the Indenture and the Sale and Servicing Agreement (as defined below). Additionally, the following terms shall have the following meanings:

"Closing" shall have the meaning set forth in Section 2.02.

"Closing Date" shall have the meaning set forth in Section 2.02.

"Commitment" means the commitment of the Purchaser to purchase Additional Note Principal Balances pursuant to Section 2.01.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Governmental Actions" means any and all consents, approvals, permits, orders, authorizations, waivers, exceptions, variances, exemptions or licenses of, or registrations, declarations or filings with, any Governmental Authority required under any Governmental Rules.

"Governmental Authority" means the United States of America, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and having jurisdiction over the applicable Person.

"Governmental Rules" means any and all laws, statutes, codes, rules, regulations, ordinances, orders, writs, decrees and injunctions, of any Governmental Authority and any and all legally binding conditions, standards, prohibitions, requirements and judgments of any Governmental Authority.

"Indemnified Party" means UBS Real Estate Securities Inc. and any of its officers, directors, employees, agents, representatives, assignees and Affiliates and any Person who controls UBS Real Estate Securities Inc. or their Affiliates within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act.

"Indenture" means the Indenture dated as of January 19, 2007, between the Issuer as Issuer and Wells Fargo Bank, N.A. as Indenture Trustee.

"Investment Company Act" shall have the meaning provided in Section 5.01(k).

"Lien" means, with respect to any asset, (a) any mortgage, lien, pledge, charge, security interest, hypothecation, option or encumbrance of any kind in respect of such asset or (b) the interest of a vendor or lessor under any conditional sale agreement, financing lease or other title retention agreement relating to such asset.

"Loan Originator" means Option One Mortgage Corporation, a California corporation and Option One Mortgage Capital Corporation, a Delaware corporation, or either of them.

"Maximum Note Principal Balance" has the meaning set forth in the Pricing Letter.

"Pricing Letter" means the pricing letter among the Issuer, the Depositor, UBS Real Estate Securities Inc., Option One and the Indenture Trustee, dated the date hereof and any amendments thereto.

"Purchased Notes" means the Option One Owner Trust 2002-3 Mortgage-Backed Notes issued by the Issuer pursuant to the Indenture.

"Purchaser" means UBS and its permitted successors and assigns.

"Sale and Servicing Agreement" means the Second Amended and Restated Sale and Servicing Agreement dated as of January 19, 2007, among the Issuer, the Depositor, the Loan Originators, the Servicer and Wells Fargo Bank, N.A. as the Indenture Trustee, as the same may be amended, modified or supplemented from time to time.

"Servicer" means Option One Mortgage Corporation or its permitted successors and assigns.

SECTION 1.02 Other Definitional Provisions.

(a) All terms defined in this Note Purchase Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(b) As used herein and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in Section 1.01, and accounting terms partially defined in Section 1.01 to the extent not defined, shall have the respective meanings given to them under generally accepted accounting principles. To the extent that the definitions of accounting terms herein are inconsistent with the meanings of such terms under generally accepted accounting principles, the definitions contained herein shall control.

(c) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Note Purchase Agreement shall refer to this Note Purchase Agreement as a whole and not to any particular provision of this Note Purchase Agreement; and Section, subsection, Schedule and Exhibit references contained in this Note Purchase Agreement are references to Sections, subsections and schedules in or to this Note Purchase Agreement unless otherwise specified.

ARTICLE II

COMMITMENT; CLOSING AND PURCHASES OF
ADDITIONAL NOTE PRINCIPAL BALANCES

SECTION 2.01 Commitment.

(a) At any time during the Revolving Period at least two Business Days prior to a proposed Transfer Date in the case of a Loan that is not a Wet Funded Loan, or by 11:00 AM, New York City time on a proposed Transfer Date, in the case of a Wet Funded Loan, to the extent that the aggregate outstanding Note Principal Balance (after giving effect to the proposed purchase) is less than the Maximum Note Principal Balance, and subject to the terms and conditions hereof and in accordance with the other Basic Documents, the Issuer may request that the Purchaser purchase Additional Note Principal Balances (each such request, a "Purchase Request"). Each Purchase Request shall identify the proposed Transfer Date, an estimate of the number of Loans and aggregate Principal Balance of the Loans that will be purchased by the Issuer on such Transfer Date. On the identified Transfer Date, the Purchaser agrees to purchase the Additional Note Principal Balance requested in the Purchase Request, subject to the terms and conditions and in reliance upon the covenants, representations and warranties set forth herein and in the other Basic Documents.

SECTION 2.02 Closing. The closing (the "Closing") of the execution of the Basic Documents and issuance of the Notes shall take place at 10:00 a.m. at the offices of Manatt, Phelps & Phillips LLP, Costa Mesa, California on January 19, 2007, or if the conditions to closing set forth in Article IV of this Note Purchase Agreement shall not have been satisfied or waived by such date, as soon as practicable after such conditions shall have been satisfied or waived, or at such other time, date and place as the parties shall agree upon (the date of the Closing being referred to herein as the "Closing Date").

ARTICLE III

TRANSFER DATES

SECTION 3.01 Transfer Dates.

(a) Subject to the conditions and terms set forth herein and in Section 2.06 of the Sale and Servicing Agreement with respect to each Transfer Date, the Issuer may request, and the Purchaser agrees to, purchase Additional Note Principal Balances from the Issuer from time to time in accordance with, and upon the satisfaction, as of the applicable Transfer Date, of each of the following additional conditions:

(i) With respect to each Transfer Date, each condition set forth in Section 2.06 of the Sale and Servicing Agreement shall have been satisfied;

(ii) Each of the representations and warranties of the Issuer, the Servicer, the Loan Originator and the Depositor made in the Basic Documents shall be true and correct in all material respects as of such date (except to the extent they expressly relate to an earlier or later time);

(iii) The Issuer, the Servicer, the Loan Originator and the Depositor shall be in material compliance with all of their respective covenants contained in the Basic Documents and the Purchased Notes;

(iv) No Event of Default and no Default shall have occurred or shall be occurring;

(v) With respect to each Transfer Date, the Purchaser shall have received evidence reasonably satisfactory to it of the completion of all recordings, registrations, and filings as may be necessary or, in the reasonable opinion of the Purchaser, desirable to perfect or evidence the assignments required to be effected on such Transfer Date in accordance with the Sale and Servicing Agreement and the Loan Purchase Agreement including, without limitation, the assignment of the Loans and the proceeds thereof;

(vi) Each Loan (i) has been originated in accordance with the Underwriting Guidelines and (ii) is not "abusive" or "predatory" as defined in or in violation of any applicable statutes, regulations, ordinances or in any other way that would be otherwise actionable by the Borrower or any Governmental Authority;

(vii) With respect to the first Transfer Date, the Purchaser shall have completed its initial due diligence review with respect to the Loans and the Loan Originator and determined, in the Purchaser's sole discretion, that both the Loans and the origination, servicing and business practices of the Loan Originator are reasonably acceptable to the Purchaser;

(viii) The Purchaser shall have received, in form and substance reasonably satisfactory to the Purchaser, an Officer's Certificate from the Loan Originator, dated the Closing Date, certifying to the satisfaction of the conditions set forth in the preceding paragraphs (i), (ii), (iii), (iv) and (vi);

(ix) All information provided by the Issuer to the Purchaser concerning each of the Loans to be Pledged on such Transfer Date or date of substitution shall be true and correct in all material respects as of such Transfer Date or date of substitution;

(x) All corporate and legal proceedings and all instruments in connection with such Transfer Date or date of substitution, or otherwise in connection with this Agreement and the transactions contemplated hereby, shall be reasonably satisfactory in form and substance to the Purchaser, and the Purchaser shall have received from the Issuer copies of all documents (including records of corporate proceedings) relevant to the transactions herein contemplated as the Purchaser may reasonably have requested. Such documents shall include, in addition to the documents listed in Section 4.01, a certificate of the Secretary or Assistant Secretary of the Issuer certifying the names and signatures of the officers authorized on its behalf to execute this Agreement and any other documents to be delivered by it hereunder on such Transfer Date or date of substitution; and

(xi) The Purchaser shall have received the most recent available standard servicing or loan reports in summary form, if any, with respect to all of the Pledged Loans.

(b) The price paid by the Purchaser on each Transfer Date for the Additional Note Principal Balance purchased on such Transfer Date shall be equal to the amount of such Additional

Note Principal Balance and shall be remitted not later than 3:30 p.m. (New York City time) on the Transfer Date by wire transfer of immediately available funds to the Advance Account.

(c) The Purchaser shall record on the schedule attached to the Purchased Notes, the date and amount of any Additional Note Principal Balance purchased by it; provided, that failure to make such recordation on such schedule or any error in such schedule shall not adversely affect the Purchaser's rights with respect to its Note Principal Balance and any right to receive interest payments in respect of the Note Principal Balance actually held. Absent manifest error, the Note Principal Balance of the Purchased Notes as set forth in the Purchaser's records shall be binding upon the parties hereto, notwithstanding any notation or record made or kept by any other party hereto.

(d) The Purchaser shall determine in its reasonable discretion whether each of the above conditions have been met in accordance with the Sale and Servicing Agreement and its determination shall be binding on the parties hereto.

SECTION 3.02 Limitation on Purchases; Illegality. Anything to the contrary notwithstanding, if, on or prior to the determination of any One-Month LIBOR:

(a) The Purchaser determines, which determination shall be conclusive, that quotations of interest rates for the relevant deposits referred to in the definition of "One-Month LIBOR" in Section 1.01 of the Sale and Servicing Agreement are not being provided in the relevant amounts or for the relevant maturities for purposes of determining rates of interest for the Purchased Notes as provided herein; or

(b) The Purchaser determines, which determination shall be conclusive (and based on such information as Majority Noteholders shall have given to the Purchaser), that the relevant rate of interest referred to in the definition of "One-Month LIBOR" in Section 1.01 of the Sale and Servicing Agreement upon the basis of which the rate of interest for the Purchased Notes is to be determined is not adequate to cover the cost to the Majority Noteholders of making or maintaining Loans; or

(c) It becomes unlawful for the Purchaser to honor its obligation to purchase Notes hereunder or for any Noteholder to maintain its investment in Notes issued hereunder, in each case, using One-Month LIBOR;

then the Purchaser shall give the Issuer prompt notice thereof and at the Issuer's option, upon notice to the Purchaser, the Issuer may either immediately prepay all the Purchased Notes outstanding and terminate this Note Purchase Agreement or pay interest on the Purchased Notes at a rate per annum equal to the Federal Funds Rate plus 2.00%.

ARTICLE IV

CONDITIONS PRECEDENT TO
EFFECTIVENESS OF COMMITMENT

SECTION 4.01 Subject to Conditions Precedent. The effectiveness of the Commitment hereunder is subject to the satisfaction at the time of the Closing of the following conditions (any or all of which may be waived by the Purchaser in its sole discretion):

(a) Performance by the Issuer, the Depositor, the Servicer and the Loan Originator. All the terms, covenants, agreements and conditions of the Basic Documents to be complied with and performed by the Issuer, the Depositor, the Servicer and the Loan Originator on or before the Closing Date shall have been complied with and performed in all material respects.

(b) Representations and Warranties. Each of the representations and warranties of the Issuer, the Depositor, the Servicer and the Loan Originator made in the Basic Documents shall be true and correct in all material respects as of the Closing Date (except to the extent they expressly relate to an earlier or later time).

(c) Officer's Certificate. The Purchaser shall have received, in form and substance reasonably satisfactory to the Purchaser, an Officer's Certificate from the Loan Originator, the Depositor and the Servicer and a certificate of an Authorized Officer of the Issuer, dated the Closing Date, certifying to the satisfaction of the conditions set forth in the preceding paragraphs (a) and (b).

(d) Opinions of Counsel to the Issuer, the Loan Originator, the Servicer and the Depositor. Counsel to the Issuer, the Loan Originator, the Servicer and the Depositor shall have delivered to the Purchaser favorable opinions, dated as of the Closing Date and reasonably satisfactory in form and substance to the Purchaser and its counsel. In addition to the foregoing, the Loan Originator shall have caused its counsel to deliver to the Purchaser a favorable opinion to the effect that the Issuer will not be treated as an association (or publicly traded partnership) taxable as a corporation or as a taxable mortgage pool, for federal income tax purposes.

(e) Opinions of Counsel to the Indenture Trustee. Counsel to the Indenture Trustee shall have delivered to the Purchaser a favorable opinion, dated as of the Closing Date and reasonably satisfactory in form and substance to the Purchaser and its counsel.

(f) Opinions of Counsel to the Owner Trustee. Delaware counsel to the Owner Trustee of the Issuer and the Depositor shall have delivered to the Purchaser favorable opinions regarding the formation, existence and standing of the Issuer and the Depositor and of the Issuer's and the Depositor's execution, authorization and delivery of each of the Basic Documents to which it is a party and such other matters as the Purchaser may reasonably request, dated as of the Closing Date and reasonably satisfactory in form and substance to the Purchaser and its counsel.

(g) Filings and Recordations. The Purchaser shall have received evidence reasonably satisfactory to it of (i) the completion of all recordings, registrations, and filings as may be necessary or, in the reasonable opinion of the Purchaser, desirable to perfect or evidence the assignment by the Loan Originator to the Depositor of the Loan Originator's ownership interest in

the Trust Estate including, without limitation, the Loans conveyed pursuant to the Loan Purchase Agreement and the proceeds thereof, (ii) the completion of all recordings, registrations and filings as may be necessary or, in the reasonable opinion of the Purchaser, desirable to perfect or evidence the assignment by the Depositor to the Issuer of the Depositor's ownership interest in the Trust Estate including, without limitation, the Loans and the proceeds thereof and (iii) the completion of all recordings, registrations, and filings as may be necessary or, in the reasonable opinion of the Purchaser, desirable to perfect or evidence the grant of a first priority perfected security interest in the Issuer's ownership interest in the Trust Estate including, without limitation, the Loans, in favor of the Indenture Trustee, subject to no Liens prior to the Lien of the Indenture.

(h) Documents. The Purchaser shall have received a duly executed counterpart of each of the Basic Documents, in form reasonably acceptable to the Purchaser, the Purchased Notes and each and every document or certification delivered by any party in connection with any of the Basic Documents or the Purchased Notes, and each such document shall be in full force and effect.

(i) Due Diligence. The Purchaser shall have completed its due diligence review with respect to the Loans, as provided for in Section 11.15 of the Sale and Servicing Agreement.

(j) Actions or Proceedings. No action, suit, proceeding or investigation by or before any Governmental Authority shall have been instituted to restrain or prohibit the consummation of, or to invalidate, any of the transactions contemplated by the Basic Documents, the Purchased Notes and the documents related thereto in any material respect.

(k) Approvals and Consents. All Governmental Actions of all Governmental Authorities required with respect to the transactions contemplated by the Basic Documents, the Purchased Notes and the documents related thereto shall have been obtained or made.

(l) Accounts. The Purchaser shall have received evidence reasonably satisfactory to it that each Trust Account has each been established in accordance with the terms of the Sale and Servicing Agreement.

(m) Fees and Expenses. The fees and expenses payable by the Issuer and the Depositor pursuant to Section 8.02(b) hereof shall have been paid.

(n) Other Documents. The Issuer, the Loan Originator, the Depositor and the Servicer shall have furnished to the Purchaser such other opinions, information, certificates and documents as the Purchaser may reasonably request.

(o) Proceedings in Contemplation of Sale of Purchased Notes. All actions and proceedings undertaken by the Issuer, the Loan Originator, the Depositor and the Servicer in connection with the issuance and sale of the Purchased Notes as herein contemplated shall be reasonably satisfactory in all respects to the Purchaser and its counsel.

(p) Financial Covenants. The Loan Originator and the Servicer shall be in compliance with the financial covenants set forth in Section 7.02 of the Sale and Servicing Agreement.

(q) Trust Accounts Control Agreements. The Purchaser shall have received control agreements relating to the Trust Accounts reasonably satisfactory to the Purchaser.

(r) Underwriting Guidelines. The Purchaser shall have received a copy of the current Underwriting Guidelines.

(s) Fees. The Loan Originator shall have paid all fees, costs and expenses of the Purchaser required, by the terms of the Basic Documents, to be paid by the Loan Originator on or before the Closing Date.

If any condition specified in this Section 4.01 shall not have been fulfilled when and as required to be fulfilled through no fault of the Purchaser, this Note Purchase Agreement may be terminated by the Purchaser by notice to the Loan Originator at any time at or prior to the Closing Date, and the Purchaser shall incur no liability as a result of such termination.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE ISSUER AND THE DEPOSITOR

The Issuer and the Depositor hereby jointly and severally make the following representations and warranties to the Purchaser, as of the Closing Date, and as of each Transfer Date and the Purchaser shall be deemed to have relied on such representations and warranties in making (or committing to make) purchases of Additional Note Principal Balances on each Transfer Date and on each date on which any Collateral is released to it or substituted by it:

SECTION 5.01 Issuer.

(a) The Issuer has been duly organized and is validly existing and in good standing as a statutory trust under the laws of the State of Delaware, with requisite trust power and authority to own its properties and to transact the business in which it is now engaged, and is duly qualified to do business and is in good standing (or is exempt from such requirements) in each State of the United States where the nature of its business requires it to be so qualified and the failure to be so qualified and in good standing would, individually or in the aggregate, have a material adverse effect on (a) the interests of the Purchaser, (b) the legality, validity or enforceability of this Note Purchase Agreement or any other Basic Document or the rights or remedies of the Purchaser or the Indenture Trustee hereunder or thereunder, (c) the ability of the Issuer to perform its obligations under this Note Purchase Agreement or any other Basic Document, (d) the Indenture Trustee's security interest in the Collateral generally or in any Loan or other item of Collateral or (e) the enforceability or recoverability of any of the Loans (a "Material Adverse Effect").

(b) The issuance, sale, assignment and conveyance of the Purchased Notes and the Additional Note Principal Balances, the performance of the Issuer's obligations under each Basic Document to which it is a party and the consummation of the transactions therein contemplated will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any Lien (other than any Lien created by the Basic Documents), charge or encumbrance upon any of the property or assets of the Issuer or any of its Affiliates pursuant to the terms of, any indenture, mortgage, deed of trust, loan agreement or other

agreement or instrument to which it or any of its Affiliates is bound or to which any of its property or assets is subject, nor will such action result in any violation of the provisions of its organizational documents or any Governmental Rule applicable to the Issuer, in each case which could be expected to have a Material Adverse Effect.

(c) No Governmental Action which has not been obtained is required by or with respect to the Issuer in connection with the execution and delivery of the Purchased Notes. No Governmental Action which has not been obtained is required by or with respect to the Issuer in connection with the execution and delivery of any of the Basic Documents to which the Issuer is a party or the consummation by the Issuer of the transactions contemplated thereby except for any requirements under state securities or "blue sky" laws in connection with any transfer of the Purchased Notes.

(d) The Issuer possesses all material licenses, certificates, authorizations or permits issued by the appropriate state, federal or foreign regulatory agencies or bodies necessary to conduct the business now operated by it, and has not received any notice of proceedings relating to the revocation or modification of any such license, certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would materially and adversely affect its condition, financial or otherwise, or its earnings, business affairs or business prospects.

(e) Each of the Basic Documents to which the Issuer is a party has been duly authorized, executed and delivered by the Issuer and is a valid and legally binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, subject to enforcement of bankruptcy, insolvency, reorganization, moratorium and other similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(f) The execution, delivery and performance by the Issuer of each of its obligations under each of the Basic Documents to which it is a party will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, any agreement or instrument to which the Issuer is a party or by which the Issuer is bound or to which any of its properties are subject or of any statute, order or regulation applicable to the Issuer of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Issuer or any of its properties, in each case which could be expected to have a Material Adverse Effect.

(g) The Issuer is not in violation of its organizational documents or in default under any agreement, indenture or instrument which would have a Material Adverse Effect. The Issuer is not a party to, bound by or in breach or violation of any indenture or other agreement or instrument, or subject to or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Issuer that could, individually or in the aggregate, be expected to have a Material Adverse Effect.

(h) There are no actions or proceedings against, or investigations of, the Issuer pending, or, to the knowledge of the Issuer threatened, before any Governmental Authority, court, arbitrator, administrative agency or other tribunal (i) asserting the invalidity of any of the Basic Documents, or (ii) seeking to prevent the issuance of the Purchased Notes or the consummation of any of the transactions contemplated by the Basic Documents or the Purchased Notes, or (iii) that, if

adversely determined, could, individually or in the aggregate, be expected to have a Material Adverse Effect.

(i) Neither this Note Purchase Agreement, the other Basic Documents nor any transaction contemplated herein or therein shall result in a violation of, or give rise to an obligation on the part of the Purchaser to register, file or give notice under, Regulations T, U or X of the Federal Reserve Board or any other regulation issued by the Federal Reserve Board pursuant to the Exchange Act, in each case as in effect on the Closing Date.

(j) The Issuer has all necessary power and authority to execute and deliver the Purchased Notes. Each Purchased Note has been duly and validly authorized by the Issuer and, from and after the date on which such Purchased Note is executed by the Issuer and authenticated by the Indenture Trustee in accordance with the terms of the Indenture and delivered to and paid for by the Purchaser in accordance with the terms of this Note Purchase Agreement, shall be validly issued and outstanding and shall constitute a valid and legally binding obligation of the Issuer that is entitled to the benefits of the Indenture and enforceable against the Issuer in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by general principles of equity, regardless of whether enforceability is considered in a proceeding in equity or at law.

(k) The Issuer is not, and neither the issuance and sale of the Purchased Notes to the Purchaser nor the activities of the Issuer pursuant to the Basic Documents, shall render the Issuer an "investment company" or under the "control" of an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended (the "Investment Company Act").

(l) It is not necessary to qualify the Indenture under the Trust Indenture Act of 1939, as amended.

(m) The Issuer is solvent and has adequate capital for its business and undertakings.

(n) The chief executive offices of the Issuer are located at Option One Owner Trust 2002-3, c/o Wilmington Trust Company, as Owner Trustee, One Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, or, with the consent of the Purchaser, such other address as shall be designated by the Issuer in a written notice to the other parties hereto.

(o) There are no contracts, agreements or understandings between the Issuer and any Person granting such Person the right to require the filing at any time of a registration statement under the Act with respect to the Purchased Notes.

(p) No Default or Event of Default exists.

(q) The Issuer holds good and indefeasible title to, and is the sole owner of, all right, title and interest in and to the Collateral (including any and all Loans and the related Other Assets given as security for any of the Issuer's obligations hereunder), free and clear of all Liens, participations and rights of others (except for the Lien created by this Agreement), and on each date this representation is made, the Purchaser has a first priority Lien with respect to the Collateral and no further action in the nature of delivery of possession or filing, including any filing of any

document (other than the filing of a UCC-1 financing statement with the Secretary of the State of California naming the Issuer as “debtor” and the Purchaser as “secured party” and describing the Collateral as the “collateral” therein, but only if such filing has not previously been made), is required to establish and (insofar as a security interest may be perfected by filing or possession) perfect the Lien with respect to the Collateral in favor of the Purchaser against all third parties in any jurisdiction.

(r) The Issuer’s Chief Executive Office is located at 3 Ada, Irvine, CA 92618. The Custodial Loan Files concerning the Loans are held in the offices of the Custodian under the Custodial Agreement in the State of California.

(s) The Issuer’s’s federal taxpayer identification number is 3543125.

(t) There are no delinquent federal, state, city, county, or other taxes relating to any of the Issuer, the Depositor, any other transferor of loans to the Issuer, or the Loan Originator except those taxes (i) that are being contested by such Person in good faith, (ii) that are not material in amount, (iii) with respect to which payment has been stayed by a court of competent jurisdiction, (iv) that relate to a Mortgage Property, or (v) that would not have a Material Adverse Effect.

(u) The transactions contemplated by this Agreement are in the ordinary course of business of the Issuer. The Issuer will engage in each acquisition of Loans under the Sale and Servicing Agreement or pursuant to the Disposition Agreement as a principal and not as an agent.

(v) The Issuer is solvent, is able to pay its debts as they become due and has capital sufficient to carry on its business and its obligations hereunder. The Issuer will not be rendered insolvent by the execution and delivery of this Agreement or the performance of its obligations hereunder. No petition of bankruptcy (or similar insolvency proceeding) has been filed by or against the Issuer.

(w) In incurring any obligation or making any “transfer” (as defined in Section 101 of the Bankruptcy Code) of property or any interest therein pursuant to this Agreement (whether in connection with a purchase of Notes hereunder or otherwise), the Issuer does not intend to hinder, delay or defraud any Person to which the Issuer is or will become, on or after the date on which such obligation is incurred or such transfer is made, indebted.

(x) With respect to any obligation incurred by the Issuer or any “transfer” (as defined in Section 101 of the Bankruptcy Code) of property or any interest therein made by the Issuer pursuant to this Agreement (whether in connection with a purchase of Notes hereunder or otherwise), (i) the Issuer has received “reasonably equivalent value” within the meaning of Section 548(a)(1)(B)(i) of the Bankruptcy Code for such obligation or transfer, (ii) the Issuer is not and will not become “insolvent” within the meaning of Section 101(32) of the Bankruptcy Code at the time of or as a result of incurring such obligation or making such transfer, (iii) the Issuer is not engaged in, and is not about to engage in, any business or transaction for which the any property remaining with the Issuer constitutes “unreasonably small capital” within the meaning of Section 548(a)(1)(B)(ii)(II) of the Bankruptcy Code, and (iv) the Issuer does not intend to incur, and does not believe that it will incur, “debts” within the meaning of Section 101(12) of the Bankruptcy Code that would be beyond the Issuer’s ability to pay as such debts matured.

(y) With respect to any "transfer" (as defined in Section 101 of the Bankruptcy Code) of property or any interest therein made by the Issuer pursuant to this Agreement (including the Issuer's Grant to the Purchaser of a Lien with respect to Loans in exchange for a purchase of Notes hereunder from the Issuer to finance its purchase of such Loans), such transfer is intended as a "contemporaneous exchange for new value" given to the Issuer within the meaning of Section 547(c)(1) of the Bankruptcy Code.

SECTION 5.02 Securities Act. Assuming the accuracy of the representations and warranties of and compliance with the covenants of the Purchaser, contained herein, the sale of the Purchased Notes and the sale of Additional Note Principal Balances pursuant to this Note Purchase Agreement are each exempt from the registration and prospectus delivery requirements of the Act. In the case of the offer or sale of the Purchased Notes, no form of general solicitation or general advertising was used by the Issuer, any Affiliates of the Issuer or any person acting on its or their behalf, including, but not limited to, advertisements, articles, notices or other communications published in any newspaper, magazine or similar medium or broadcast over television or radio, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising. Neither the Issuer, any Affiliates of the Issuer nor any Person acting on its or their behalf has offered or sold, nor will the Issuer, any Affiliates of the Issuer or any Person acting on its behalf offer or sell directly or indirectly, the Purchased Notes or any other security in any manner that, assuming the accuracy of the representations and warranties and the performance of the covenants given by the Purchaser and compliance with the applicable provisions of the Indenture with respect to each transfer of the Purchased Notes, would render the issuance and sale of the Purchased Notes as contemplated hereby a violation of Section 5 of the Securities Act or the registration or qualification requirements of any state securities laws, nor has the Issuer authorized, nor will it authorize, any Person to act in such manner.

SECTION 5.03 No Fee. Neither the Issuer, nor the Depositor, nor any of their Affiliates has paid or agreed to pay to any Person any compensation for soliciting another to purchase the Purchased Notes.

SECTION 5.04 Information. The information provided pursuant to Section 7.01 hereof will, at the date thereof, be true and correct in all material respects.

SECTION 5.05 The Purchased Notes. The Purchased Notes have been duly and validly authorized, and, when executed and authenticated in accordance with the terms of the Indenture, and delivered to and paid for in accordance with this Note Purchase Agreement, will be duly and validly issued and outstanding and will be entitled to the benefits of the Indenture.

SECTION 5.06 Use of Proceeds. No proceeds of a purchase hereunder will be used (i) for a purpose that violates or would be inconsistent with Regulations T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time or (ii) to acquire any security in any transaction in violation of Section 13 or 14 of the Exchange Act.

SECTION 5.07 The Depositor. The Depositor hereby makes to the Purchaser each of the representations, warranties and covenants set forth in Section 3.01 of the Sale and Servicing

Agreement as of the Closing Date and as of each Transfer Date (except to the extent that any such representation, warranty or covenant is expressly made as of another date).

SECTION 5.08 Taxes, etc. Any taxes, fees and other charges of Governmental Authorities applicable to the Issuer and the Depositor, except for franchise or income taxes, in connection with the execution, delivery and performance by the Issuer and the Depositor of each Basic Document to which they are parties, the issuance of the Purchased Notes or otherwise applicable to the Issuer or the Depositor in connection with the Trust Estate have been paid or will be paid by the Issuer or the Depositor, as applicable, at or prior to the Closing Date or Transfer Date, to the extent then due.

SECTION 5.09 Financial Condition. On the date hereof and on each Transfer Date, neither the Issuer nor the Depositor is or will be insolvent or the subject of any voluntary or involuntary bankruptcy proceeding.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE PURCHASER

The Purchaser hereby makes the following representations and warranties, as to itself, to the Issuer and the Depositor on which the same are relying in entering into this Note Purchase Agreement.

SECTION 6.01 Organization. The Purchaser has been duly organized and is validly existing and in good standing under the laws of the jurisdiction of its organization with power and authority to own its properties and to transact the business in which it is now engaged.

SECTION 6.02 Authority, etc. The Purchaser has all requisite power and authority to enter into and perform its obligations under this Note Purchase Agreement and to consummate the transactions herein contemplated. The execution and delivery by the Purchaser of this Note Purchase Agreement and the consummation by the Purchaser of the transactions contemplated hereby have been duly and validly authorized by all necessary organizational action on the part of the Purchaser. This Note Purchase Agreement has been duly and validly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, subject to enforcement of bankruptcy, reorganization, insolvency, moratorium and other similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity. Neither the execution and delivery by the Purchaser of this Note Purchase Agreement nor the consummation by the Purchaser of any of the transactions contemplated hereby, nor the fulfillment by the Purchaser of the terms hereof, will conflict with, or violate, result in a breach of or constitute a default under any term or provision of the Purchaser's organizational documents or any Governmental Rule applicable to the Purchaser.

SECTION 6.03 Securities Act. The Purchaser hereby represents and warrants to the Issuer and the Depositor as of the date of this Note Purchase Agreement, as follows:

(a) The Purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the purchase of an interest in the Note.

The Purchaser (i) is (A) a "qualified institutional buyer" as defined under Rule 144A promulgated under the Securities Act of 1933, as amended (the "1933 Act"), acting for its own account or the accounts of other "qualified institutional buyers" as defined under Rule 144A, or (B) an "accredited investor" within the meaning of Regulation D promulgated under the 1933 Act, and (ii) is aware that the Issuer intends to rely on the exemption from registration requirements under the 1933 Act provided by Rule 144A or Regulation D, as applicable.

(b) The Purchaser understands that neither the Note nor interests in the Note have been registered or qualified under the 1933 Act, nor under the securities laws of any state, and therefore neither the Note nor interests in the Note can be resold unless they are registered or qualified thereunder or unless an exemption from registration or qualification is available.

(c) It is the intention of the Purchaser to acquire interests in the Note (a) for investment for its own account, or (b) for resale to "qualified institutional buyers" in transactions under Rule 144A, and not in any event with the view to, or for resale in connection with, any distribution thereof. The Purchaser understands that the Note and interests therein have not been registered under the 1933 Act by reason of a specific exemption from the registration provisions of the 1933 Act which depends upon, among other things, the bona fide nature of the Purchaser's investment intent (or intent to resell only in Rule 144A transactions) as expressed herein.

SECTION 6.04 Conflicts With Law. The execution, delivery and performance by the Purchaser of its obligations under this Note Purchase Agreement will not result in a breach or violation of any of the terms or provisions of, or constitute a default under, any agreement or instrument to which the Purchaser is a party or by which the Purchaser is bound or of any statute, order or regulation applicable to the Purchaser of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Purchaser, in each case which could be expected to have a material adverse effect on the transactions contemplated therein.

SECTION 6.05 Conflicts With Agreements, etc. The Purchaser is not in violation of its organizational documents or in default under any agreement, indenture or instrument the effect of which violation or default would be materially adverse to the Purchaser in the performance of its obligations or duties under any of the Basic Documents to which it is a party. The Purchaser is not a party to, bound by or in breach or violation of any indenture or other agreement or instrument, or subject to or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Purchaser that materially and adversely affects, the ability of the Purchaser to perform its obligations under this Note Purchase Agreement.

ARTICLE VII

COVENANTS OF THE ISSUER AND THE DEPOSITOR

SECTION 7.01 Information from the Issuer. So long as the Purchased Notes remain outstanding, the Issuer and the Depositor shall each furnish to the Purchaser:

(a) the financial information required to be delivered by the Servicer under Section 4.02(a) of the Sale and Servicing Agreement;

(b) such information (including financial information), documents, records or reports with respect to the Trust Estate, the Loans, the Issuer, the Loan Originator, the Servicer or the Depositor as the Purchaser may from time to time reasonably request;

(c) as soon as possible and in any event within one (1) Business Day after the occurrence thereof, notice of each Event of Default under the Sale and Servicing Agreement or the Indenture, and each Default; and

(d) promptly and in any event not later than the effective time thereof, written notice of a change in address of the chief executive office of the Issuer, the Loan Originator or the Depositor.

SECTION 7.02 Access to Information. So long as the Purchased Notes remain outstanding, each of the Issuer and the Depositor shall, at any time and from time to time during regular business hours, or at such other reasonable times upon reasonable notice to the Issuer or the Depositor, as applicable, permit the Purchaser, or its agents or representatives to:

(a) examine all books, records and documents (including computer tapes and disks) in the possession or under the control of the Issuer or the Depositor relating to the Loans or the Basic Documents as may be requested, and

(b) visit the offices and property of the Issuer and the Depositor for the purpose of examining such materials described in clause (a) above.

Except as provided in Section 10.05, information obtained by the Purchaser pursuant to this Section 7.02 and Section 7.01 herein shall be held in confidence in accordance with and to the extent provided in Sections 11.15 and 11.17 of the Sale and Servicing Agreement as if it constituted “Confidential Information” (as defined therein).

SECTION 7.03 Ownership and Security Interests; Further Assurances. The Depositor will take all action necessary to maintain the Issuer’s ownership interest in the Loans and the other items sold pursuant to Article II of the Sale and Servicing Agreement. The Issuer will take all action necessary to maintain the Indenture Trustee’s security interest in the Loans and the other items pledged to the Indenture Trustee pursuant to the Indenture.

The Issuer and the Depositor agree to take any and all acts and to execute any and all further instruments reasonably necessary or requested by the Purchaser to more fully effect the purposes of this Note Purchase Agreement.

SECTION 7.04 Covenants. The Issuer and the Depositor shall each duly observe and perform each of their respective covenants set forth in each of the Basic Documents to which they are a party.

SECTION 7.05 Amendments. Neither the Issuer nor the Depositor shall make, nor permit any Person to make, any amendment, modification or change to, or provide any waiver under any Basic Document to which the Issuer or the Depositor, as applicable, is a party without the prior written consent of the Purchaser.

SECTION 7.06 With Respect to the Exempt Status of the Purchased Notes.

(a) Neither the Issuer nor the Depositor, nor any of their respective Affiliates, nor any Person acting on their behalf will, directly or indirectly, make offers or sales of any security, or solicit offers to buy any security, under circumstances that would require the registration of the Purchased Notes under the Securities Act.

(b) Neither the Issuer nor the Depositor, nor any of their Affiliates, nor any Person acting on their behalf will engage in any form of general solicitation or general advertising (within the meaning of Regulation D promulgated under the Securities Act) in connection with any offer or sale of the Purchased Notes.

(c) On or prior to any Transfer Date, the Issuer and the Depositor will furnish or cause to be furnished to the Purchaser and any subsequent purchaser therefrom of Additional Note Principal Balance, if the Purchaser or any such subsequent purchaser so request, a letter from each Person furnishing a certificate or opinion on the Closing Date as described in Section 4.01 hereof or on or before any such Transfer Date in which such Person shall state that such subsequent purchaser may rely upon such original certificate or opinion as though delivered and addressed to such subsequent purchaser and made on and as of the Closing Date or such Transfer Date, as the case may be, except for such exceptions set forth in such letter as are attributable to events occurring after the Closing Date or such Transfer Date.

SECTION 7.07 Affirmative Covenants

Until (i) the Revolving Period has ended, (ii) all Obligations have been paid in full and (iii) all other obligations of the Issuer under the Basic Documents have been performed in full, the Issuer and the Depositor, each covenants and agrees that it will do all of the following:

(a) Continue to engage in the business now conducted by it and preserve and maintain in full force and effect its existence and all permits, licenses, approvals, consents, rights, privileges, and franchises necessary or desirable in the conduct or transaction of its business or the ownership of its properties.

(b) Pay and discharge, or cause the Servicer to pay and discharge, all taxes, levies, liens, and other charges on its assets and on the Collateral that, in each case, in any manner would create any lien or charge upon the Collateral.

(c) Comply in all material respects with all laws, ordinances, rules, and regulations of any federal, state, municipal, or other public authority having jurisdiction over the Issuer or any of its assets.

(d) Advise the Purchaser in writing at least thirty (30) days prior to the opening of any new chief executive office or the closing of any such office and of any change in the Issuer’s name or the places where the books and records pertaining to the Collateral are kept.

(e) Maintain records with respect to the Collateral and the conduct and operation of its business in conformity with general standards in the subprime mortgage loan servicing industry and with no less a degree of prudence than if the Collateral were held by the Issuer for its

own account, and furnish the Purchaser, upon reasonable request by the Purchaser, with information with respect to the Collateral.

(f) Provide, or cause the Servicer to provide, to the Purchaser a magnetic tape, floppy disk or electronic transmission, as the Purchaser shall elect from time to time, containing the Servicer's standard monthly remittance report, which report shall be in substantially the form required under the Sale and Servicing Agreement .

(g) Pay, discharge, or otherwise satisfy before they become delinquent all material obligations of whatever nature, except when (i) the failure to pay, discharge or satisfy such obligations before they become delinquent is consistent with Accepted Servicing Practices or (ii) the amount or validity thereof is currently being contested in good faith by appropriate proceedings and the Issuer has established adequate reserves with respect thereto and no liens have attached to any portion of the Collateral.

(h) Promptly, and in any event within one Business Day of the occurrence thereof, notify the Purchaser in writing of (i) the occurrence of any event of default by any Person under any indenture, mortgage, deed of trust, agreement, or other instrument or contractual obligation to which the Issuer or any Affiliate of the Issuer is a party or by which its properties may be bound or affected, if such occurrence could reasonably be expected to have a Material Adverse Effect, or (ii) the occurrence of any Default or Event of Default.

(i) At all times be wholly-owned (i) directly, by the Depositor, and (ii) indirectly, by the Loan Originator.

(j) Cause the Loans to be serviced and administered by the Servicer (including any Subservicers) in substantial compliance with Accepted Servicing Practices and, at all times, enforce the obligations of the Servicer (including any Subservicers) under the Sale and Servicing Agreement.

(k) Cause each of its agents (including the Servicer) to agree to hold in trust and to deposit, in accordance with its normal and customary practices and procedures, all Collections received from time to time in respect of the Pledged Loans (net of Servicing Fees and ancillary amounts that are payable to the Servicer under the Sale and Servicing Agreement) to the Collection Account maintained pursuant to the Facility Administration Agreement or to such other account or accounts as may be specified and maintained by the Purchaser or its designee from time to time.

(l) Comply in all material respects with the terms of both the Custodial Agreement and the Indenture.

(m) Except as otherwise permitted in the Sale and Servicing Agreement, agree to any material modification of any Loan only with the prior written consent of the Purchaser.

(n) Deliver all Custodial Loan Files to the Custodian as provided in the Custodial Agreement.

(o) Cause each service provider engaged by the Issuer that is an Affiliate of the Issuer to agree and covenant that such service provider shall not, prior to a date which is one year

and one day after the payment in full of all Obligations (i) petition or otherwise invoke, directly or indirectly, the process of any Governmental Authority for the purpose of (A) commencing or sustaining a case against the Issuer under any federal or state bankruptcy, insolvency or similar law or (B) appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of its property or (C) ordering the winding up or liquidation of the affairs of the Issuer, or (ii) acquiesce to any of the foregoing.

(p) Use the funds derived from issuing and selling the Notes solely to purchase Loans and other Collateral from the Depositor (or any other transferor).

(q) Permit representatives of the Purchaser, at the Purchaser's expense (except as otherwise provided herein with respect to any due diligence activities undertaken by or for the Purchaser) at any reasonable time prior to the occurrence of an Event of Default and at the Issuer's expense at any time thereafter, to (i) visit and inspect any of the Issuer's properties and examine and make copies of or abstracts from any of its books and records in any way relating to the Collateral or to the Issuer's compliance with the provisions of this Agreement or any other Basic Document at any reasonable time and as often as may reasonably be desired by the Purchaser (but, prior to the occurrence of any Default or Event of Default, only upon not less than five Business Days' prior notice), and (ii) discuss the business, operations, properties, assets and financial and other condition of the Issuer with the Issuer's officers and employees of the Issuer and with its independent certified public accountants (it being agreed that the Issuer shall cause such officers, employees and accountants to be available for such purposes and to cooperate fully with such representatives); provided, however, that the results of any such visit, inspection, examination, discussion or audit, to the extent such results are proprietary and non-public, shall be kept confidential by the Purchaser and its Affiliates except (x) as may be required by law or regulation or by any governmental agency or regulatory body having authority over the Purchaser or its Affiliates, (y) to the extent that such information may be communicated to the legal counsel, auditors and other advisers of the Purchaser or its Affiliates, and (z) in connection with any legal or other proceedings for the enforcement of any right, remedy, power or privilege of the Purchaser under any Basic Document or for the protection of the Purchaser's interests thereunder.

(r) Promptly give the Purchaser written notice upon becoming aware that the Issuer is not in compliance in all material respects with ERISA or that any Lien exists on any of the Pledged Loans under ERISA.

(s) Keep proper books of record and account in which full, true and correct entries in conformity with GAAP and all requirements of law shall be made of all dealings and transactions in relation to its business and activities.

(t) Supply the Purchaser with bring-down good standing certificates, legal opinions, officer's certificates and similar such items, promptly upon the Purchaser's reasonable request. The Purchaser will not, however, request such items more frequently than once in any period of 90 consecutive days unless either a Default or an Event of Default shall have occurred and be continuing.

(u) Within ten (10) days of the initial Transfer Date, file all material instruments and documents (including UCC-1 financing statements and continuation statements) required to be

filed to create in favor of the Purchaser a perfected Lien with respect to the Collateral shall have been duly prepared (and, if applicable executed or acknowledged) by the Issuer and delivered to the Purchaser in the proper form for filing in each office in each relevant jurisdiction.

SECTION 7.08 Negative Covenants.

Until (i) the Revolving Period has ended, (ii) all Obligations have been paid in full and (iii) all other obligations of the Issuer under the Basic Documents have been performed in full, the Issuer covenants and agrees that it will not:

(a) Create, incur, assume, or suffer to exist, any Lien with respect to any of the Collateral whether now owned or existing or hereafter acquired or arising, other than liens in favor of the Indenture Trustee, or permit any financing statement (except any financing statements in favor of the Indenture Trustee) or assignment (except for any assignments in favor of the Purchaser) to be on file in any public office with respect thereto.

(b) Sell, lease, license, transfer, assign, convey, dispose of, alienate, terminate or relinquish any of the Issuer's right, title or interest in or to the Collateral, except as specifically provided herein.

(c) Either (i) merge with or into or consolidate with any other Person, regardless of whether the Issuer is the surviving entity in such merger or consolidation, or transfer all or substantially all of its assets to any other Person to accomplish a similar purpose, or (ii) wind up, liquidate, or dissolve, or (iii) agree to do any of the foregoing.

(d) Without obtaining the prior written approval of the Purchaser in each case, either (i) amend, supplement or otherwise modify (or agree to amend, supplement or otherwise modify) the Issuer's charter, bylaws or other organizational documents (unless such amendment, supplement or other modification cannot reasonably be expected to have a Material Adverse Effect) or (ii) amend, supplement or otherwise modify (or agree to amend, supplement or otherwise modify, or, to the extent its consent is required therefor, consent to any amendment or supplement to or modification of) the Sale and Servicing Agreement or any other Basic Document, or any other document, instrument or agreement in any way relating to the transactions contemplated hereunder or thereunder.

(e) Change its name, chief executive office, or location where its books and records are kept with respect to the Collateral, on less than thirty (30) days' prior written notice to the Purchaser; or., except with the Purchaser's prior written consent, change its structure or ownership.

(f) Prior to pledging the affected Loans hereunder, approve any proposed amendments, supplements or other modifications to the Underwriting Standards that are material in nature without first providing the Purchaser with a copy of such proposed modifications; provided that if, within 15 Business Days after receipt of a copy thereof, the Purchaser informs the Issuer that it disapproves of one or more of such proposed modifications, "Underwriting Standards" shall mean, for purposes of this Agreement and the other Basic Documents, the Underwriting Standards previously in effect, modified only to the extent of such modifications as have not been disapproved by the Purchaser.

(g) Use the proceeds of the purchase of Notes made pursuant to this Agreement, directly or indirectly, for the purpose of purchasing or carrying any margin stock or for the purpose of reducing or retiring any debt which was originally incurred to purchase or carry margin stock or for any other purpose which might constitute the Advances under this Agreement as being "purpose credit" within the meaning of Regulation G, T, U or X of the Board of Governors of the Federal Reserve System.

(h) Incur or otherwise become liable for any debt obligation for money borrowed (other than debt arising under this Agreement), or for any other (*i.e.*, debt arising for reasons other than money borrowed) material debt obligations other than amounts owed to the Depositor (or any other transferor of loans to the Issuer) in consideration of assets purchased by the Issuer under the Sale and Servicing Agreement or pursuant to the Disposition Agreement), without first obtaining the specific written consent of the Purchaser (which consent may be given or withheld in the Purchaser's sole discretion).

(i) Attempt to assign this Agreement or any rights hereunder without first obtaining the specific written consent of the Purchaser (which consent may be given or withheld in the Purchaser's sole discretion).

ARTICLE VIII

ADDITIONAL COVENANTS

SECTION 8.01 Legal Conditions to Closing. The parties hereto will take all reasonable action necessary to obtain (and will cooperate with one another in obtaining) any consent, authorization, permit, license, franchise, order or approval of, or any exemption by, any Governmental Authority or any other Person, required to be obtained or made by it in connection with any of the transactions contemplated by this Note Purchase Agreement.

SECTION 8.02 Expenses.

(a) The Issuer and the Depositor jointly and severally covenant that, whether or not the Closing takes place, except as otherwise expressly provided herein, all reasonable costs and expenses incurred in connection with this Note Purchase Agreement and the transactions contemplated hereby shall be paid by the Issuer or the Depositor.

(b) The Issuer and the Depositor jointly and severally covenant to pay as and when billed by the Purchaser, subject to the applicable limit on Due Diligence Fees set forth in Section 11.15 of the Sale and Servicing Agreement, all of the reasonable out-of-pocket costs and expenses incurred in connection with the consummation and administration of the transactions contemplated hereby and in the other Basic Documents including, without limitation, (i) all reasonable fees, disbursements and expenses of counsel to the Purchaser, (ii) all reasonable fees and expenses of the Indenture Trustee and the Owner Trustee and their counsel, including, but not limited to, legal fees for the protection of the Purchaser's interests, and (iii) all reasonable fees and expenses of the Custodian and its counsel.

(c) The Issuer's and Depositor's obligations under this Section 8.02 shall survive the termination of this Agreement.

SECTION 8.03 Mutual Obligations. On and after the Closing, each party hereto will do, execute and perform all such other acts, deeds and documents as any other party hereto may from time to time reasonably require in order to carry out the intent of this Note Purchase Agreement.

SECTION 8.04 Restrictions on Transfer. The Purchaser agrees that it will comply with the restrictions on transfer of the Purchased Notes set forth in the Indenture and will resell the Purchased Notes only in compliance with such restrictions.

SECTION 8.05 [Reserved].

SECTION 8.06 Information Provided by the Purchaser. The Purchaser hereby covenants to determine One-Month LIBOR in accordance with the definition thereof in the Basic Documents and shall give notice to the Indenture Trustee, the Issuer and the Depositor of the Interest Payment Amount on each Determination Date. The Purchaser shall cause the Market Value Agent to give notice to the Indenture Trustee, the Issuer and the Depositor of any Hedge Funding Requirement (if any) on or before the Determination Date related to any Payment Date. In addition, on each Determination Date, the Purchaser hereby covenants to give notice to the Indenture Trustee, the Issuer and the Depositor of (i) the Issuer/Depositor Indemnities (as defined in the Trust Agreement), (ii) Due Diligence Fees and (iii) the Collateral Value for each Loan for the related Payment Date.

ARTICLE IX

INDEMNIFICATION

SECTION 9.01 Indemnification of the Purchaser. Each of the Issuer and the Depositor hereby agree to, jointly and severally, indemnify and hold harmless each Indemnified Party against any and all losses, claims, damages, liabilities, reasonable expenses or judgments (including reasonable accounting fees and reasonable legal fees and other reasonable expenses incurred in connection with this Note Purchase Agreement or any other Basic Document and any action, suit or proceeding or any claim asserted) (collectively, “Losses”), as incurred (payable promptly upon written request), for or on account of or arising from or in connection with any information prepared by and furnished or to be furnished by any of the Issuer, the Loan Originator or the Depositor pursuant to or in connection with the transactions contemplated hereby including, without limitation, such written information as may have been and may be furnished in connection with any due diligence investigation with respect to the business, operations, financial condition of the Issuer, the Loan Originator, the Depositor or with respect to the Loans, to the extent such information contains any untrue statement of material fact or omits to state a material fact necessary to make the statements contained therein in the light of the circumstances under which such statements were made not misleading, except with respect to any such information used by such Indemnified Party in violation of the Basic Documents or as a result of an Indemnified Party’s gross negligence or willful misconduct which results in such Losses. The indemnities contained in this Section 9.01 will be in addition to any liability which the Issuer or the Depositor may otherwise have pursuant to this Note Purchase Agreement and any other Basic Document.

SECTION 9.02 Procedure and Defense. In case any action or proceeding (including any governmental or regulatory investigation or proceeding) shall be instituted involving any

Indemnified Party in respect of which indemnity may be sought pursuant to Section 9.01, such Indemnified Party shall promptly notify the Issuer and the Depositor in writing and, upon request of the Indemnified Party, the Issuer and the Depositor shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Party to represent such Indemnified Party and any others the indemnifying party may designate and shall pay the reasonable fees and disbursements of such counsel related to such proceeding; provided that failure to give such notice or deliver such documents shall not affect the rights to indemnity hereunder unless such failure materially prejudices the rights of the Indemnified Party. The Indemnified Party will have the right to employ its own counsel in any such action in addition to the counsel of the Issuer and/or the Depositor, but the reasonable fees and expenses of such counsel will be at the expense of such Indemnified Party, unless (i) the employment of counsel by the Indemnified Party at its expense has been authorized in writing by the Depositor or the Issuer, (ii) the Depositor or the Issuer has not in fact employed counsel to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action or (iii) the named parties to any such action or proceeding (including any impleaded parties) include the Depositor or the Issuer and one or more Indemnified Parties, and the Indemnified Parties shall have been advised by counsel that there may be one or more legal defenses available to them which are different from or additional to those available to the Depositor or the Issuer. Reasonable expenses of counsel to any Indemnified Party for which the Issuer and the Depositor are responsible hereunder shall be reimbursed by the Issuer and the Depositor as they are incurred. The Issuer and the Depositor shall not be liable for any settlement of any proceeding affected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the Indemnified Party from and against any loss or liability by reason of such settlement or judgment. Neither the Issuer nor the Depositor will, without the prior written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such proceeding.

ARTICLE X

MISCELLANEOUS

SECTION 10.01 Amendments. No amendment or waiver of any provision of this Note Purchase Agreement shall in any event be effective unless the same shall be in writing and signed by all of the parties hereto, and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 10.02 Notices. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including telecopies) and mailed, telecopied (with a copy delivered by overnight courier) or delivered, as to each party hereto, at its address as set forth in Schedule I hereto or at such other address as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be deemed effective upon receipt thereof, and in the case of telecopies, when receipt is confirmed by telephone.

SECTION 10.03 No Waiver; Remedies. No failure on the part of any party hereto to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall

any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 10.04 Binding Effect; Assignability.

(a) This Note Purchase Agreement shall be binding upon and inure to the benefit of the Issuer, the Depositor and the Purchaser and their respective permitted successors and assigns (including any subsequent holders of the Purchased Notes); provided, however, neither the Issuer nor the Depositor shall have any right to assign their respective rights hereunder or interest herein (by operation of law or otherwise) without the prior written consent of the Purchaser.

(b) The Purchaser may, in the ordinary course of its business and in accordance with the Basic Documents and applicable law, including applicable securities laws, at any time sell to one or more Persons (each, a "Participant"), participating interests in all or a portion of its rights and obligations under this Note Purchase Agreement. Notwithstanding any such sale by the Purchaser of participating interests to a Participant, the Purchaser's rights and obligations under this Note Purchase Agreement shall remain unchanged, the Purchaser shall remain solely responsible for the performance thereof, and the Issuer and the Depositor shall continue to deal solely and directly with the Purchaser and shall have no obligations to deal with any Participant in connection with the Purchaser's rights and obligations under this Note Purchase Agreement.

(c) This Note Purchase Agreement shall create and constitute the continuing obligation of the parties hereto in accordance with its terms, and shall remain in full force and effect until such time as all amounts payable with respect to the Purchased Notes shall have been paid in full.

SECTION 10.05 Provision of Documents and Information. Each of the Issuer and the Depositor acknowledges and agrees that the Purchaser is permitted to provide to any subsequent purchaser, permitted assignees and Participants, opinions, certificates, documents and other information relating to the Issuer, the Depositor and the Loans delivered to the Purchaser pursuant to this Note Purchase Agreement provided that with respect to Confidential Information, such subsequent purchaser, permitted assignees and Participants agree to be bound by Section 7.02 hereof.

SECTION 10.06 **GOVERNING LAW; JURISDICTION. THIS NOTE PURCHASE AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW. EACH OF THE PARTIES TO THIS NOTE PURCHASE AGREEMENT HEREBY AGREES TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY APPELLATE COURT HAVING JURISDICTION TO REVIEW THE JUDGMENTS THEREOF. EACH OF THE PARTIES TO THIS NOTE PURCHASE AGREEMENT HEREBY WAIVES ANY OBJECTION BASED ON FORUM *NON CONVENIENS* AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO**

THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

SECTION 10.07 No Proceedings. Until the date that is one year and one day after the last day on which any amount is outstanding under this Note Purchase Agreement, the Depositor and the Purchaser hereby covenant and agree that they will not institute against the Issuer or the Depositor or the Purchaser, or join in any institution against the Issuer or the Depositor or the Purchaser of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States federal or state bankruptcy or similar law.

SECTION 10.08 Execution in Counterparts. This Note Purchase Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

SECTION 10.09 No Recourse—Purchaser and Depositor.

(a) The obligations of the Purchaser under this Note Purchase Agreement, or any other agreement, instrument, document or certificate executed and delivered by or issued by the Purchaser or any officer thereof are solely the partnership or corporate obligations of the Purchaser, as the case may be. No recourse shall be had for payment of any fee or other obligation or claim arising out of or relating to this Note Purchase Agreement or any other agreement, instrument, document or certificate executed and delivered or issued by the Purchaser or any officer thereof in connection therewith, against any stockholder, limited partner, employee, officer, director or incorporator of the Purchaser.

(b) The obligations of the Depositor under this Note Purchase Agreement, or any other agreement, instrument, document or certificate executed and delivered by or issued by the Depositor or any officer thereof are solely the partnership or corporate obligations of the Depositor, as the case may be. No recourse shall be had for payment of any fee or other obligation or claim arising out of or relating to this Note Purchase Agreement or any other agreement, instrument, document or certificate executed and delivered or issued by the Depositor or any officer thereof in connection therewith, against any stockholder, limited partner, employee, officer, director or incorporator of the Depositor.

(c) The Purchaser, by accepting the Purchased Notes, acknowledges that such Purchased Notes represent an obligation of the Issuer and do not represent an interest in or an obligation of the Loan Originator, the Servicer, the Depositor, the Administrator, the Owner Trustee, the Indenture Trustee or any Affiliate thereof and no recourse may be had against such parties or their assets, except as may be expressly set forth or contemplated in this Note Purchase Agreement, the Purchased Notes or the Basic Documents.

SECTION 10.10 Survival. All representations, warranties, covenants, guaranties and indemnifications contained in this Note Purchase Agreement and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the sale, transfer or repayment of the Purchased Notes and the termination of this Note Purchase Agreement.

SECTION 10.11 Waiver of Set-Off. All payments due to Noteholders hereunder and under any of the Basic Documents, including without limitation all payments on account of principal, interest and fees, if any, shall be made to the Noteholders, without set-off, recoupment or counterclaim, and each of the Depositor and the Issuer hereby waive any and all right of set-off, recoupment or counterclaim hereunder or under any of the Basic Documents.

SECTION 10.12 Tax Characterization. Each party to this Note Purchase Agreement (a) acknowledges and agrees that it is the intent of the parties to this Note Purchase Agreement that for all purposes, including federal, state and local income, single business and franchise tax purposes, the Purchased Notes will be treated as evidence of indebtedness secured by the Loans and proceeds thereof and the trust created under the Indenture will not be characterized as an association (or publicly traded partnership) taxable as a corporation, (b) agrees to treat the Purchased Notes for federal, state and local income and franchise tax purposes as indebtedness and (c) agrees that the provisions of all Basic Documents shall be construed to further these intentions of the parties.

SECTION 10.13 Conflicts. Notwithstanding anything contained herein to the contrary, in the event of the conflict between the terms of the Sale and Servicing Agreement and this Note Purchase Agreement, the terms of the Sale and Servicing Agreement shall control.

SECTION 10.14 Service of Process. Each of the Depositor and the Issuer agrees that until such time as the Purchased Notes have been paid in full, each such party shall have appointed an agent registered with the Secretary of State of the State of New York, with an office in the County of New York in the State of New York, as its true and lawful attorney and duly authorized agent for acceptance of service of legal process. Each of the Depositor and the Issuer agrees that service of such process upon such person shall constitute personal service of such process upon it.

SECTION 10.15 [Reserved].

SECTION 10.16 Limitation on Liability. It is expressly understood and agreed by the parties hereto that (a) this Note Purchase Agreement is executed and delivered by Wilmington Trust Company, not individually or personally, but solely as Owner Trustee of Option One Owner Trust 2002-3, in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose for binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Note Purchase Agreement or any other related documents.

SECTION 10.17 Binding Effect; Third-Party Beneficiaries. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Each of the Noteholders other than the Purchaser shall be deemed to be an

express third-party beneficiary of this Agreement and shall be entitled to enforce the terms hereof as if it were a party hereto.

SECTION 10.18 Merger and Integration. This Agreement and the other Basic Documents set forth the entire understanding of the parties relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement and the other Basic Documents.

SECTION 10.19 No Petition. Neither the Issuer nor the Purchaser shall petition or otherwise invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Issuer or the Purchaser under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or the Purchaser or any substantial part of their respective property, or ordering the winding up or liquidation of the affairs of the Issuer or the Purchaser.

SECTION 10.20 Cooperation. The Issuer agrees to cooperate and to cause its Affiliates (including the Servicer) to cooperate with the Purchaser, consistent with the terms hereof, to the extent necessary or appropriate to effectuate any sale or financing of any of the Purchased Notes by the Purchaser, including by making available or providing access (as appropriate) to the Purchaser or its designee the Custodial Loan Files and Servicing Records relating to the Mortgage Loans (subject to the confidentiality requirements of any applicable consumer protection and other laws or regulations).

SECTION 10.21 Time. Unless the context clearly requires otherwise, all references to time contained in this Agreement shall be deemed to be local time in New York City on the applicable day.

SECTION 10.22 Headings. The headings and captions contained herein are for convenience only and shall not control or affect the meaning or interpretation of any provision hereof.

SECTION 10.23 Exhibits. The schedules and exhibits referred to herein shall constitute a part of this Agreement and are incorporated into this Agreement for all purposes.

SECTION 10.24 Counterparts. This Agreement may be executed in two or more counterparts, including telecopy transmission thereof (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument. Signatures may be exchanged by facsimile, and each party hereto agrees to be bound by its own facsimile signature and to accept the facsimile signature of the other party.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused this Note Purchase Agreement to be executed by their respective officers hereunto duly authorized, as of the date first above written.

OPTION ONE OWNER TRUST 2002-3

By: _____
Wilmington Trust Company, not in
its individual capacity but solely as owner
trustee

By: _____
Name:
Title:

OPTION ONE LOAN WAREHOUSE
CORPORATION

By: _____
Name:
Title:

UBS REAL ESTATE SECURITIES INC.,
as Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule I
Information for Notices

1. if to the Issuer:

Option One Owner Trust 2002-3
c/o Wilmington Trust Company
as Owner Trustee
One Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890
Attention: Corporate Trust Administration
Telecopy: (302) 636-4144
Telephone: (302) 636-1000

with a copy to:

Option One Mortgage Corporation
3 Ada Road
Irvine, California 92618
Attention: Matthew Engel
Telecopy number: (866)715-8329
Telephone number: (949) 790-8128

2. if to the Depositor:

Option One Loan Warehouse Corporation
3 Ada Road
Irvine, California 92618
Attention: Matthew Engel
Telecopy number: (866)715-8329
Telephone number: (949) 790-8128

3. if to the Purchaser:

UBS Real Estate Securities Inc.
1251 Avenue of the Americas
New York, New York 10020
Attention: Robert Carpenter
George A. Mangiaracina
Telephone: (212) 882-3749
Facsimile: (212) 882-3597

with a copy to:

UBS Investment Bank
Newport Office Center 7 (NOC 7)
480 Washington Boulevard
Jersey City, NJ 07310
Attention: Steven D'Orazio
Telephone: (201) 793-6819
Facsimile: (201) 793-6833

Schedule I

Exhibit 10.8

EXECUTION COPY

INDENTURE

between

OPTION ONE OWNER TRUST 2002-3
as Issuer

and

WELLS FARGO BANK, N.A.
as Indenture Trustee

Dated as of January 19, 2007

OPTION ONE OWNER TRUST 2002-3
MORTGAGE-BACKED NOTES

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EXHIBITS

INDENTURE

INDENTURE dated as of January 19, 2007 (the "Indenture"), between OPTION ONE OWNER TRUST 2002-3, a Delaware statutory trust, as Issuer (the "Issuer"), and WELLS FARGO BANK, N.A. ("Wells Fargo"), as Indenture Trustee (the "Indenture Trustee").

W I T N E S S E T H T H A T:

In consideration of the mutual covenants herein contained, the Issuer has duly authorized the execution and delivery of this Indenture to provide for the issuance of Notes, issuable as provided in this Indenture. All covenants and agreements made by the Issuer herein are for the benefit and security of the Noteholders.

GRANTING CLAUSE

Subject to the terms of this Indenture, the Issuer hereby confirms that the Issuer has, as of July 2, 2002, Granted to the Indenture Trustee, which Grant as of the Closing Date is agreed to be in its capacity as Indenture Trustee hereunder for the benefit of the Noteholders, all of the Issuer's right, title and interest, whether now owned or hereafter acquired, in and to: (i) such Loans as from time to time are subject to the Sale and Servicing Agreement as listed in the Loan Schedule, as the same may be amended or supplemented on each Transfer Date and by the removal of Deleted Loans and Unqualified Loans and by the addition of Qualified Substitute Loans, together with the Servicer's Loan Files and the Custodial Loan Files relating thereto and all proceeds thereof, (ii) the Mortgages and security interests in the Mortgaged Properties, (iii) all payments in respect of interest and principal with respect to each Loan received on or after the related Transfer Cut-off Date, (iv) such assets as from time to time are identified as Foreclosure Property, (v) such assets and funds as are from time to time deposited in or credited to the Distribution Account, the Collection Account, the Advance Account and the Transfer Obligation Account, including, without limitation, amounts on deposit in or credited to such accounts that are invested in Permitted Investments (including, without limitation, all security entitlements (as defined in Section 8-102(17) of the UCC) of the Issuer therein), (vi) lenders' rights under all Mortgage Insurance Policies and to any Mortgage Insurance Proceeds, (vii) Net Liquidation Proceeds and Released Mortgaged Property Proceeds, (viii) [reserved] (ix) all right, title and interest of each of the Depositor, the Loan Originator and the Trust in and under the Basic Documents including, without limitation, the obligations of the Loan Originator under the Loan Purchase and Contribution Agreement and/or the Master Disposition Confirmation Agreement, and all proceeds of any of the foregoing, (x) all right, title and interest of the Issuer in and to the Sale and Servicing Agreement, including the Issuer's right to cause the Loan Originator to repurchase Loans from the Issuer under certain circumstances described therein, (xi) all other property of the Trust from time to time and (xii) all present and future claims, demands, causes of action and choses in action in respect of any or all of the foregoing and all payments on or under and all proceeds of every kind and nature whatsoever in respect of any or all of the foregoing, including all proceeds of the conversion thereof, voluntary or involuntary, into cash or other liquid property, all cash and noncash proceeds (each as defined in Section 9-102(a) of the UCC), accounts, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, insurance proceeds, payment intangibles, securities accounts, condemnation awards, rights to payment of any and every kind and other forms of obligations and receivables,

instruments and other property which at any time constitute all or part of or are included in the proceeds of any of the foregoing (collectively, the "Collateral").

The foregoing Grant is made in trust to secure the payment of principal of and interest on, and any other amounts owing in respect of, the Notes, and to secure compliance with the provisions of this Indenture, all as provided in this Indenture.

The Indenture Trustee, as Indenture Trustee on behalf of the Noteholders, acknowledges such Grant, accepts the trusts hereunder and agrees to perform its duties required in this Indenture to the best of its ability to the end that the interests of the Noteholders may adequately and effectively be protected.

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. (a) Except as otherwise specified herein, the following terms have the respective meanings set forth below for all purposes of this Indenture.

"Act" has the meaning specified in Section 11.03(a) hereof.

"Act of Insolvency" shall mean, with respect to the Issuer, the Depositor, Option One Mortgage Corporation, Option One Mortgage Capital Corporation or any other Affiliate of the Issuer, (i) the commencement by such Person as debtor of any case or proceeding under any bankruptcy, insolvency, reorganization, liquidation, moratorium, dissolution, delinquency or similar law, or such Person seeking the appointment or election of a receiver, conservator, trustee, custodian or similar official for such Person or any substantial part of its property, or the convening of any meeting of creditors for purposes of commencing any such case or proceeding or seeking such an appointment or election, (ii) the commencement of any such case or proceeding against such Person, or the seeking by another person of any such appointment or election, which (A) is consented to or not timely contested by such Person, or (B) results in the entry of an order for relief, such as an appointment or election, the issuance of such a protective decree or the entry of an order having a similar effect, or (C) is not dismissed within 60 days (unless such Person provides to the Initial Noteholder evidence reasonably satisfactory to the Initial Noteholder that such case or proceeding will be promptly dismissed), (iii) the making by such Person of a general assignment for the benefit of creditors, (iv) the failure by such Person generally to pay its debts as they become due or (v) the admission in writing by such Person of its inability to pay its debts as they become due.

"Additional Note Principal Balance" has the meaning set forth in the Sale and Servicing Agreement.

"Administration Agreement" means the Administration Agreement dated as of July 2, 2002, between the Issuer, and Option One, as the Administrator.

"Administrator" means Option One Mortgage Corporation, or any successor Administrator under the Administration Agreement.

"Authorized Officer" means, with respect to the Issuer, any officer of the Owner Trustee who is authorized to act for the Owner Trustee in matters relating to the Issuer and who is identified on the list of Authorized Officers delivered by the Owner Trustee to the Indenture Trustee on the Closing Date (as such list may be modified or supplemented from time to time thereafter) and, so long as the Administration Agreement is in effect, any Vice President or more senior officer of the Administrator who is authorized to act for the Administrator in matters relating to the Issuer and to be acted upon by the Administrator pursuant to the Administration Agreement and who is identified on the list of Authorized Officers delivered by the Administrator to the Indenture Trustee on the Closing Date (as such list may be modified or supplemented from time to time thereafter).

"Basic Documents" has the meaning set forth in the Sale and Servicing Agreement.

"Certificate of Trust" means the certificate of trust of the Issuer substantially in the form of Exhibit C to the Trust Agreement.

"Change of Control" means the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of outstanding shares of voting stock of the Loan Originator at any time if after giving effect to such acquisition (i) such Person or Persons owns twenty percent (20%) or more of such outstanding voting stock or (ii) H&R Block, Inc. does not own more than fifty percent (50%) of such outstanding shares of voting stock.

"Clean-up Call Date" has the meaning set forth in the Sale and Servicing Agreement.

"Closing Date" means January 19, 2007.

"Collateral" has the meaning specified in the Granting Clause of this Indenture.

"Commission" means the Securities and Exchange Commission.

"Corporate Trust Office" means the principal office of the Indenture Trustee at which at any particular time its corporate trust business shall be administered, which office at date of execution of this Indenture is located, for note transfer purposes, at Sixth Street and Marquette Avenue, Minneapolis, Minnesota 55479, Attention: Option One Owner Trust 2002-3, telecopy number: (612) 667-6282, telephone number: (800) 344-5128, and for all other purposes, at 9062 Old Annapolis Road, Columbia, Maryland 21045, Attention: Option One Owner Trust 2002-3, telecopy number: (410) 715-2380, telephone number: (410) 884-2000, or at such other address as the Indenture Trustee may designate from time to time by notice to the Noteholders and the Issuer, or the principal corporate trust office of any successor Indenture Trustee at the address designated by such successor Indenture Trustee by notice to the Noteholders and the Issuer.

"Default" means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

"Depositor" shall mean Option One Loan Warehouse Corporation, a Delaware corporation; in its capacity as depositor under the Sale and Servicing Agreement, or any successor in interest thereto.

"Depository Institution" means any depository institution or trust company, including the Indenture Trustee, that (a) is incorporated under the laws of the United States of America or any State thereof, (b) is subject to supervision and examination by federal or state banking authorities and (c) has outstanding unsecured commercial paper or other short-term unsecured debt obligations that are rated at a rating to which the Majority Noteholders consent in writing.

"Event of Default" has the meaning specified in Section 5.01 hereof.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Executive Officer" means, with respect to (i) the Depositor, the Servicer, the Loan Originator or any Affiliate of any of them, the President, any Vice President or the Treasurer of such corporation; and with respect to any partnership, any general partner thereof, (ii) the Note Registrar, any Responsible Officer of the Indenture Trustee, (iii) any other corporation, the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Executive Vice President, any Vice President, the Secretary or the Treasurer of such entity and (iv) any partnership, any general partner thereof.

"Grant" means mortgage, pledge, bargain, sell, warrant, alienate, remise, release, convey, assign, transfer, create and grant a lien upon and a security interest in and right of set-off against, deposit, set over and confirm pursuant to this Indenture. A Grant of the Collateral or of any other agreement or instrument shall include all rights, powers and options (but none of the obligations) of the granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for principal and interest payments in respect of the Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the granting party or otherwise, and generally to do and receive anything that the granting party is or may be entitled to do or receive thereunder or with respect thereto.

"Holder" means the Person in whose name a Note is registered on the Note Register.

"ICA Owner" means "beneficial owner" as such term is used in Section 3(c)(1) of the Investment Company Act of 1940, as amended (other than any persons who are excluded from such term or from the 100-beneficial owner test of Section 3(c)(1) by law or regulations adopted by the Securities and Exchange Commission).

"Indenture" means this Indenture and any amendments hereto.

"Indenture Trustee" means Wells Fargo Bank, N.A., a national banking association, as Indenture Trustee under this Indenture, or any successor Indenture Trustee hereunder.

"Initial Noteholder" means UBS Real Estate Securities Inc. and its successors and assigns.

"Issuer" means Option One Owner Trust 2002-3.

"Issuer Order" and "Issuer Request" mean a written order or request signed in the name of the Issuer by any one of its Authorized Officers and delivered to the Indenture Trustee.

"Loan Originator" means each of Option One Mortgage Corporation, a California corporation and Option One Mortgage Capital Corporation, a Delaware corporation.

"Material Adverse Effect" means any event or condition which would have a material adverse effect on (i) the validity, enforceability, collectibility or value of any Collateral or of any of the Basic Documents, (ii) the interest of the Noteholders or any of their assignees in such Collateral or in any of the Basic Documents, (iii) the validity or enforceability of, or the ability of the Issuer to perform its obligations under any of the Basic Documents or (iv) the validity or enforceability of, or the ability of the Loan Originator, Servicer or Depositor to perform its obligations under, the Basic Documents.

"Majority Certificateholders" has the meaning set forth in the Sale and Servicing Agreement.

"Majority Noteholders" has the meaning set forth in the Sale and Servicing Agreement.

"Maturity Date" means, with respect to the Notes, January 18, 2008.

"Maximum Note Principal Balance" has the meaning set forth in the Pricing Letter.

"Note" means any Note authorized by and authenticated and delivered under this Indenture.

"Note Interest Rate" has the meaning set forth in the Pricing Letter.

"Note Principal Balance" has the meaning set forth in the Sale and Servicing Agreement. The Initial Noteholder's records of the Note Principal Balance outstanding from time to time shall be dispositive absent manifest error.

"Note Purchase Agreement" means the Second Amended and Restated Note Purchase Agreement dated as of January 19, 2007, among the Issuer, UBS, as Note Purchaser, and Option One Loan Warehouse Corporation, as Depositor.

"Note Redemption Amount" has the meaning set forth in the Sale and Servicing Agreement.

"Note Register" and "Note Registrar" have the respective meanings specified in Section 2.03 hereof.

"Noteholder" means the Person in whose name a Note is registered on the Note Register.

"Officer's Certificate" means a certificate signed by any Authorized Officer of the Issuer or the Administrator, under the circumstances described in, and otherwise complying with, the applicable requirements of Section 11.01 hereof, and delivered to the Indenture Trustee. Unless otherwise specified, any reference in this Indenture to an Officer's Certificate shall be to an Officer's Certificate of any Authorized Officer of the Issuer or the Administrator.

"Opinion of Counsel" means one or more written opinions of counsel who may, except as otherwise expressly provided in this Indenture, be an employee of or counsel to the Issuer, and which opinion or opinions shall be addressed to the Indenture Trustee, as Indenture Trustee, and shall comply with any applicable requirements of Section 11.01 hereof and shall be in form and substance satisfactory to the Initial Noteholder.

"Outstanding" means, with respect to any Note and as of the date of determination, any Note theretofore authenticated and delivered under this Indenture except:

(i) Notes theretofore canceled by the Note Registrar or delivered to the Note Registrar for cancellation;

(ii) Notes or portions thereof the payment for which money in the necessary amount has theretofore been deposited with the Indenture Trustee or any Paying Agent in trust for the Noteholders (provided, however, that if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision for such notice satisfactory to the Indenture Trustee has been made); and

(iii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture unless proof satisfactory to the Indenture Trustee is presented that any such Notes are held by a bona fide purchaser;

provided, however, that in determining whether the Noteholders representing the requisite Percentage Interests of the Outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any Basic Document, Notes owned by the Issuer, any other obligor upon the Notes, the Depositor or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes that the Indenture Trustee actually knows to be owned in such manner shall be disregarded. Notes owned in such manner that have been pledged in good faith may be regarded as Outstanding if the pledgee certifies to the Indenture Trustee (y) that the pledgee has the right so to act with respect to such Notes and (z) that the pledgee is not the Issuer, any other obligor upon the Notes, the Depositor or any Affiliate of any of the foregoing Persons.

"Owner Trustee" means Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee under the Trust Agreement, or any successor Owner Trustee under the Trust Agreement.

"Paying Agent" means (unless the Paying Agent is the Servicer) a Person that meets the eligibility standards for the Indenture Trustee specified in Section 6.11 hereof and is authorized by the Issuer to make payments to and distributions from the Collection Account and the Distribution Account, including payment of principal of or interest on the Notes on behalf of the Issuer. The initial Paying Agent shall be the Servicer; provided that if the Servicer is terminated as Paying Agent for any reason, the Indenture Trustee shall be the Paying Agent until another Paying Agent is appointed by the Initial Noteholder pursuant to Section 8.04 herein. The Indenture Trustee shall be entitled to reasonable additional compensation for assuming the role of Paying Agent.

"Payment Date" has the meaning set forth in the Sale and Servicing Agreement.

"Percentage Interest" means, with respect to any Note and as of any date of determination, the percentage equal to a fraction, the numerator of which is the principal balance of such Note as of such date of determination and the denominator of which is the Note Principal Balance.

"Person" has the meaning set forth in the Sale and Servicing Agreement.

"Predecessor Note" means, with respect to any particular Note, every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purpose of this definition, any Note authenticated and delivered under Section 2.04 hereof in lieu of a mutilated, lost, destroyed or stolen Note shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"Pricing Letter" means the pricing letter, dated as of the date hereof, among the Issuer, the Depositor, Option One, Option One Mortgage Capital Corporation and the Indenture Trustee, and any amendments thereto.

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Record Date" has the meaning set forth in the Sale and Servicing Agreement.

"Redemption Date" means in the case of a redemption of the Notes pursuant to Section 10.01 hereof, the Payment Date specified by the Servicer pursuant to such Section 10.01.

"Registered Holder" means the Person in the name of which a Note is registered on the Note Register on the applicable Record Date.

"Revolving Period" has the meaning set forth in the Sale and Servicing Agreement.

"Sale Agents" has the meaning assigned to such term in Section 5.11 hereof.

"Sale and Servicing Agreement" means the Second Amended and Restated Sale and Servicing Agreement, dated as of January 19, 2007, among the Issuer, the Depositor, the Loan Originator and the Servicer, and the Indenture Trustee on behalf of the Noteholders.

"Servicer" means Option One Mortgage Corporation, in its capacity as servicer under the Sale and Servicing Agreement, and any successor servicer thereunder.

"State" means any one of the States of the United States of America or the District of Columbia.

"Termination Price" has the meaning set forth in the Sale and Servicing Agreement.

"Transfer Date" has the meaning set forth in the Sale and Servicing Agreement.

"Trust Agreement" means the Trust Agreement dated as of July 2, 2002, between the Depositor and the Owner Trustee.

"Trust Certificate" has the meaning assigned to such term in Section 1.1 of the Trust Agreement.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force on the date hereof, unless otherwise specifically provided.

(b) Except as otherwise specified herein or as the context may otherwise require, capitalized terms used but not otherwise defined herein have the respective meanings set forth in the Sale and Servicing Agreement for all purposes of this Indenture.

Section 1.02 Rules of Construction. Unless the context otherwise requires:

(i) a term has the meaning assigned to it;

(ii) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(iii) "or" is not exclusive;

(iv) "including" means including without limitation;

(v) words in the singular include the plural and words in the plural include the singular; and

(vi) any agreement, instrument or statute defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as from time to time amended, modified or supplemented (as provided in such agreements) and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; references to a Person are also to its permitted successors and assigns.

ARTICLE II

GENERAL PROVISIONS WITH RESPECT TO THE NOTES

Section 2.01 Method of Issuance and Form of Notes.

(a) The Notes shall be designated generally as the "Option One Owner Trust 2002-3 Mortgage-Backed Notes" of the Issuer. Each Note shall bear upon its face the designation so selected for the Notes. All Notes shall be identical in all respects except for the denominations thereof. All Notes issued under this Indenture shall be in all respects equally and ratably entitled to the benefits thereof without preference, priority or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of this Indenture.

The Notes may be typewritten, printed, lithographed or engraved or produced by any combination of these methods, all as determined by the officers executing such Notes, as evidenced by their execution of such Notes.

Each Note shall be dated the date of its authentication.

The terms of the Notes shall be set forth in this Indenture.

The Notes shall be in definitive form and shall bear a legend substantially in the form of Exhibit C attached hereto.

Section 2.02 Execution, Authentication, Delivery and Dating. The Notes shall be executed on behalf of the Issuer by an Authorized Officer of the Owner Trustee or the Administrator. The signature of any such Authorized Officer on the Notes may be manual or facsimile.

Notes bearing the manual or facsimile signature of individuals who were at any time Authorized Officers of the Owner Trustee or the Administrator shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Notes or did not hold such offices at the date of such Notes.

Subject to the satisfaction of the conditions set forth in Section 2.08 hereof, the Indenture Trustee shall upon Issuer Order authenticate and deliver the Notes.

The Notes that are authenticated and delivered by the Indenture Trustee to or upon the order of the Issuer on the Closing Date shall be dated as of such Closing Date. All other Notes that are authenticated after the Closing Date for any other purpose under the Indenture shall be dated the date of their authentication. The Notes shall be issued in such denominations as may be agreed by the Issuer and the Initial Noteholder.

No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on such Note a certificate of authentication substantially in the form provided for herein executed by the Indenture Trustee by the manual signature of one of its authorized signatories, and such certificate upon any Note shall be

conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

Section 2.03 Registration; Registration of Transfer and Exchange. The Issuer shall cause to be kept a register (the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Notes and the registration of transfers of Notes. The Indenture Trustee initially shall be the "Note Registrar" for the purpose of registering Notes and transfers of Notes as herein provided. Upon any resignation of any Note Registrar, the Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of the Note Registrar.

If a Person other than the Indenture Trustee is appointed by the Issuer as Note Registrar, the Issuer will give the Indenture Trustee prompt written notice of the appointment of such Note Registrar and of the location, and any change in the location, of the Note Register, and the Indenture Trustee shall have the right to inspect the Note Register at all reasonable times and to obtain copies thereof, and the Indenture Trustee shall have the right to rely upon a certificate executed on behalf of the Note Registrar by an Executive Officer thereof as to the names and addresses of the Noteholders and the principal amounts and number of the Notes.

Upon surrender for registration of transfer of any Note at the office or agency of the Issuer to be maintained as provided in Section 3.02 hereof, the Issuer shall execute, and the Indenture Trustee shall authenticate and the Noteholder shall obtain from the Indenture Trustee, in the name of the designated transferee or transferees, one or more new Notes in any authorized denominations, of a like aggregate Note Principal Balance.

At the option of the Holder, Notes may be exchanged for other Notes in any authorized denominations, of a like aggregate principal amount, upon surrender of the Notes to be exchanged at such office or agency. Whenever any Notes are so surrendered for exchange, the Issuer shall execute, and the Indenture Trustee shall authenticate and the Noteholder shall obtain from the Indenture Trustee, the Notes which the Noteholder making the exchange is entitled to receive.

All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Every Note presented or surrendered for registration of transfer or exchange shall be duly endorsed by, or be accompanied by a written instrument of transfer in the form attached to the form of Note attached as Exhibit A hereto duly executed by the Holder thereof or such Holder's attorney duly authorized in writing.

No service charge shall be made to a Noteholder for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Notes, other than exchanges pursuant to Section 9.05 hereof not involving any transfer.

The preceding provisions of this Section 2.03 notwithstanding, the Issuer shall not be required to make, and the Note Registrar need not register, transfers or exchanges of Notes selected for redemption or of any Note for a period of 15 days preceding the due date for any payment with respect to such Note.

Section 2.04 Mutilated, Destroyed, Lost or Stolen Notes. If (i) any mutilated Note is surrendered to the Indenture Trustee, or the Indenture Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer and Indenture Trustee such security or indemnity as may reasonably be required by it to hold the Issuer and the Indenture Trustee, as applicable, harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a bona fide purchaser, an Authorized Officer of the Owner Trustee or the Administrator on behalf of the Issuer shall execute, and upon its written request the Indenture Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a replacement Note; provided, however, that if any such destroyed, lost or stolen Note, but not a mutilated Note, shall have become or within seven days shall be due and payable, or shall have been called for redemption, instead of issuing a replacement Note, the Issuer may pay such destroyed, lost or stolen Note when so due or payable or upon the Redemption Date without surrender thereof. If, after the delivery of such replacement Note or payment of a destroyed, lost or stolen Note pursuant to the proviso to the preceding sentence, a bona fide purchaser of the original Note in lieu of which such replacement Note was issued presents for payment such original Note, the Issuer shall be entitled to recover such replacement Note (or such payment) from the Person to which it was delivered or any Person taking such replacement Note from such Person to which such replacement Note was delivered or any assignee of such Person, except a bona fide purchaser, and the Issuer and the Indenture Trustee shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Indenture Trustee in connection therewith.

Upon the issuance of any replacement Note under this Section 2.04, the Issuer may require the payment by the Holder of such Note of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

Every replacement Note issued pursuant to this Section 2.04 in replacement of any mutilated, destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section 2.04 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 2.05 Persons Deemed Noteholders. Prior to due presentment for registration of transfer of any Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in the name of which any Note is registered (as of the day of determination) as the Noteholder for the purpose of receiving payments of principal of

and interest, if any, on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee or any agent of the Issuer or the Indenture Trustee shall be affected by notice to the contrary.

Section 2.06 Payment of Principal and/or Interest.

(a) The Notes shall accrue interest at the Note Interest Rate, and such interest shall be payable on each Payment Date, subject to Section 3.01 hereof. Any installment of interest or principal, if any, payable on any Note that is punctually paid or duly provided for by the Issuer on the applicable Payment Date shall be paid to the Person in the name of which such Note (or one or more Predecessor Notes) is registered on the next preceding Record Date based on the Percentage Interest represented by its respective Note, without preference or priority of any kind, and, except as otherwise provided in the next succeeding sentence, shall be made by wire transfer of immediately available funds to the account of such Noteholder, if such Noteholder shall own of record Notes having a Percentage Interest of at least 20% and shall have so notified the Paying Agent and the Indenture Trustee no less than five days preceding the related Record Date, and otherwise by check mailed to the address of such Noteholder appearing in the Note Register. The final installment of principal payable with respect to such Note shall be payable as provided in Section 2.06(b) below. The funds represented by any such checks returned undelivered shall be held in accordance with Section 3.03 hereof.

(b) The principal of each Note shall be payable in installments on each Payment Date as provided in Sections 5.01 and 5.02 of the Sale and Servicing Agreement and Section 5.04(b) hereof. Notwithstanding the foregoing, the entire unpaid principal amount of the Notes shall be due and payable, if not previously paid, on the earlier of (i) the Maturity Date, (ii) the Redemption Date, (iii) the Final Put Date and (iv) the date on which an Event of Default shall have occurred and be continuing, if the Indenture Trustee or the Majority Noteholders shall have declared the Notes to be immediately due and payable in the manner provided in Section 5.02 hereof.

All principal payments on the Notes shall be made pro rata to the Noteholders based on their respective Percentage Interests. The Paying Agent shall notify the Person in the name of which a Note is registered at the close of business on the Record Date preceding the Payment Date on which the Issuer expects that the final installment of principal of and interest on such Note will be paid. Such notice shall be mailed or transmitted by facsimile prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of such Note and shall specify the place where such Note may be presented and surrendered for payment of such installment. Notices in connection with redemption of Notes shall be provided to Noteholders as set forth in Section 10.02 hereof.

Section 2.07 Cancellation. All Notes surrendered for payment, registration of transfer, exchange or redemption shall, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and shall promptly be canceled by the Indenture Trustee. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered shall promptly be canceled by the Indenture Trustee. No Notes shall be authenticated in lieu of or in exchange for any Notes canceled as

provided in this Section 2.07, except as expressly permitted by this Indenture. All canceled Notes may be held or disposed of by the Indenture Trustee in accordance with its standard retention or disposal policy as in effect at the time unless the Issuer shall direct by an Issuer Order that they be destroyed or returned to it; provided, however, that such Issuer Order is timely and the Notes have not been previously disposed of by the Indenture Trustee.

Section 2.08 Conditions Precedent to the Authentication of the Notes. The Notes may be authenticated by the Indenture Trustee upon receipt by the Indenture Trustee of the following:

(a) An Issuer Order authorizing authentication of such Notes by the Indenture Trustee;

(b) All of the items of Collateral which are to be delivered pursuant to the Basic Documents to the Indenture Trustee or its designee by the related Closing Date shall have been delivered; and

(c) An executed counterpart of each Basic Document.

Section 2.09 Release of Collateral. (a) Except as provided in (b) below, the Indenture Trustee shall release the Collateral from the lien of this Indenture only upon receipt of an Issuer Request accompanied by the written consent of the Majority Noteholders in accordance with the procedures set forth in the Custodial Agreement.

(b) The Indenture Trustee shall, if requested by the Servicer, temporarily release or cause the Custodian temporarily to release to the Servicer the Custodial Loan File pursuant to the provisions of Section 6 of the Custodial Agreement upon compliance by the Servicer with the provisions thereof; provided, however, that the Custodian's records shall indicate the Issuer's pledge to the Indenture Trustee under the Indenture.

Section 2.10 Additional Note Principal Balance. In the event of payment of Additional Note Principal Balance by the Noteholders as provided in Section 2.01 (c) of the Sale and Servicing Agreement, each Noteholder shall, and is hereby authorized to, record on the schedule attached to its Note the date and amount of any Additional Note Principal Balance advanced by it, and each repayment thereof; provided that failure to make any such recordation on such schedule or any error in such schedule shall not adversely affect any Noteholder's rights with respect to its Additional Note Principal Balance and its right to receive interest payments in respect of the Additional Note Principal Balance held by such Noteholder.

Absent manifest error, the Note Principal Balance of each Note as set forth in the notations made by the related Noteholder on such Note shall be binding upon the Indenture Trustee and the Issuer; provided that failure by a Noteholder to make such recordation on its Note or any error in such notation shall not adversely affect any Noteholder's rights with respect to its Note Principal Balance and its right to receive principal and interest payments in respect thereof.

Section 2.11 Tax Treatment. The Issuer has entered into this Indenture, and the Notes will be issued, with the intention that for all purposes, including federal, state and local

income, single business and franchise tax purposes, the Notes will qualify as indebtedness of the Issuer secured by the Collateral. The Issuer, by entering into this Indenture, and each Noteholder, by its acceptance of a Note, agrees to treat the Notes for all purposes, including federal, state and local income, single business and franchise tax purposes, as indebtedness of the Issuer. The Indenture Trustee will have no responsibility for filing or preparing any tax returns.

Section 2.12 Limitations on Transfer of the Notes.

(a) The Notes have not been and will not be registered under the Securities Act and will not be listed on any exchange. No transfer of a Note shall be made unless such transfer is made pursuant to an effective registration statement under the Securities Act and all applicable state securities laws or is exempt from the registration requirements under the Securities Act and such state securities laws. In order to assure compliance with the Securities Act and state securities laws, any transfer of a Note shall be made (A) in reliance on Rule 144A under the Securities Act, in which case, the Indenture Trustee shall require that the transferor deliver a certification substantially in the form of Exhibit B-1 hereto and that the transferee deliver a certification substantially in the form of Exhibit B-3 hereto, or (B) to an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act that is not a "qualified institutional buyer," in which case the Indenture Trustee shall require that the transferee deliver a certification substantially in the form of Exhibit B-2 hereto. The Indenture Trustee shall not make any transfer or re-registration of the Notes if after such transfer or re-registration, there would be more than twenty Noteholders. Each Noteholder shall, by its acceptance of a Note, be deemed to have represented and warranted that the number of ICA Owners with respect to all of its Notes shall not exceed four.

(b) The Note Registrar shall not register the transfer of any Note unless the Indenture Trustee has received a certificate from the transferee to the effect that either (i) the transferee is not an employee benefit plan or other retirement plan or arrangement subject to Title I of the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended (each, a "Plan"), and is not acting on behalf of or investing the assets of a Plan or (ii) if the transferee is a Plan or is acting on behalf of or investing the assets of a Plan, either that no prohibited transaction within the meaning of Section 406(a) of ERISA or Section 4975 of the Code would occur upon the transfer of the Note or that the conditions for exemptive relief under a prohibited transaction exemption has been satisfied, including, but not limited to, Prohibited Transaction Class Exemption ("PTCE") 96-23 (relating to transactions effected by an "in-house asset manager"), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 91-38 (relating to transactions involving bank collective investment funds), PTCE 90-1 (relating to transactions involving insurance company pooled separate accounts) and PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager").

ARTICLE III

COVENANTS

Section 3.01 Payment of Principal and/or Interest. The Issuer will duly and punctually pay (or will cause to be paid duly and punctually) the principal of and interest on the

Notes in accordance with the terms of the Notes, this Indenture and the Sale and Servicing Agreement. Amounts properly withheld under the Code by any Person from a payment to any Noteholder of interest and/or principal shall be considered as having been paid by the Issuer to such Noteholder for all purposes of this Indenture. The Notes shall be non-recourse obligations of the Issuer and shall be limited in right of payment to amounts available from the Collateral, as provided in this Indenture. The Issuer shall not otherwise be liable for payments on the Notes. If any other provision of this Indenture shall be deemed to conflict with the provisions of this Section 3.01, the provisions of this Section 3.01 shall control.

Section 3.02 Maintenance of Office or Agency. The Indenture Trustee shall maintain at the Corporate Trust Office an office or agency where Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Indenture Trustee shall give prompt written notice to the Issuer of the location, and of any change in the location, of any such office or agency.

Section 3.03 Money for Payments to Be Held in Trust. As provided in Section 8.02(a) and (b) hereof, all payments of amounts due and payable with respect to any Notes that are to be made from amounts withdrawn from the Distribution Account pursuant to Section 8.02(c) hereof shall be made on behalf of the Issuer by the Indenture Trustee or by the Paying Agent, and no amounts so withdrawn from the Distribution Account for payments of Notes shall be paid over to the Issuer except as provided in this Section 3.03.

Each Paying Agent shall be appointed by the Majority Noteholders with written notice thereof to the Indenture Trustee. The Majority Noteholders shall not appoint any Paying Agent (other than the Indenture Trustee or Servicer) which is not, at the time of such appointment, a Depository Institution.

The Issuer will cause each Paying Agent other than the Indenture Trustee to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent shall agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section 3.03, that such Paying Agent will:

(i) hold all sums held by it for the payment of amounts due with respect to the Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(ii) give the Indenture Trustee notice of any Default by the Issuer (or any other obligor upon the Notes) of which it has actual knowledge in the making of any payment required to be made with respect to the Notes;

(iii) at any time on the written demand by the Majority Noteholders or the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) immediately resign as a Paying Agent and forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Notes if at any time it ceases to

meet the standards required to be met by a Paying Agent at the time of its appointment; and

(v) comply with all requirements of the Code with respect to the withholding from any payments made by it on any Notes of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith; provided, however, that with respect to withholding and reporting requirements applicable to original issue discount (if any) on the Notes, the Issuer shall have first provided the calculations pertaining thereto to the Indenture Trustee.

The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Order direct any Paying Agent to pay to the Indenture Trustee all sums held in trust by such Paying Agent, such sums to be held by the Indenture Trustee upon the same trusts as those upon which the sums were held by such Paying Agent; and upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Subject to applicable laws with respect to escheat of funds or abandoned property, any money held by the Indenture Trustee or any Paying Agent in trust for the payment of any amount due with respect to any Note and remaining unclaimed for two years after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer on Issuer Request; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Indenture Trustee or such Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Indenture Trustee or such Paying Agent, before being required to make any such repayment, shall at the expense and direction of the Issuer cause to be published, once in a newspaper of general circulation in the City of New York customarily published in the English language on each Business Day, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Indenture Trustee shall also adopt and employ any other reasonable means of notification of such repayment (including, but not limited to, mailing notice of such repayment to Noteholders whose Notes have been called but have not been surrendered for redemption or whose right to or interest in moneys due and payable but not claimed at the last address of record for each such Noteholder determinable from the records of the Indenture Trustee or of any Paying Agent). Any costs and expenses of the Indenture Trustee and the Paying Agent incurred in the holding of such funds shall be charged against such funds. Monies so held shall not bear interest.

Section 3.04 Existence. (a) Subject to subparagraph (b) of this Section 3.04, the Issuer will keep in full effect its existence, rights and franchises as a statutory trust under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other State or of the United States of America, in which case the Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the Notes and the Collateral. The Issuer shall comply in all

respects with the covenants contained in the Trust Agreement, including without limitation, the "special purpose entity" covenants set forth in Section 4.1 thereof.

(b) Any successor to the Owner Trustee appointed pursuant to Section 10.2 of the Trust Agreement shall be the successor Owner Trustee under this Indenture without the execution or filing of any paper, instrument or further act to be done on the part of the parties hereto.

(c) Upon any consolidation or merger of or other succession to the Owner Trustee, the Person succeeding to the Owner Trustee under the Trust Agreement may exercise every right and power of the Owner Trustee under this Indenture with the same effect as if such Person had been named as the Owner Trustee herein.

Section 3.05 Protection of Collateral. The Issuer will from time to time execute and deliver all such reasonable supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments as may be requested by the Majority Noteholders or determined to be appropriate by the Issuer, and will take such other action necessary or advisable to:

(i) provide further assurance with respect to the Grant of all or any portion of the Collateral;

(ii) maintain or preserve the lien and security interest (and the priority thereof) of this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any Grant made or to be made by this Indenture;

(iv) enforce any rights with respect to the Collateral; and

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee and the Noteholders in such Collateral against the claims of all Persons and parties.

The Issuer hereby designates the Administrator, its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required to be executed pursuant to this Section 3.05.

Section 3.06 Negative Covenants. Without the written consent of the Majority Noteholders, so long as any Notes are Outstanding, the Issuer shall not:

(i) except as expressly permitted by the Basic Documents, sell, transfer, exchange or otherwise dispose of any of the properties or assets of the Issuer, including those included in any part of the Trust Estate, unless directed to do so by the Majority Noteholders as permitted herein;

(ii) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes (other than amounts properly withheld from such

payments under the Code) or assert any claim against any present or former Noteholder by reason of the payment of the taxes levied or assessed upon any part of the Trust Estate;

(iii) engage in any business or activity other than as expressly permitted by this Indenture and the other Basic Documents, other than in connection with, or relating to, the issuance of Notes pursuant to this Indenture, or amend this Indenture as in effect on the Closing Date other than in accordance with Article IX hereof;

(iv) issue any debt obligations except under this Indenture;

(v) incur or assume any indebtedness or guaranty any indebtedness of any Person, except for such indebtedness as may be incurred by the Issuer in connection with the issuance of the Notes pursuant to this Indenture;

(vi) dissolve or liquidate in whole or in part or merge or consolidate with any other Person;

(vii) (A) permit the validity or effectiveness of this Indenture to be impaired, or permit the lien of this Indenture to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the Notes except as may expressly be permitted hereby, (B) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance to be created on or extend to or otherwise arise upon or burden the Trust Estate or any part thereof or any interest therein or the proceeds thereof (other than tax liens, mechanics' liens and other liens that arise by operation of law, in each case, on any Mortgaged Property and arising solely as a result of an action or omission of the related Borrowers), other than the lien of this Indenture or (C) permit any Person other than itself, the Owner Trustee and the Noteholders to have any right, title or interest in the Trust Estate;

(viii) remove the Administrator without the prior written consent of the Majority Noteholders; or

(ix) take any other action or fail to take any action which may cause the Trust to be taxable as (a) an association pursuant to Section 7701 of the Code and the corresponding regulations, or (b) as a taxable mortgage pool pursuant to Section 7701(i) of the Code.

Section 3.07 Performance of Obligations; Servicing of Loans. (a) The Issuer will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any instrument or agreement included in the Collateral or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except as expressly provided in the Basic Documents or such other instrument or agreement.

(b) The Issuer may contract with or otherwise obtain the assistance of other Persons (including, without limitation, the Administrator under the Administration Agreement)

to assist it in performing its duties under this Indenture, and any performance of such duties by a Person identified to the Indenture Trustee in an Officer's Certificate of the Issuer shall be deemed to be action taken by the Issuer. Initially, the Issuer has contracted with the Servicer and the Administrator to assist the Issuer in performing its duties under this Indenture.

(c) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, in the Basic Documents and in the instruments and agreements included in the Collateral, including but not limited to (i) filing or causing to be filed all UCC financing statements and continuation statements required to be filed by the terms of this Indenture and the Sale and Servicing Agreement and (ii) recording or causing to be recorded all Mortgages, Assignments of Mortgage, all intervening Assignments of Mortgage and all assumption and modification agreements required to be recorded by the terms of the Sale and Servicing Agreement, in accordance with and within the time periods provided for in this Indenture and/or the Sale and Servicing Agreement, as applicable. Except as otherwise expressly provided therein, the Issuer shall not waive, amend, modify, supplement or terminate any Basic Document or any provision thereof without the consent of the Indenture Trustee and the Majority Noteholders.

(d) If the Issuer shall have knowledge of the occurrence of a Servicing Event of Default, the Issuer shall promptly notify the Indenture Trustee and the Initial Noteholder thereof, and shall specify in such notice the action, if any, the Issuer is taking with respect to such default. If a Servicing Event of Default shall arise from the failure of the Servicer to perform any of its duties or obligations under the Sale and Servicing Agreement with respect to the Loans, the Issuer shall take all reasonable steps available to it to remedy such failure.

(e) [Reserved]

(f) Upon any termination of the Servicer's rights and powers pursuant to the Sale and Servicing Agreement, the Issuer shall promptly notify the Indenture Trustee. As soon as a successor servicer is appointed pursuant to the Sale and Servicing Agreement, the Issuer shall notify the Indenture Trustee of such appointment, specifying in such notice the name and address of such successor servicer.

(g) Without derogating from the absolute nature of the assignment granted to the Indenture Trustee under this Indenture or the rights of the Indenture Trustee hereunder, the Issuer agrees (i) that it will not, without the prior written consent of the Indenture Trustee, amend, modify, waive, supplement, terminate or surrender, or agree to any amendment, modification, supplement, termination, waiver or surrender of, the terms of any Collateral (except to the extent otherwise permitted by the Sale and Servicing Agreement) or the Basic Documents, or waive timely performance or observance by the Servicer or the Depositor under the Sale and Servicing Agreement; and (ii) that any such amendment shall not (A) reduce in any manner the amount of, or accelerate or delay the timing of, distributions that are required to be made for the benefit of the Noteholders or (B) reduce the aforesaid percentage of the Notes that is required to consent to any such amendment, without the consent of Noteholders evidencing 100% Percentage Interests of the Outstanding Notes. If any such amendment, modification, supplement or waiver shall so be consented to by the Indenture Trustee, the Issuer agrees, promptly following a request by the Indenture Trustee to do so, to execute and deliver, in its own

name and at its own expense, such agreements, instruments, consents and other documents as the Indenture Trustee may deem necessary or appropriate in the circumstances.

Section 3.08 Reserved.

Section 3.09 Annual Statement as to Compliance. So long as the Notes are Outstanding, the Issuer will deliver to the Indenture Trustee, within 120 days after the end of each fiscal year of the Issuer (commencing with the fiscal year beginning on May 1, 2007), an Officer's Certificate stating, as to the Authorized Officer signing such Officer's Certificate, that:

(i) a review of the activities of the Issuer during such year and of its performance under this Indenture has been made under such Authorized Officer's supervision; and

(ii) to the best of such Authorized Officer's knowledge, based on such review, the Issuer has materially complied with all conditions and covenants under this Indenture throughout such year, or, if there has been a default in its compliance with any such condition or covenant, specifying each such default known to such Authorized Officer and the nature and status thereof.

Section 3.10 Covenants of the Issuer. All covenants of the Issuer in this Indenture are covenants of the Issuer and are not covenants of the Owner Trustee. The Owner Trustee is, and any successor Owner Trustee under the Trust Agreement will be, entering into this Indenture solely as Owner Trustee under the Trust Agreement and not in its respective individual capacity, and in no case whatsoever shall the Owner Trustee or any such successor Owner Trustee be personally liable on, or for any loss in respect of, any of the statements, representations, warranties or obligations of the Issuer hereunder, as to all of which the parties hereto agree to look solely to the property of the Issuer.

Section 3.11 Servicer's Obligations. The Issuer shall cause the Servicer to comply with the Sale and Servicing Agreement.

Section 3.12 Restricted Payments. The Issuer shall not, directly or indirectly, (i) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to (a) the Owner Trustee, (b) any owner of a beneficial interest in the Issuer or (c) another Person, (ii) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or security or (iii) set aside or otherwise segregate any amounts for any such purpose; provided, however, that the Issuer may make, or cause to be made, (x) distributions to the Servicer, the Indenture Trustee, the Owner Trustee and the Noteholders and the holders of the Trust Certificates as contemplated by, and to the extent funds are available for such purpose under, the Sale and Servicing Agreement or the Trust Agreement and (y) payments to the Administrator pursuant to Section 4 of the Administration Agreement. The Issuer will not, directly or indirectly, make or cause to be made payments to or distributions from the Collection Account, Advance Account or Distribution Account except in accordance with this Indenture and the Basic Documents.

Section 3.13 Treatment of Notes as Debt for All Purposes. The Issuer shall, and shall cause the Administrator to, treat the Notes as indebtedness for all purposes.

Section 3.14 Notice of Default. The Issuer shall give the Indenture Trustee and the Initial Noteholder prompt written notice of each Default hereunder and each default on the part of the Servicer or the Loan Originator of their respective obligations under any of the Basic Documents.

Section 3.15 Further Instruments and Acts. Upon request of the Indenture Trustee, the Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

ARTICLE IV

SATISFACTION AND DISCHARGE

Section 4.01 Satisfaction and Discharge of Indenture. This Indenture shall cease to be of further effect with respect to the Notes (except as to (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Notes, (iii) rights of Noteholders to receive payments of principal thereof and interest thereon, (iv) Sections 3.03, 3.04 and 3.10 hereof, (v) the rights, obligations and immunities of the Indenture Trustee hereunder (including the rights of the Indenture Trustee under Section 6.07 hereof and the obligations of the Indenture Trustee under Section 4.02 hereof) and (vi) the rights of Noteholders as beneficiaries hereof with respect to the property so deposited with the Indenture Trustee payable to all or any of them), and the Indenture Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments satisfactory to it, and prepared and delivered to it by the Issuer, acknowledging satisfaction and discharge of this Indenture with respect to the Notes, when all of the following have occurred:

(A) either

(1) all Notes theretofore authenticated and delivered (other than (i) Notes that have been destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.04 hereof and (ii) Notes for the payment of which money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 3.03 hereof) shall have been delivered to the Indenture Trustee for cancellation; or

(2) all Notes not theretofore delivered to the Indenture Trustee for cancellation

a. shall have become due and payable, or

b. are to be called for redemption within one year under arrangements satisfactory to the Initial Noteholder for the giving of notice of redemption

by the Indenture Trustee in the name, and at the expense, of the Issuer,

c. and the Issuer, in the case of clause a. or b. above, has irrevocably deposited or caused irrevocably to be deposited with the Indenture Trustee cash or direct obligations of or obligations guaranteed by the United States of America (which will mature prior to the date such amounts are payable), in trust for such purpose, in an amount sufficient to pay and discharge the entire indebtedness on such Notes not theretofore delivered to the Indenture Trustee for cancellation when due to the applicable Maturity Date or the Redemption Date (if Notes shall have been called for redemption pursuant to Section 10.01 hereof), as the case may be; and

(B) the latest of (a) the payment in full of all outstanding obligations under the Notes, (b) the payment in full of all unpaid Trust Fees and Expenses and (c) the date on which the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer; and

(C) the Issuer shall have delivered to the Indenture Trustee and the Initial Noteholder an Officer's Certificate and an Opinion of Counsel, each meeting the applicable requirements of Section 11.01 hereof and, subject to Section 11.02 hereof, each stating that all conditions precedent herein provided for, relating to the satisfaction and discharge of this Indenture with respect to the Notes, have been complied with.

Section 4.02 Application of Trust Money. All moneys deposited with the Indenture Trustee pursuant to Sections 3.03 and 4.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent, as the Indenture Trustee may determine, to the Noteholders for the payment or redemption of which such moneys have been deposited with the Indenture Trustee, of all sums due and to become due thereon for principal and/or interest; but such moneys need not be segregated from other funds except to the extent required herein or in the Sale and Servicing Agreement or required by law.

Section 4.03 Repayment of Moneys Held by Paying Agent. In connection with the satisfaction and discharge of this Indenture with respect to the Notes, all moneys then held by any Paying Agent other than the Indenture Trustee under the provisions of this Indenture with respect to such Notes and not applied to the payment of the Notes at the time of such satisfaction and discharge shall, upon demand of the Issuer, be paid to the Indenture Trustee to be held and applied according to Section 3.03 hereof and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

ARTICLE V

REMEDIES

Section 5.01 Events of Default. "Event of Default" wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on any Note when the same becomes due and payable; or

(b) default in the payment of any installment of the Overcollateralization Shortfall of any Note (i) on any Payment Date or (ii) on the Maturity Date, or, but only to the extent that there are funds available in the Distribution Account therefor, default in the payment of any installment of the principal of any Note from such available funds on the Redemption Date; or

(c) the occurrence of a Servicer Event of Default; or

(d) default in the observance or performance of any covenant or agreement of the Issuer made in any Basic Document to which it is a party (other than a covenant or agreement, a default in the observance or performance of which is elsewhere in this Section 5.01 specifically dealt with), or any representation or warranty of the Issuer made in any Basic Document to which it is a party or in any certificate or other writing delivered pursuant thereto or in connection therewith proving to have been incorrect in any material respect as of the time when the same shall have been made, and such default shall continue or not be cured, or the circumstance or condition in respect of which such misrepresentation or warranty was incorrect shall not have been eliminated or otherwise cured, for a period of 30 days after there shall have been given, by oral (including telephonic) communication, to the Issuer by the Indenture Trustee, or to the Issuer, the Depositor and the Indenture Trustee by the Initial Noteholder, written notice thereof or knowledge thereof by the Issuer, Depositor or Loan Originator; or

(e) default in the observance or performance of any covenant or agreement of the Depositor (or any other transferor of loans to the Issuer) or the Loan Originator made in any Basic Document to which it is a party or any representation or warranty of the Depositor (except as otherwise expressly provided in the Basic Documents with respect to representations and warranties regarding the Loans) or Loan Originator made in any Basic Document to which it is a party, proving to have been incorrect in any material respect as of the time when the same shall have been made, and such default shall continue or not be cured, or the circumstance or condition in respect of which such misrepresentation or warranty was incorrect shall not have been eliminated or otherwise cured, for a period of 30 days (or five days in the case of the failure of the Loan Originator to make a payment in respect of the Transfer Obligation) after there shall have been given to the Issuer and the Depositor by the Indenture Trustee, or to the Issuer, the Depositor and the Indenture Trustee by the Initial Noteholder, written notice thereof or knowledge thereof by the Issuer, the Depositor or Loan Originator; or

(f) default in the observance or performance of any covenant or agreement of the Loan Originator or any direct or indirect subsidiary (other than any domestic or offshore entities established for the purpose of issuing net interest margin securities) made in any repurchase agreement, loan and security agreement or other similar credit facility agreement entered into by the Loan Originator or any such subsidiary and any third party for borrowed funds in excess of $30,000,000, including any default which entitles any party to require acceleration or prepayment of any indebtedness thereunder; or

(g) the filing of a decree or order for relief by a court having jurisdiction over the Issuer, any Affiliate of the Issuer, the Depositor or the Loan Originator or all or substantially all of the Collateral in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the appointing of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer, any Affiliate of the Issuer, the Depositor or the Loan Originator or for all or substantially all of the Collateral, or the ordering of the winding-up or liquidation of the affairs of the Issuer, any Affiliate of the Issuer, the Depositor or the Loan Originator, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(h) the commencement by the Issuer, any Affiliate of the Issuer, the Depositor or the Loan Originator of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by the Issuer, any Affiliate of the Issuer, the Depositor or the Loan Originator to the entry of an order for relief in an involuntary case under any such law, or the consent by the Issuer, any Affiliate of the Issuer, the Depositor or the Loan Originator to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer, any Affiliate of the Issuer, the Depositor or the Loan Originator or for any substantial part of the Collateral, or the making by the Issuer, the Depositor or the Loan Originator of any general assignment for the benefit of creditors, or the failure by the Issuer, any Affiliate of the Issuer, the Depositor or the Loan Originator generally to pay its respective debts as such debts become due, or the admission in writing by the Issuer, any Affiliate of the Issuer, the Depositor or the Loan Originator of its inabiliaty to pay its debts as they become due, or the taking of any action by the Issuer, any Affiliate of the Issuer, the Depositor or the Loan Originator in furtherance of any of the foregoing; or

(i) a Change of Control of the Loan Originator or Option One Mortgage Capital Corporation; or

(j) the Notes shall be Outstanding on the day after the end of the Revolving Period; or

(k) default in the payment of any Make-Whole Premium that becomes due; or

(l) the Indenture Trustee shall cease to have a first priority perfected Lien with respect to the Collateral or any material portion thereof; or

(m) failure of Option One to satisfy the financial covenants set forth in Section 7.02 of the Sale and Servicing Agreement; or

(n) the Issuer shall enter into any agreement, other than this Agreement and the other Basic Documents, to borrow money from any Person, or shall incur any other material debt obligation to any Person for a reason other than money borrowed, and other than amounts owed to the Depositor (or any other transferor of loans to the Issuer) in consideration of assets purchased by the Issuer, in each case without first obtaining the specific written consent of the Initial Noteholder (which consent may be given or withheld in the Initial Noteholder's sole discretion); or

(o) Either of the following shall occur: (i) the Depositor (or other transferor of loans to the Issuer), Option One, or Option One Mortgage Capital Corporation shall default under any of the Basic Documents to which it is a party, any applicable grace period set forth thereon shall have expired, and such default, in the Initial Noteholder's good faith business judgment, is likely to have a Material Adverse Effect; or (ii) any recourse debt (as distinguished from asset-backed debt other than secured and warehouse debt that is recourse debt) on which the Depositor (or other transferor of loans to the Issuer) or Option One or any Affiliate of Option One is accelerated by the lender(s) thereunder as a result of the occurrence of any event of default thereunder and such acceleration, in the Initial Noteholder's commercially reasonable business judgment, is likely to have a Material Adverse Effect; provided that any waiver of such event of default by the lender(s) thereunder shall automatically constitute a waiver of the corresponding Event of Default hereunder; or

(p) without the prior written consent of the Note Purchaser (i) the Issuer shall cease to be wholly owned by the Depositor, or indirectly wholly-owned by Option One, or (ii) the Issuer shall either (x) merge with or into or consolidate with any other Person, regardless of whether the Issuer is the surviving entity in such merger or consolidation, or transfer all or substantially all of its assets to any other Person to accomplish a similar purpose, or (y) wind up, liquidate, or dissolve, or (z) agree to do any of the foregoing, or (iii) a Change in Control shall occur; or

(q) a final, non-appealable judgment by any competent court in the United States for the payment of money in an amount in excess of $3,000 is rendered against the Issuer, and the same remains undischarged and unpaid for a period of sixty (60) days during which execution of the judgment is not effectively stayed; or

(r) the Issuer and Option One shall fail to satisfy their obligations to cure a breach or repurchase a Mortgage Loan, as required under the Basic Documents; or

(s) the Issuer shall enter into any agreement, other than this Indenture and the other Basic Documents, to borrow money from any person, or shall incur any other material debt obligation to any Person for a reason other than money borrowed, and other than amounts owed to the immediate transferor of assets in consideration of assets purchased by the Issuer under the Sale and Servicing Agreement or the Master Disposition Confirmation Agreement, in each case without first obtaining the specific written consent of the Majority Noteholders (which consent may be given or withheld in the Majority Noteholders' sole discretion), or

(t) either of the following shall occur: (i) the Depositor or Loan Originator shall default under any of the Basic Documents to which it is a party, any applicable grace period

set forth thereon shall have expired, and such default, in the Note Purchaser's good faith business judgment, is likely to have a Material Adverse Effect; or (ii) any recourse debt (as distinguished from asset-backed debt other than secured and warehouse debt that is recourse debt) on which the Depositor or Loan Originator or any other affiliate of Option One is accelerated by the lender(s) thereunder as a result of the occurrence of any event of default thereunder and such acceleration, in the Majority Noteholders' good faith business judgment, is likely to have a Material Adverse Effect; provided that any waiver of such event of default by the lender(s) thereunder shall automatically constitute a waiver of the corresponding Event of Default hereunder, or

(u) except with the prior written consent of the Majority Noteholders, any agreement between the Issuer and Option One, the Issuer and Capital, or Option One and Capital is amended, supplemented or modified in any respect that has, or could reasonably be expected to have, a Material Adverse Effect, including, without limitation, any such occurrence that adversely affects the Issuer's, or the Noteholders' right to enforce any or all of the remedies under the Sale and Servicing Agreement or any such agreement in respect of a breach of the representations and warranties of the transferor thereunder with respect to any Loan.

The Issuer shall deliver to the Indenture Trustee, within five days after the occurrence thereof, written notice in the form of an Officer's Certificate of any event which with the giving of notice and the lapse of time would become an Event of Default under clauses (d) or (e) above, the status of such event and what action the Issuer or the Depositor, as applicable, is taking or proposes to take with respect thereto.

Section 5.02 Acceleration of Maturity; Rescission and Annulment. If an Event of Default should occur and be continuing, then and in every such case the Indenture Trustee may, and shall if so directed in writing by the Majority Noteholders, declare all the Notes to be immediately due and payable, by a notice in writing to the Issuer (and to the Indenture Trustee if given by Noteholders), and upon any such declaration, the unpaid principal amount of such Notes, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable and the Revolving Period shall terminate; provided that, upon the occurrence of an Event of Default described in Section 5.01(g) or (h), the Notes shall automatically and immediately become due and payable and the Revolving Period shall terminate. In either case, the Indenture Trustee shall forthwith apply (or cause to be applied) the cash, if any, then held by it as part of the Collateral to the payment of the Notes.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the moneys due has been obtained by the Indenture Trustee as hereinafter in this Article V provided, the Majority Noteholders, by written notice to the Issuer and the Indenture Trustee, may rescind and annul such declaration and its consequences if:

(a) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay:

1. all payments of principal of and/or interest on all Notes and all other amounts that would then be due hereunder or upon such Notes if the Event of Default giving rise to such acceleration had not occurred; and

2. all sums paid or advanced by the Indenture Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee and its agents and counsel; and

(b) all Events of Default, other than the nonpayment of the principal of the Notes that has become due solely by such acceleration, have been cured or waived as provided in Section 5.12 hereof. No such rescission shall affect any subsequent default or impair any right consequent thereto.

Section 5.03 Collection of Indebtedness and Suits for Enforcement by Indenture Trustee. (a) The Issuer covenants that if (i) default is made in the payment of any interest on any Note when the same becomes due and payable, and such default continues for a period of five days, or (ii) default is made in the payment of the principal of or any installment of the principal of any Note when the same becomes due and payable, the Issuer will, upon demand of the Indenture Trustee, pay to the Indenture Trustee, for the benefit of the Noteholders, the whole amount then due and payable on such Notes for principal and/or interest, with interest upon the overdue principal and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest at the rate equal to LIBOR plus 4.00%.

(b) In case the Issuer shall fail forthwith to pay such amounts upon such demand, the Indenture Trustee shall at the direction of the Majority Noteholders, subject to Section 5.06(c) institute a Proceeding for the collection of the sums so due and unpaid, and may prosecute such Proceeding to judgment or final decree, and may enforce the same against the Issuer or other obligor upon such Notes and collect in the manner provided by law out of the property of the Issuer or other obligor upon such Notes, wherever situated, the moneys adjudged or decreed to be payable.

(c) If an Event of Default occurs and is continuing, the Indenture Trustee shall at the direction of the Majority Noteholders, as more particularly provided in Section 5.04 hereof, subject to Section 5.06(c) hereof, proceed to protect and enforce its rights and the rights of the Noteholders by such appropriate Proceedings as the Indenture Trustee shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Indenture Trustee by this Indenture or by law.

(d) In case there shall be pending, relative to the Issuer or any other obligor upon the Notes or any Person having or claiming an ownership interest in the Collateral, Proceedings under Title 11 of the United States Code or any other applicable federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Issuer or its property or such other obligor or Person, or in case of any other comparable judicial Proceedings relative to the Issuer or other obligor upon

the Notes, or to the creditors or property of the Issuer or such other obligor, the Indenture Trustee, irrespective of whether the principal of any Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Indenture Trustee shall have made any demand pursuant to the provisions of this Section 5.03, shall be entitled and empowered by intervention in such Proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal and/or interest owing and unpaid in respect of the Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee (including any claim for reasonable compensation to the Indenture Trustee, each predecessor Indenture Trustee, and its agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee, except as a result of negligence or bad faith) and of the Noteholders allowed in such Proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Noteholders and as directed by the Majority Noteholders in any election of a trustee, a standby trustee or Person performing similar functions in any such Proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Noteholders and the Indenture Trustee on their behalf; and

(iv) to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee or the Noteholders allowed in any judicial proceedings relative to the Issuer, its creditors and its property; and any trustee, receiver, liquidator, custodian or other similar official in any such Proceeding is hereby authorized by each of such Noteholders to make payments to the Indenture Trustee and, in the event that the Indenture Trustee shall consent to the making of payments directly to such Noteholders, to pay to the Indenture Trustee such amounts as shall be sufficient to cover reasonable compensation to the Indenture Trustee, each predecessor Indenture Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred and all advances made by the Indenture Trustee and each predecessor Indenture Trustee except as a result of negligence or bad faith.

(e) Nothing herein contained shall be deemed to authorize the Indenture Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof or to authorize the Indenture Trustee to vote in respect of the claim of any Noteholder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar Person.

(f) All rights of action and of asserting claims under this Indenture, or under any of the Notes, may be enforced by the Indenture Trustee without the possession of any of the Notes or the production thereof in any trial or other Proceedings relative thereto, and any such action or Proceedings instituted by the Indenture Trustee shall be brought in its own name as

trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Indenture Trustee, each predecessor Indenture Trustee and their respective agents, attorneys and counsel, shall be for the ratable benefit of the Noteholders.

(g) In any Proceedings brought by the Indenture Trustee (and also any Proceedings involving the interpretation of any provision of this Indenture to which the Indenture Trustee shall be a party), the Indenture Trustee shall be held to represent all the Noteholders, and it shall not be necessary to make any Noteholder a party to any such Proceedings.

Section 5.04 Remedies; Priorities. (a) If an Event of Default shall have occurred and be continuing, the Indenture Trustee, at the direction of the Majority Noteholders, shall do one or more of the following (subject to Section 5.05 hereof):

(i) institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the Notes or under this Indenture with respect thereto, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Issuer and any other obligor upon such Notes moneys adjudged due;

(ii) institute Proceedings from time to time for the complete or partial foreclosure of this Indenture with respect to the Collateral;

(iii) exercise any remedies of a secured party under the UCC and take any other appropriate action to protect and enforce the rights and remedies of the Indenture Trustee or the Noteholders; and

(iv) sell the Collateral or any portion thereof or rights or interest therein in a commercially reasonable manner, at one or more public or private sales called and conducted in any manner permitted by law; provided, however, that the Indenture Trustee may not sell or otherwise liquidate the Collateral following an Event of Default, unless (A) the Holders of 100% Percentage Interests of the Outstanding Notes consent thereto, (B) the proceeds of such sale or liquidation distributable to the Noteholders are sufficient to discharge in full all amounts then due and unpaid upon such Notes for principal and/or interest or (C) the Indenture Trustee determines that the Collateral will not continue to provide sufficient funds for the payment of principal of and interest on the Notes as they would have become due if the Notes had not been declared due and payable, and the Indenture Trustee obtains the consent of Holders of not less than 66-2/3% Percentage Interests of the Outstanding Notes. In determining such sufficiency or insufficiency with respect to clause (B) and (C) of this subsection (a)(iv), the Indenture Trustee may, but need not, obtain and rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose. The Initial Noteholder may purchase any or all of the Collateral. If the proceeds of sale, collection, foreclosure, or other realization on the Collateral are insufficient to cover the costs and expenses of such realizing on the Collateral and the payment in full of the Obligations, the Issuer shall remain liable for any deficiency.

(b) If the Indenture Trustee collects any money or property pursuant to this Article V, it shall pay out the money or property in the following order:

FIRST: in the following order of priority: (a) to the Indenture Trustee, an amount equal to all unreimbursed Indenture Trustee Fees and indemnities and any other amounts payable to the Indenture Trustee pursuant to the Basic Documents and to the Indenture Trustee or Sale Agents, as applicable, all reasonable fees and expenses incurred by them and their agents and representatives in connection with the enforcement of the remedies provided for in this Article V, (b) to the Custodian, an amount equal to all unpaid Custodian Fees and indemnities and any other amounts payable to the Custodian pursuant to the Basic Documents, (c) to the Owner Trustee, an amount equal to all unreimbursed Owner Trustee Fees and indemnities and any other amounts payable to the Owner Trustee pursuant to the Basic Documents, and (d) to the Servicer, an amount equal to (i) all unreimbursed Servicing Compensation and (ii) all unreimbursed Nonrecoverable Servicing Advances;

SECOND: to the Noteholders pro rata, all amounts in respect of interest due and owing and Make-Whole Premiums under the Notes;

THIRD: to the Noteholders pro rata, all amounts in respect of unpaid principal of the Notes;

FOURTH: to the Purchaser or any other Indemnified Party (as each such term is defined in the Note Purchase Agreement), amounts in respect of Issuer/Depositor Indemnities (as defined in the Trust Agreement) and to the Initial Noteholder amounts in respect of Due Diligence Fees (as set forth in Section 11.15 of the Sale and Servicing Agreement) until such amounts are paid in full;

FIFTH: to the Owner Trustee, for any amounts to be distributed pro rata to the holders of the Trust Certificates pursuant to the Trust Agreement.

The Indenture Trustee may fix a record date and payment date for any payment to be made to the Noteholders pursuant to this Section 5.04. At least 15 days before such record date, the Indenture Trustee shall mail to each Noteholder and the Issuer a notice that states the record date, the payment date and the amount to be paid.

Section 5.05 Optional Preservation of the Collateral. If the Notes have been declared to be due and payable under Section 5.02 hereof following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Indenture Trustee may, but need not, unless contrary directions have been given by 66-2/3% of the Noteholders, elect to maintain possession of the Collateral.

Section 5.06 Limitation of Suits. No Noteholder shall have any right to institute any Proceeding, judicial or otherwise, with respect to this Indenture or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Noteholder has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) the Noteholders evidencing not less than 25% Percentage Interests of the Outstanding Notes have made written request to the Indenture Trustee to institute such Proceeding in respect of such Event of Default in its own name as Indenture Trustee hereunder;

(c) such Noteholder or Noteholders have offered to the Indenture Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in complying with such request;

(d) the Indenture Trustee for 30 days after its receipt of such notice, request and offer of indemnity has failed to institute such Proceeding; and

(e) no direction inconsistent with such written request has been given to the Indenture Trustee during such 30-day period by the Majority Noteholders.

It is understood and intended that no one or more Noteholders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Noteholders or to obtain or to seek to obtain priority or preference over any other Noteholders or to enforce any right under this Indenture, except in the manner herein provided.

In the event the Indenture Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Noteholders, neither of which evidences Percentage Interests of the Outstanding Notes greater than 50%, the Indenture Trustee in its sole discretion may determine what action, if any, shall be taken, notwithstanding any other provisions of this Indenture and shall have no obligation or liability to any such group of Noteholders for such action or inaction.

Section 5.07 Unconditional Rights of Noteholders to Receive Principal and/or Interest. Notwithstanding any other provisions in this Indenture, any Noteholder shall have the right, which is absolute and unconditional, to receive payment of interest on and any Overcollateralization Shortfall on and, on the Maturity Date, all outstanding principal and interest on each Note and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Noteholder.

Section 5.08 Restoration of Rights and Remedies. If the Indenture Trustee or any Noteholder has instituted any Proceeding to enforce any right or remedy under this Indenture and such Proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Indenture Trustee or to such Noteholder, then and in every such case the Issuer, the Indenture Trustee and the Noteholders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Noteholders shall continue as though no such Proceeding had been instituted.

Section 5.09 Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Noteholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or

remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.10 Delay or Omission Not a Waiver. No delay or omission of the Indenture Trustee or any Noteholder to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default or Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Indenture Trustee or to the Noteholders may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Noteholders, as the case may be.

Section 5.11 Control by Noteholders. The Majority Noteholders shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Indenture Trustee with respect to the Notes or exercising any trust or power conferred on the Indenture Trustee; provided, however, that:

(a) such direction shall not be in conflict with any rule of law or with this Indenture;

(b) subject to the express terms of Section 5.04(a)(iv) hereof, any direction to the Indenture Trustee to sell or liquidate the Collateral shall be by Holders representing Percentage Interests of the Outstanding Notes of not less than 100%;

(c) if the conditions set forth in Section 5.05 hereof have been satisfied and the Indenture Trustee elects to retain the Collateral pursuant to such Section, then any direction to the Indenture Trustee by Holders representing Percentage Interests of the Outstanding Notes of less than 66-2/3% to sell or liquidate the Collateral shall be of no force and effect; and

(d) the Indenture Trustee may take any other action deemed proper by the Indenture Trustee that is not inconsistent with such direction.

In connection with any sale of the Collateral in accordance with paragraph (c) above, the Majority Noteholders may, in their sole discretion appoint agents to effect the sale of the Collateral (such agents, "Sale Agents"), which Sale Agents may be Affiliates of any Noteholder. The Sale Agents shall be entitled to reasonable compensation in connection with such activities from the proceeds of such sale.

Notwithstanding the rights of the Noteholders set forth in this Section 5.11, subject to Section 6.01 hereof, the Indenture Trustee need not take any action that it determines might involve it in liability or might materially adversely affect the rights of any Noteholders not consenting to such action.

Section 5.12 Waiver of Past Defaults. The Majority Noteholders may waive any past Default or Event of Default and its consequences, except a Default (a) in the payment of principal of or interest on any of the Notes or (b) in respect of a covenant or provision hereof that cannot be modified or amended without the consent of each Noteholder. In the case of any such waiver, the Issuer, the Indenture Trustee and Noteholders shall be restored to their former

positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereto.

Upon any such waiver, such Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

Section 5.13 Undertaking for Costs. All parties to this Indenture agree, and each Noteholder by such Noteholder's acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Indenture Trustee for any action taken, suffered or omitted by it as Indenture Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 5.13 shall not apply to (a) any suit instituted by the Indenture Trustee, (b) any suit instituted by any Noteholder, or group of Noteholders, in each case holding in the aggregate Percentage Interests of the Outstanding Notes of more than 10% or (c) any suit instituted by any Noteholder for the enforcement of the payment of principal of or interest on any Note on or after the respective due dates expressed in such Note and in this Indenture (or, in the case of redemption, on or after the Redemption Date).

Section 5.14 Waiver of Stay or Extension Laws. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 5.15 Action on Notes. The Indenture Trustee's right to seek and recover judgment on the Notes or under this Indenture shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Indenture. Neither the lien of this Indenture nor any rights or remedies of the Indenture Trustee or the Noteholders shall be impaired by the recovery of any judgment by the Indenture Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the Collateral or upon any of the assets of the Issuer. Any money or property collected by the Indenture Trustee shall be applied in accordance with Section 5.04(b) hereof.

Section 5.16 Performance and Enforcement of Certain Obligations.

(a) Promptly following a request from the Indenture Trustee or the Initial Noteholder to do so and at the Administrator's expense, the Issuer shall take all such lawful action as the Indenture Trustee may request to compel or secure the performance and observance

by the Loan Originator and the Servicer, as applicable, of each of their obligations to the Issuer under or in connection with the Sale and Servicing Agreement or the Loan Purchase and Contribution Agreement, and to exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with the Sale and Servicing Agreement to the extent and in the manner directed by the Indenture Trustee or the Initial Noteholder, including the transmission of notices of default on the part of the Loan Originator or the Servicer thereunder and the institution of legal or administrative actions or proceedings to compel or secure performance by the Loan Originator or the Servicer of each of their obligations under the Sale and Servicing Agreement and the Loan Purchase and Contribution Agreement.

(b) If an Event of Default has occurred and is continuing, the Indenture Trustee may, and at the direction (which direction shall be in writing or by telephone, confirmed in writing promptly thereafter) of the Majority Noteholders shall, subject to Section 5.06(c) exercise all rights, remedies, powers, privileges and claims of the Issuer against the Loan Originator or the Servicer under or in connection with the Sale and Servicing Agreement or the Loan Purchase and Contribution Agreement, including the right or power to take any action to compel or secure performance or observance by the Loan Originator or the Servicer, as the case may be, of each of their obligations to the Issuer thereunder and to give any consent, request, notice, direction, approval, extension, or waiver under the Sale and Servicing Agreement, and any right of the Issuer to take such action shall be suspended.

ARTICLE VI

THE INDENTURE TRUSTEE

Section 6.01 Duties of Indenture Trustee. (a) If an Event of Default has occurred and is continuing, the Indenture Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Indenture Trustee shall undertake to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Indenture Trustee; and

(ii) in the absence of bad faith on its part, the Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; provided, however, that the Indenture Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture to the extent specifically set forth herein.

(c) The Indenture Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section 6.01;

(ii) the Indenture Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 5.11 hereof; and

(iv) [Reserved]

(d) [Reserved]

(e) The Indenture Trustee shall not be liable for interest on any money received by it and held in a Trust Account except as may be provided in the Sale and Servicing Agreement or as the Indenture Trustee may agree in writing with the Issuer.

(f) Money held in trust by the Indenture Trustee shall be segregated from other funds except to the extent permitted by law or the terms of this Indenture or the Sale and Servicing Agreement.

(g) No provision of this Indenture shall require the Indenture Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it; provided, however, that the Indenture Trustee shall not refuse or fail to perform any of its duties hereunder solely as a result of nonpayment of its normal fees and expenses and provided, further, that nothing in this Section 6.01(g) shall be construed to limit the exercise by the Indenture Trustee of any right or remedy permitted under this Indenture or otherwise in the event of the Issuer's failure to pay the Indenture Trustee's fees and expenses pursuant to Section 6.07 hereof.

(h) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee shall be subject to the provisions of this Section 6.01.

(i) The Indenture Trustee shall not be required to take notice or be deemed to have notice or knowledge of any Event of Default (other than an Event of Default pursuant to Section 5.01 (a) or (b) hereof) unless a Responsible Officer of the Indenture Trustee shall have received written notice thereof or otherwise shall have actual knowledge thereof. In the absence of receipt of notice or such knowledge, the Indenture Trustee may conclusively assume that there is no Event of Default.

Section 6.02 Rights of Indenture Trustee. (a) The Indenture Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Indenture Trustee need not investigate any fact or matter stated in the document.

(b) Before the Indenture Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel. The Indenture Trustee shall not be liable for any

action it takes or omits to take in good faith in reliance on an Officer's Certificate or Opinion of Counsel.

(c) The Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian or nominee.

(d) The Indenture Trustee shall not be liable for (i) any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided, however, that such action or omission by the Indenture Trustee does not constitute willful misconduct, negligence or bad faith; or (ii) any action or inaction on the part of the Custodian.

(e) The Indenture Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Notes shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

Section 6.03 Individual Rights of Indenture Trustee. The Indenture Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not Indenture Trustee. Any Paying Agent, Note Registrar, co-registrar or co-paying agent may do the same with like rights. However, the Indenture Trustee must comply with Section 6.11 hereof.

Section 6.04 Indenture Trustee's Disclaimer. The Indenture Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, shall not be accountable for the Issuer's use of the proceeds from the Notes, or responsible for any statement of the Issuer in the Indenture or in any document issued in connection with the sale of the Notes or in the Notes other than the Indenture Trustee's certificate of authentication.

Section 6.05 Notices of Default. If a Default occurs and is continuing and if it is actually known to a Responsible Officer of the Indenture Trustee, the Indenture Trustee shall mail to each Noteholder and each party to the Master Disposition Confirmation Agreement notice of the Default within two Business Days after it receives actual notice of such occurrence.

Section 6.06 Reports by Indenture Trustee to Holders. The Indenture Trustee shall deliver to each Noteholder such information specifically requested by each Noteholder and in the Indenture Trustee's possession and as may be reasonably required to enable such Noteholder to prepare its federal and state income tax returns.

Section 6.07 Compensation and Indemnity. As compensation for its services hereunder, the Indenture Trustee shall be entitled to receive, on each Payment Date, the Indenture Trustee's Fee pursuant to Section 8.02(c) hereof (which compensation shall not be limited by any law on compensation of a trustee of an express trust) and shall be entitled to reimbursement by the Servicer for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses

shall include the reasonable compensation and expenses, disbursements and advances of the Indenture Trustee's agents, counsel, accountants and experts. The Issuer agrees to cause the Servicer to indemnify the Indenture Trustee, the Paying Agent and their officers, directors, employees and agents against any and all loss, liability or expense (including reasonable attorneys' fees) incurred by it or them in connection with the administration of this trust and the performance of its or their duties under the Basic Documents. The Indenture Trustee shall notify the Issuer and the Servicer promptly of any claim for which it may seek indemnity. Failure by the Indenture Trustee so to notify the Issuer and the Servicer shall not relieve the Issuer or the Servicer of its or their obligations hereunder. The Issuer shall, or shall cause the Servicer to, defend any such claim; provided, however, that if the defendants with respect to any such claim include the Issuer and/or the Servicer and the Indenture Trustee, and the Indenture Trustee shall have reasonably concluded that there may be legal defenses available to it which are different from or in addition to those defenses available to the Issuer or the Servicer, as the case may be, the Indenture Trustee shall have the right, at the expense of the Servicer, to select separate counsel to assert such legal defenses and to otherwise defend itself against such claim. Neither the Issuer nor the Servicer need reimburse any expense or indemnify against any loss, liability or expense incurred by the Indenture Trustee through the Indenture Trustee's own willful misconduct, negligence or bad faith.

The Issuer's payment obligations to the Indenture Trustee pursuant to this Section 6.07 shall survive the discharge of this Indenture and the termination or resignation of the Indenture Trustee. When the Indenture Trustee incurs expenses after the occurrence of a Default specified in Section 5.01(g) or (h) hereof with respect to the Issuer, the expenses are intended to constitute expenses of administration under Title 11 of the United States Code or any other applicable federal or state bankruptcy, insolvency or similar law.

Notwithstanding anything in this Section 6.07 to the contrary, all amounts due the Indenture Trustee hereunder, including the Indenture Trustee's fees, shall be payable in the first instance by the Servicer and, if not paid by the Servicer within 60 days after payment is requested from the Servicer by the Indenture Trustee, in accordance with the priorities set forth in Section 5.01 of the Sale and Servicing Agreement.

Section 6.08 Replacement of Indenture Trustee. No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee shall become effective until the acceptance of appointment by the successor Indenture Trustee pursuant to this Section 6.08. The Indenture Trustee may resign at any time by so notifying the Issuer. The Majority Noteholders may remove the Indenture Trustee by so notifying the Indenture Trustee and may appoint a successor Indenture Trustee; provided, that all of the reasonable costs and expenses incurred by the Indenture Trustee in connection with such removal shall be reimbursed to it prior to the effectiveness of such removal. The Issuer shall remove the Indenture Trustee if:

(a) the Indenture Trustee fails to comply with Section 6.11 hereof;

(b) the Indenture Trustee is adjudged a bankrupt or insolvent;

(c) a receiver or other public officer takes charge of the Indenture Trustee or its property; or

(d) the Indenture Trustee otherwise becomes incapable of acting.

If the Indenture Trustee resigns or is removed or if a vacancy exists in the office of Indenture Trustee for any reason (the Indenture Trustee in such event being referred to herein as the retiring Indenture Trustee), the Issuer shall promptly appoint a successor Indenture Trustee acceptable to the Majority Noteholders.

A successor Indenture Trustee shall deliver a written acceptance of its appointment to the retiring Indenture Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Indenture Trustee shall become effective, and the successor Indenture Trustee shall have all the rights, powers and duties of the Indenture Trustee under this Indenture. The successor Indenture Trustee shall mail a notice of its succession to Noteholders. The retiring Indenture Trustee shall promptly transfer all property held by it as Indenture Trustee to the successor Indenture Trustee.

If a successor Indenture Trustee does not take office within 60 days after the retiring Indenture Trustee resigns or is removed, the retiring Indenture Trustee, the Issuer or the Majority Noteholders may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

If the Indenture Trustee fails to comply with Section 6.11 hereof, any Noteholder may petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

Notwithstanding the replacement of the Indenture Trustee pursuant to this Section 6.08, the Issuer's and the Servicer's obligations under Section 6.07 hereof shall continue for the benefit of the retiring Indenture Trustee.

Section 6.09 Successor Indenture Trustee by Merger. If the Indenture Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Indenture Trustee; provided, however, that such corporation or banking association shall otherwise be qualified and eligible under Section 6.11 hereof. The Indenture Trustee shall provide the Majority Noteholders prior written notice of any such transaction.

In case at the time such successor or successors by merger, conversion or consolidation to the Indenture Trustee shall succeed to the trusts created by this Indenture any of the Notes shall have been authenticated but not delivered, any such successor to the Indenture Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Indenture Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor to the Indenture Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Indenture Trustee shall have.

Section 6.10 Appointment of Co-Indenture Trustee or Separate Indenture Trustee.

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the Collateral may at the time be located, the Indenture Trustee shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Trust, and to vest in such Person or Persons, in such capacity and for the benefit of the Noteholders, such title to the Collateral, or any part hereof, and, subject to the other provisions of this Section 6.10, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 hereof and no notice to Noteholders of the appointment of any co-trustee or separate trustee shall be required under Section 6.08 hereof.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Collateral or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article VI. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, jointly with the Indenture Trustee, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Indenture Trustee its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the

Indenture Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

Section 6.11 Eligibility. The Indenture Trustee shall (i) have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition or (ii) otherwise be acceptable in writing to the Majority Noteholders.

ARTICLE VII

NOTEHOLDERS' LISTS AND REPORTS

Section 7.01 Issuer to Furnish Indenture Trustee Names and Addresses of Noteholders. The Issuer will furnish or cause to be furnished to the Indenture Trustee (a) not more than five days after the earlier of (i) each Record Date and (ii) three months after the last Record Date, a list, in such form as the Indenture Trustee may reasonably require, of the names and addresses of the Noteholders as of such Record Date, (b) at such other times as the Indenture Trustee may request in writing, within 30 days after receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 10 days prior to the time such list is furnished; provided, however, that so long as the Indenture Trustee is the Note Registrar, no such list shall be required to be furnished.

Section 7.02 Preservation of Information. The Indenture Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in Section 7.01 hereof and the names and addresses of Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee may destroy any list furnished to it as provided in such Section 7.01 upon receipt of a new list so furnished.

Section 7.03 144A Information.

(a) To permit compliance with the Securities Act in connection with the sale of the Notes sold in reliance on Rule 144A, the Issuer shall furnish to the Indenture Trustee the information required to be delivered under Rule 144A(d)(4) under the Securities Act, if the Issuer is neither a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

(b) The Indenture Trustee, to the extent it has any such information in its possession, shall provide to any Noteholder and any prospective transferee designated by any such Noteholder information regarding the Notes and the Loans and such other information as shall be necessary to satisfy the condition to eligibility set forth in Rule 144A(d)(4) under the Securities Act for transfer of any such Note without registration thereof under the Securities Act pursuant to the registration exemption provided by Rule 144A under the Securities Act.

ARTICLE VIII

ACCOUNTS, DISBURSEMENTS AND RELEASES

Section 8.01 Collection of Money. General. Except as otherwise expressly provided herein, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture. The Indenture Trustee shall apply all such money received by it as provided in this Indenture. Except as otherwise expressly provided in this Indenture, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Collateral, the Indenture Trustee may take such action as may be appropriate to enforce such payment or performance, including the institution and prosecution of appropriate Proceedings. Any such action shall be without prejudice to any right to claim a Default or Event of Default under this Indenture and any right to proceed thereafter as provided in Article V hereof.

Section 8.02 Trust Accounts; Distributions. (a) On or prior to the Closing Date, the Issuer shall cause the Servicer to establish and maintain, in the name of the Indenture Trustee for the benefit of the Noteholders, or on behalf of the Owner Trustee for the benefit of the Securityholders, the Trust Accounts as provided in the Sale and Servicing Agreement. The Servicer shall deposit amounts into each of the Trust Accounts in accordance with the terms hereof, the Sale and Servicing Agreement and the Payment Statements.

(b) Collection Account. With respect to the Collection Account, the Paying Agent shall make such withdrawals and distributions as specified in Section 5.01(c)(1) of the Sale and Servicing Agreement in accordance with the terms thereof.

(c) Distribution Account. With respect to the Distribution Account, the Paying Agent shall make (i) such deposits as specified in Sections 5.01(c)(2)(A), 5.01(c)(2)(B), 5.05(e) and 5.05(f) of the Sale and Servicing Agreement and (ii) such withdrawals and distributions as specified in Section 5.01(c)(3) of the Sale and Servicing Agreement in accordance with the terms thereof.

(d) Transfer Obligation Account. With respect to the Transfer Obligation Account, the Paying Agent shall make (i) such deposits as specified in Section 5.01(c)(3)(vii) of the Sale and Servicing Agreement and (ii) such withdrawals and distributions as specified in Sections 5.05(d), 5.05(e), 5.05(f), 5.05(g), 5.05(h), and 5.05(i) of the Sale and Servicing Agreement in accordance with the terms thereof.

(e) Reserved.

(f) Advance Account. With respect to the Advance Account, the Issuer shall cause the Servicer to make such withdrawals specified in Section 2.06 of the Sale and Servicing Agreement.

Section 8.03 General Provisions Regarding Trust Accounts. (a) All or a portion of the funds in the Collection Account and the Transfer Obligation Account shall be invested in Permitted Investments in accordance with the provisions of Section 5.03(b) of the Sale and

Servicing Agreement. The Indenture Trustee will not make any investment of any funds or sell any investment held in the Collection Account or the Transfer Obligation Account (other than in Permitted Investments in accordance with Section 5.03(b) of the Sale and Servicing Agreement) unless the security interest Granted and perfected in such account will continue to be perfected in such investment or the proceeds of such sale, in either case without any further action by any Person, as evidenced by an Opinion of Counsel delivered to the Indenture Trustee by the Issuer or the Servicer, as the case may be.

(b) Subject to Section 6.01(c) hereof, the Indenture Trustee shall not in any way be held liable by reason of any insufficiency in the Collection Account or the Transfer Obligation Account resulting from any loss on any Permitted Investments included therein.

(c) If (i) the Issuer or the Servicer, as the case may be, shall have failed to give investment directions for any funds on deposit in the Collection Account or the Transfer Obligation Account to the Indenture Trustee by 2:00 p.m. New York City time (or such other time as may be agreed by the Issuer and Indenture Trustee) on any Business Day unless the Servicer is then acting as Paying Agent with respect to such accounts or (ii) a Default or Event of Default shall have occurred and be continuing with respect to the Notes but the Notes shall not have been declared due and payable pursuant to Section 5.02 hereof or (iii) if such Notes shall have been declared due and payable following an Event of Default, amounts collected or receivable from the Collateral are being applied in accordance with Section 5.05 hereof as if there had not been such a declaration, then the Indenture Trustee shall, to the fullest extent practicable, invest and reinvest funds in the Accounts in one or more Permitted Investments.

Section 8.04 The Paying Agent. The initial Paying Agent shall be the Servicer. The Paying Agent may be removed by the Initial Noteholder in its sole discretion at any time. Upon removal of the Paying Agent, the Initial Noteholder will appoint a successor Paying Agent within 30 days; provided that the Indenture Trustee will be the Paying Agent until such successor is appointed. Upon receiving written notice from the Initial Noteholder that the Paying Agent has been terminated, the Indenture Trustee will immediately terminate the Paying Agent's access to any and all Trust Accounts.

Section 8.05 Release of Collateral. (a) Subject to the payment of its reasonable fees and expenses in connection therewith pursuant to Section 6.07 hereof, the Indenture Trustee may, and when required by the provisions of this Indenture shall, execute instruments acceptable to it and prepared and delivered to it by the Issuer to release property from the lien of this Indenture, or convey the Indenture Trustee's interest in the same, without recourse, representation or warranty in a manner as provided in the Custodial Agreement and under circumstances that are not inconsistent with the provisions of this Indenture and the other Basic Documents. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article VIII shall be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

(a) The Indenture Trustee shall, at such time as there are no Notes Outstanding and all sums due to the Noteholders (and their Affiliates), the Initial Noteholder, the Sales Agents, the Indenture Trustee, the Owner Trustee and the Custodian under the Basic Documents have been paid, release any remaining portion of the Collateral that secured the

Notes from the lien of this Indenture and release to the Issuer or any other Person entitled thereto any funds then on deposit in the Trust Accounts. At such time as the lien of this Indenture is released, the Indenture Trustee shall cause a termination statement to be filed in any jurisdiction where a UCC financing statement has been filed hereunder with respect to the Collateral. The Indenture Trustee shall release property from the lien of this Indenture pursuant to this subsection (b) only upon receipt of an Issuer Request accompanied by an Officer's Certificate and an Opinion of Counsel meeting the applicable requirements of Section 11.01 hereof.

Section 8.06 Opinion of Counsel. Except to the extent specifically permitted by the terms of the Basic Documents, the Indenture Trustee shall receive at least seven Business Days' prior notice when requested by the Issuer to take any action pursuant to Section 8.05(a) hereof, accompanied by copies of any instruments involved, and the Indenture Trustee may also require, as a condition to such action, an Opinion of Counsel, in form and substance satisfactory to the Indenture Trustee, from the Issuer concluding that all conditions precedent to the taking of such action have been complied with and such action will not materially and adversely impair the security for the Notes or the rights of the Noteholders in contravention of the provisions of this Indenture; provided, however, that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the Collateral. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01 Supplemental Indentures Without the Consent of the Noteholders. With the consent of the Initial Noteholder and prior notice to the Majority Noteholders, the Issuer and the Indenture Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien of this Indenture additional property;

(ii) to evidence the succession, in compliance with the applicable provisions hereof, of another Person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes contained;

(iii) to add to the covenants of the Issuer, for the benefit of the Noteholders, or to surrender any right or power herein conferred upon the Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with the Indenture Trustee;

(v) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture that may be inconsistent with any other provision herein or in

any supplemental indenture or to make any other provisions with respect to matters or questions arising under this Indenture or in any supplemental indenture; provided, however, that such action shall not adversely affect the interests of the Noteholders; or

(vi) to evidence and provide for the acceptance of the appointment hereunder by a successor trustee with respect to the Notes and to add to or change any of the provisions of this Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Article VI hereof.

The Indenture Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

Section 9.02 Supplemental Indentures with Consent of Noteholders. The Issuer and the Indenture Trustee, when authorized by an Issuer Order, also may, with the consent of the Majority Noteholders, by an Act of such Noteholders delivered to the Issuer and the Indenture Trustee, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of any Noteholder under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of each Noteholder affected thereby:

(a) change the date of payment of any installment of principal of or interest on any Note, or reduce the principal balance thereof, the interest rate thereon or the Termination Price with respect thereto, change the provisions of this Indenture relating to the application of collections on, or the proceeds of the sale of, the Collateral to payment of principal of or interest on the Notes, or change any place of payment where, or the coin or currency in which, any Note or the interest thereon is payable, or impair the right to institute suit for the enforcement of the provisions of this Indenture requiring the application of funds available therefor, as provided in Article V hereof, to the payment of any such amount due on the Notes on or after the respective due dates thereof (or, in the case of redemption, on or after the Redemption Date);

(b) reduce the Percentage Interest, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture;

(c) modify or alter the provisions of the definition of the term “Outstanding” or “Percentage Interest”;

(d) reduce the Percentage Interest of the Outstanding Notes, the consent of the Holders of which is required to direct the Indenture Trustee to direct the Issuer to sell or liquidate the Collateral pursuant to Section 5.04 hereof;

(e) modify any provision of this Section 9.02 except to increase any percentage specified herein or to provide that certain additional provisions of this Indenture or

the Basic Documents cannot be modified or waived without the consent of the Holder of each Outstanding Note affected thereby;

(f) modify any of the provisions of this Indenture in such manner as to affect the calculation of the amount of any payment of interest or principal due on any Note on any Payment Date (including the calculation of any of the individual components of such calculation) or to adversely affect the rights of the Noteholders to the benefit of any provisions for the mandatory redemption of the Notes contained herein; or

(g) permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any part of the Collateral or, except as otherwise permitted or contemplated herein, terminate the lien of this Indenture on any property at any time subject hereto or deprive any Noteholder of the security provided by the lien of this Indenture.

The Indenture Trustee may in its discretion determine whether or not any Notes would be affected by any supplemental indenture and any such determination shall be conclusive upon each Noteholder, whether theretofore or thereafter authenticated and delivered hereunder. The Indenture Trustee shall not be liable for any such determination made in good faith.

In connection with requesting the consent of the Noteholders pursuant to this Section 9.02, the Indenture Trustee shall mail to the Noteholders to which such amendment or supplemental indenture relates a notice prepared by the Issuer setting forth in general terms the substance of such supplemental indenture. It shall not be necessary for any Act of Noteholders under this Section 9.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 9.03 Execution of Supplemental Indentures. In executing, or permitting the additional trusts created by, any supplemental indenture permitted by this Article IX or the modification thereby of the trusts created by this Indenture, the Indenture Trustee shall be entitled to receive, and subject to Sections 6.01 and 6.02 hereof, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Indenture Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects the Indenture Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise.

Section 9.04 Effect of Supplemental Indentures. Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and shall be deemed to be modified and amended in accordance therewith with respect to the Notes affected thereby, and the respective rights, limitations of rights, obligations, duties, liabilities and immunities under this Indenture of the Indenture Trustee, the Issuer and the Noteholders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.05 Reference in Notes to Supplemental Indentures. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this

Article IX may, and if required by the Indenture Trustee shall, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such supplemental indenture. If the Issuer or the Indenture Trustee shall so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such supplemental indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE X

REDEMPTION OF NOTES; PUT OPTION

Section 10.01 Redemption. The Servicer may, at its option, effect an early redemption of the Notes on any Payment Date on or after the Clean-up Call Date. The Servicer shall effect such early termination in the manner specified in and subject to the provisions of Section 10.02 of the Sale and Servicing Agreement.

The Servicer shall furnish the Indenture Trustee with notice of any such redemption in order to facilitate the Indenture Trustee's compliance with its obligation to notify the Noteholders of such redemption in accordance with Section 10.02 hereof.

Section 10.02 Form of Redemption Notice. Notice of redemption under Section 10.01 hereof shall be by first-class mail, postage prepaid, or by facsimile mailed or transmitted not later than 10 days prior to the applicable Redemption Date to each Noteholder, as of the close of business on the Record Date preceding the applicable Redemption Date, at such Noteholder's address or facsimile number appearing in the Note Register.

All notices of redemption shall state:

(i) the Redemption Date;

(ii) that on the Redemption Date Noteholders shall receive the Note Redemption Amount; and

(iii) the place where such Notes are to be surrendered for payment of the Termination Price (which shall be the office or agency of the Issuer to be maintained as provided in Section 3.02 hereof).

Notice of redemption of the Notes shall be given by the Indenture Trustee in the name of the Issuer and at the expense of the Servicer. Failure to give to any Noteholder notice of redemption, or any defect therein, shall not impair or affect the validity of the redemption of any other Note.

Section 10.03 Notes Payable on Redemption Date. The Notes to be redeemed shall, following notice of redemption as required by Section 10.02 hereof (in the case of redemption pursuant to Section 10.01 hereof), on the Redemption Date become due and payable at the Note Redemption Amount and (unless the Issuer shall default in the payment of the Note Redemption Amount) no interest shall accrue thereon for any period after the date to which accrued interest is calculated for purposes of calculating the Note Redemption Amount. The

Issuer may not redeem the Notes unless all outstanding obligations under the Notes have been paid in full.

Section 10.04 Put Option. The Majority Noteholders may, at their option, put all or any portion of the Note Principal Balance of the Notes to the Issuer on any date upon giving notice in the manner set forth in Section 10.05. On each Put Date, the Issuer shall purchase the Note Principal Balance in the manner specified in and subject to the provisions of Section 10.04 of the Sale and Servicing Agreement.

Section 10.05 Form of Put Option Notice. Notice of exercise of a Put Option under Section 10.04 hereof shall be given to the Issuer and the Servicer by the Majority Noteholders (with a copy to the Indenture Trustee) by first-class mail, postage prepaid, or by facsimile mailed or transmitted not later than 5 days prior to the date on which the Notes shall be repurchased by the Issuer.

Section 10.06 Notes Payable on Put Date. The Note Principal Balance to be put to the Issuer shall, following notice of the exercise of the Put Option as required by Section 10.05 hereof, on the Put Date become due and payable at the Note Redemption Amount and (unless the Issuer shall default in the payment of the Note Redemption Amount) no interest shall accrue thereon for any period after the date to which accrued interest is calculated for purposes of calculating the Note Redemption Amount.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Compliance Certificates and Opinions, etc. Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture (except with respect to the Servicer's servicing activity in the ordinary course of its business), the Issuer shall furnish to the Indenture Trustee (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and (ii) an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(1) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed

opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such signatory, such condition or covenant has been complied with.

Section 11.02 Form of Documents Delivered to Indenture Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an Authorized Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which such officer's certificate or opinion is based are erroneous. Any such certificate of an Authorized Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Servicer, the Loan Originator, the Issuer or the Administrator, stating that the information with respect to such factual matters is in the possession of the Servicer, the Loan Originator, the Issuer or the Administrator, unless such Authorized Officer or such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Whenever in this Indenture, in connection with any application or certificate or report to the Indenture Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Indenture Trustee's right to rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI hereof.

Section 11.03 Acts of Noteholders. (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Noteholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by agents duly appointed in writing; and except as herein otherwise expressly provided, such action shall become effective when such

instrument or instruments are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Noteholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.01 hereof) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 11.03.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner that the Indenture Trustee deems sufficient.

(c) The ownership of Notes shall be proved by the Note Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by any Noteholder shall bind the Holder of every Note issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Note.

Section 11.04 Notices, etc., to Indenture Trustee and Issuer. Any request, demand, authorization, direction, notice, consent, waiver or Act of Noteholders or other documents provided or permitted by this Indenture shall be in writing and if such request, demand, authorization, direction, notice, consent, waiver or Act of Noteholders is to be made upon, given or furnished to or filed with:

(i) the Indenture Trustee by any Noteholder or by the Issuer shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing (including by facsimile) to or with the Indenture Trustee at P.O. Box 98, Columbia, Maryland 21046, Attention: Option One Owner Trust 2002-3, with a copy to it at its Corporate Trust Office, or

(ii) the Issuer by the Indenture Trustee or by any Noteholder shall be sufficient for every purpose hereunder if in writing and made, given, furnished, filed or transmitted via facsimile to the Issuer at: Option One Owner Trust 2002-3, c/o Wilmington Trust Company as Owner Trustee, One Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, Attention: Corporate Trust Department, telecopy number: (302) 636-4144, telephone number: (302) 636-1000, or at any other address or facsimile number previously furnished in writing to the Indenture Trustee by the Issuer or the Administrator. The Issuer shall promptly transmit any notice received by it from the Noteholders to the Indenture Trustee.

Section 11.05 Notices to Noteholders; Waiver. Where this Indenture provides for notice to Noteholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class, postage prepaid to each Noteholder affected by such event, at his address as it appears on the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Noteholders is given by mail, neither the failure to mail such notice

nor any defect in any notice so mailed to any particular Noteholder shall affect the sufficiency of such notice with respect to other Noteholders, and any notice that is mailed in the manner herein provided shall conclusively be presumed to have duly been given.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholders shall be filed with the Indenture Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver.

In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to Noteholders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Indenture Trustee shall be deemed to be a sufficient giving of such notice.

Section 11.06 Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 11.07 Successors and Assigns. All covenants and agreements in this Indenture and the Notes by the Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents.

Section 11.08 Separability. In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11.09 Benefits of Indenture. Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Noteholders, and any other party secured hereunder, and any other Person with an ownership interest in any part of the Collateral, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 11.10 Legal Holidays. In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

Section 11.11 GOVERNING LAW. THIS INDENTURE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 11.12 Counterparts. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 11.13 Recording of Indenture. If this Indenture is subject to recording in any appropriate public recording offices, such recording is to be effected by the Issuer and at its expense accompanied by an Opinion of Counsel (which may be counsel to the Indenture Trustee or any other counsel reasonably acceptable to the Indenture Trustee; provided, however, that the expense of such Opinion of Counsel shall in no event be an expense of the Indenture Trustee) to the effect that such recording is necessary either for the protection of the Noteholders or any other Person secured hereunder or for the enforcement of any right or remedy granted to the Indenture Trustee under this Indenture.

Section 11.14 Trust Obligation. No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer, the Owner Trustee or the Indenture Trustee on the Notes or, except as expressly provided for in Article VI hereof, under this Indenture or any certificate or other writing delivered in connection herewith or therewith, against (i) the Indenture Trustee or the Owner Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee, agent or "control person" within the meaning of the Securities Act and the Exchange Act, of the Indenture Trustee or the Owner Trustee in its individual capacity, any holder of a beneficial interest in the Issuer, the Owner Trustee or the Indenture Trustee or of any successor or assign of the Indenture Trustee or the Owner Trustee in its individual capacity, except as any such Person may expressly have agreed (it being understood that the Indenture Trustee and the Owner Trustee have no such obligations in their individual capacity) and except that any such partner, owner or beneficiary of the Issuer shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity. For all purposes of this Indenture, in the performance of any duties or obligations of the Issuer hereunder, the Owner Trustee shall be subject to, and entitled to the benefits of, the terms and provisions of Articles IV, V, VI, VII and VIII of the Trust Agreement.

Section 11.15 No Petition. The Indenture Trustee, by entering into this Indenture, and each Noteholder, by accepting a Note, hereby covenant and agree that they will not at any time institute against the Depositor or the Issuer, or join in any institution against the Depositor or the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States federal or state bankruptcy or similar law, in connection with any obligations relating to the Notes, this Indenture or any of the Basic Documents.

Section 11.16 Inspection. The Issuer agrees that, on reasonable prior notice, it will permit any representative of the Indenture Trustee or of the Initial Noteholder, during the Issuer's normal business hours, to examine all the books of account, records, reports and other papers of the Issuer, to make copies and extracts therefrom, to cause such books to be audited by Independent certified public accountants, and to discuss the Issuer's affairs, finances and accounts with the Issuer's officers, employees, and Independent certified public accountants, all at such reasonable times and as often as may reasonably be requested and at the expense of the

Servicer. The Indenture Trustee and the Initial Noteholder shall and shall cause its representatives to hold in confidence all such information except to the extent disclosure may be required by law (and all reasonable applications for confidential treatment are unavailing) and except to the extent that the Indenture Trustee or the Initial Noteholder may reasonably determine that such disclosure is consistent with its obligations hereunder.

Section 11.17 Limitation on Liability. It is expressly understood and agreed by the parties hereto that (a) this Indenture is executed and delivered by Wilmington Trust Company, not individually or personally, but solely as Owner Trustee of Option One Owner Trust 2002-3, in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose for binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Indenture or any other related documents.

IN WITNESS WHEREOF, the Issuer and the Indenture Trustee have caused this Indenture to be duly executed by their respective officers, thereunto duly authorized and duly attested, all as of the day and year first above written.

OPTION ONE OWNER TRUST 2002-3

By: Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee

By: _____
Name:
Title:

WELLS FARGO BANK, N.A., as Indenture Trustee

By: _____
Name:
Title:

STATE OF DELAWARE)
)ss.:
COUNTY OF NEW CASTLE)

BEFORE ME, the undersigned authority, a Notary Public in and for said county and state, on this day personally appeared ___ known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity, but solely as Owner Trustee on behalf of OPTION ONE OWNER TRUST 2002-3, a Delaware statutory trust, and that such person executed the same as the act of said statutory trust for the purpose and consideration therein expressed, and in the capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this ___ day of ___, 2007.

Notary Public

(Seal)
My commission expires:

IN WITNESS WHEREOF, the Issuer and the Indenture Trustee have caused this Indenture to be duly executed by their respective officers, thereunto duly authorized and duly attested, all as of the day and year first above written.

OPTION ONE OWNER TRUST 2002-3

By: Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee

By: _____
Name:
Title:

WELLS FARGO BANK, N.A., as Indenture Trustee

By: _____
Name:
Title:

STATE OF MARYLAND)
) ss.:
COUNTY OF BALTIMORE)

BEFORE ME, the undersigned authority, a Notary Public in and for said county and state, on this day personally appeared ___, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity, but solely as Owner Trustee on behalf of OPTION ONE OWNER TRUST 2002-3, a Delaware statutory trust, and that such person executed the same as the act of said statutory trust for the purpose and consideration therein expressed, and in the capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this ___ day of December, 2007

Notary Public

(Seal)
My commission expires:

EXHIBIT A

FORM OF NOTE

THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE MAXIMUM NOTE PRINCIPAL BALANCE SHOWN ON THE FACE HEREOF. ANY PURCHASER OF THIS NOTE MAY ASCERTAIN THE OUTSTANDING PRINCIPAL AMOUNT HEREOF BY INQUIRY OF THE INDENTURE TRUSTEE.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION, UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE ONLY (A) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE 1933 ACT, (B) FOR SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE 1933 ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE 1933 ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (C) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF SUBPARAGRAPH (a)(1), (2),(3) OR (7) OF RULE 501 UNDER THE 1933 ACT THAT IS ACQUIRING THE NOTE FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL "ACCREDITED INVESTOR," FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE 1933 ACT, IN EACH CASE IN COMPLIANCE WITH THE REQUIREMENTS OF THE INDENTURE AND APPLICABLE STATE SECURITIES LAWS OR (D) BACK TO THE ISSUER PURSUANT TO THE PUT OPTION.

THIS NOTE MAY NOT BE TRANSFERRED (EXCEPT PURSUANT TO THE PUT OPTION) UNLESS THE INDENTURE TRUSTEE HAS RECEIVED A CERTIFICATE FROM THE TRANSFEREE TO THE EFFECT THAT EITHER (I) THE TRANSFEREE IS NOT AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT PLAN OR ARRANGEMENT SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (EACH, A "PLAN"), AND IS NOT ACTING ON BEHALF OF OR INVESTING THE ASSETS OF A PLAN OR (II) IF THE TRANSFEREE IS A PLAN OR IS ACTING ON BEHALF OF OR INVESTING THE ASSETS OF A PLAN, EITHER THAT NO PROHIBITED TRANSACTION WITHIN THE MEANING OF SECTION 406(a) OF ERISA OR SECTION 4975 OF THE

CODE WOULD OCCUR UPON THE TRANSFER OF THE NOTE OR THAT THE CONDITIONS FOR EXEMPTIVE RELIEF UNDER A PROHIBITED TRANSACTION EXEMPTION HAS BEEN SATISFIED INCLUDING BUT NOT LIMITED TO, PROHIBITED TRANSACTION CLASS EXEMPTION ("PTCE") 96-23 (RELATING TO TRANSACTIONS EFFECTED BY AN "IN-HOUSE ASSET MANAGER"), PTCE 95-60 (RELATING TO TRANSACTIONS INVOLVING INSURANCE COMPANY GENERAL ACCOUNTS), PTCE 91-38 (RELATING TO TRANSACTIONS INVOLVING BANK COLLECTIVE INVESTMENT FUNDS), PTCE 90-1 (RELATING TO TRANSACTIONS INVOLVING INSURANCE COMPANY POOLED SEPARATE ACCOUNTS) AND PTCE 84-14 (RELATING TO TRANSACTIONS EFFECTED BY A "QUALIFIED PROFESSIONAL ASSET MANAGER").

Maximum Note Principal Balance: $___
Initial Percentage Interest: ___%
No. ___

OPTION ONE OWNER TRUST 2002-3

MORTGAGE-BACKED NOTES

OPTION ONE OWNER TRUST 2002-3, a Delaware statutory trust (the "Issuer"), for value received, hereby promises to pay to ___, or registered assigns (the "Noteholder"), the principal sum of ___($___) or so much thereof as may be advanced and outstanding hereunder and to pay interest on such principal sum or such part thereof as shall remain unpaid from time to time, at the rate and at the times provided in the Sale and Servicing Agreement and the Indenture. Principal of this Note is payable on each Payment Date in an amount equal to the result obtained by multiplying (i) the Percentage Interest of this Note by (ii) the principal amount distributed in respect of such Payment Date.

The Outstanding Note Principal Balance of this Note bears interest at the Note Interest Rate. On each Payment Date amounts in respect of interest on this Note will be paid in an amount equal to the result obtained by multiplying (i) the Percentage Interest of this Note by (ii) the aggregate amount paid in respect of interest on the Notes with respect to such Payment Date.

Capitalized terms used but not defined herein have the meanings set forth in the Indenture (the "Indenture"), dated as of January [ ], 2007 between the Issuer and Wells Fargo Bank, N.A., as Indenture Trustee (the "Indenture Trustee") or, if not defined therein, the Second Amended and Restated Sale and Servicing Agreement (the "Sale and Servicing Agreement"), dated as of January [ ], 2007 among the Issuer, the Depositor, the Loan Originator and Servicer, and the Indenture Trustee on behalf of the Noteholders.

By its acceptance of this Note, each Noteholder covenants and agrees, until the earlier of (a) the termination of the Revolving Period and (b) the Maturity Date, on each Transfer Date to advance amounts in respect of Additional Note Principal Balance hereunder to the Issuer, subject to and in accordance with the terms of the Indenture, the Sale and Servicing Agreement and the Note Purchase Agreement.

In the event of an advance of Additional Note Principal Balance by the Noteholders as provided in Section 2.01(c) of the Sale and Servicing Agreement, each Noteholder shall, and is hereby authorized to, record on the schedule attached to its Note the date and amount of any Additional Note Principal Balance advanced by it, and each repayment thereof; provided that failure to make any such recordation on such schedule or any error in such schedule shall not adversely affect any Noteholder's rights with respect to its Additional Note Principal Balance and its right to receive interest payments in respect of the Additional Note Principal Balance held by such Noteholder.

Absent manifest error, the Note Principal Balance of each Note as set forth in the notations made by the related Noteholder on such Note shall be binding upon the Indenture

Trustee and the Issuer; provided that failure by a Noteholder to make such recordation on its Note or any error in such notation shall not adversely affect any Noteholder's rights with respect to its Note Principal Balance and its right to receive principal and interest payments in respect thereof.

The Servicer may, at its option, effect an early redemption of the Notes for an amount equal to the Note Redemption Amount on any Payment Date on or after the Clean-up Call Date. The Servicer shall effect such early termination by providing notice thereof to the Indenture Trustee and Owner Trustee and by purchasing all of the Loans at a purchase price, payable in cash, equal to the Termination Price.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

The statements in the legend set forth above are an integral part of the terms of this Note and by acceptance hereof each Holder of this Note agrees to be subject to and bound by the terms and provisions set forth in such legend.

Unless the Certificate of authentication hereon shall have been executed by an authorized officer of the Indenture Trustee, by manual signature, this Note shall not entitle the Noteholder hereof to any benefit under the Indenture or the Sale and Servicing Agreement and/or be valid for any purpose.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK AND WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PROVISIONS THEREOF OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer, as of the date set forth below.

Date: January ___, 2007

OPTION ONE OWNER TRUST 2002-3

By: Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee under the Trust Agreement

By: _____
Authorized Signatory

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes designated above and referred to in the within-mentioned Indenture.

Date: January ___, 2007

WELLS FARGO BANK, N.A., not in its individual capacity but solely as Indenture Trustee

By: _____
Authorized Signatory

[Reverse of Note]

This Note is one of the duly authorized Notes of the Issuer, designated as its Mortgage-Backed Notes (herein called the "Notes"), all issued under the Indenture. Reference is hereby made to the Indenture and all indentures supplemental thereto, and the Sale and Servicing Agreement for a statement of the respective rights and obligations thereunder of the Issuer, the Indenture Trustee and the Noteholders. To the extent that any provision of this Note contradicts or is inconsistent with the provisions of the Indenture or the Sale and Servicing Agreement, the provisions of the Indenture or the Sale and Servicing Agreement, as applicable, shall control and supersede such contradictory or inconsistent provision herein. The Notes are subject to all terms of the Indenture and the Sale and Servicing Agreement.

The principal of and interest on this Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Note shall be applied in accordance with the Indenture and the Sale and Servicing Agreement.

The entire unpaid principal amount of this Note shall be due and payable on the earlier of the Maturity Date, the Redemption Date and the Final Put Date, if any, pursuant to Articles X of the Sale and Servicing Agreement and the Indenture. Notwithstanding the foregoing, the entire unpaid principal amount of the Notes shall be due and payable on the date on which an Event of Default shall have occurred and be continuing and the Indenture Trustee, at the direction or upon the prior written consent of the Majority Noteholders, has declared the Notes to be immediately due and payable in the manner provided in Section 5.02 of the Indenture and automatically upon the occurrence of an Issuer bankruptcy. All principal payments on the Notes shall be made *pro rata* to the Noteholders entitled thereto.

The Collateral secures this Note and all other Notes equally and ratably without prejudice, priority or distinction between any Note and any other Note. The Notes are non-recourse obligations of the Issuer and are limited in right of payment to amounts available from the Collateral, as provided in the Indenture. The Issuer shall not otherwise be liable for payments on the Notes, and none of the owners, agents, officers, directors, employees, or successors or assigns of the Issuer shall be personally liable for any amounts payable, or performance due, under the Notes or the Indenture.

Any installment of interest or principal on this Note shall be paid on the applicable Payment Date to the Person in whose name this Note (or one or more Predecessor Notes) is registered in the Note Register as of the close of business on the related Record Date by wire transfer in immediately available funds to the account specified in writing by the related Noteholder to the extent provided by the Indenture and otherwise by check mailed to the Noteholder.

Any reduction in the principal amount of this Note (or any one or more Predecessor Notes) effected by any payments made on any Payment Date shall be binding upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted hereon. Any increase in the principal amount of this Note (or any one or more Predecessor Notes) effected by payments to the Issuer

of Additional Note Principal Balances shall be binding upon the Issuer and shall inure to the benefit of all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted hereon.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Note may be registered on the Note Register upon surrender of this Note for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer in the form attached hereto duly executed by, the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Notes of authorized denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Note, but the Issuer may require the Noteholder to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

Each Noteholder, by acceptance of a Note or a beneficial interest in a Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer, the Owner Trustee or the Indenture Trustee on the Notes or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) the Indenture Trustee or the Owner Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer (solely in its capacity as such) or (iii) any partner, owner, beneficiary, agent, officer, director, employee or "control person" within the meaning of the 1933 Act and the Exchange Act of the Indenture Trustee or the Owner Trustee in its individual capacity, any holder of a beneficial interest in the Issuer (solely in its capacity as such), the Owner Trustee or the Indenture Trustee or of any successor or assign of the Indenture Trustee or the Owner Trustee in its individual capacity, except as any such Person may have expressly agreed and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity.

Each Noteholder, by acceptance of a Note or a beneficial interest in a Note, covenants and agrees by accepting the benefits of the Indenture that such Noteholder will not at any time institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under any United States federal or state bankruptcy or similar law in connection with any obligations relating to the Notes or the Basic Documents.

The Issuer has entered into the Indenture and this Note is issued with the intention that, for federal, state and local income, single business and franchise tax purposes, the Notes will qualify as indebtedness of the Issuer secured by the Collateral. Each Noteholder, by acceptance of a Note, agrees to treat the Notes for federal, state and local income, single business and franchise tax purposes as indebtedness of the Issuer. Each Noteholder, by its acceptance of a Note, represents and warrants that the number of ICA Owners with respect to all of its Notes shall not exceed four.

Prior to the due presentment for registration of transfer of this Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in

whose name this Note (as of the day of determination or as of such other date as may be specified in the Indenture) is registered as the owner hereof for all purposes, whether or not this Note be overdue, and none of the Issuer, the Indenture Trustee or any such agent shall be affected by notice to the contrary.

The Indenture permits the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Noteholders under the Indenture at any time by the Issuer with the consent of the Majority Noteholders. The Indenture also contains provisions permitting the Noteholders representing specified Percentage Interests of the Outstanding Notes, on behalf of all of the Noteholders, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note (or any one or more Predecessor Notes) shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Note. The Indenture also permits the Indenture Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of any Noteholder.

The term "Issuer" as used in this Note includes any successor to the Issuer under the Indenture.

The Notes are issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations therein set forth.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Note at the times, place and rate, and in the coin or currency herein prescribed.

Anything herein to the contrary notwithstanding, except as expressly provided in the Basic Documents, none of the Issuer in its individual capacity, the Owner Trustee in its individual capacity, any owner of a beneficial interest in the Issuer in its capacity as such, or any of their respective partners, beneficiaries, agents, officers, directors, employees or successors or assigns shall be personally liable for, nor shall recourse be had to any of them for, the payment of principal of or interest on this Note or performance of, or omission to perform, any of the covenants, obligations or indemnifications contained in the Indenture. The Holder of this Note by its acceptance hereof agrees that, except as expressly provided in the Basic Documents, in the case of an Event of Default under the Indenture, the Holder shall have no claim against any of the foregoing for any deficiency, loss or claim therefrom; provided, however, that nothing contained herein shall be taken to prevent recourse to, and enforcement against, the assets of the Issuer for any and all liabilities, obligations and undertakings contained in the Indenture or in this Note.

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee:

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

(name and address of assignee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints, attorney, to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

Signature

Schedule to Note
dated as of _____, _____
of OPTION ONE OWNER TRUST 2002-3

Date of advance of Additional Note Principal Balance	Amount of advance of Additional Note Principal Balance	Percentage Interest	Aggregate Note Principal Balance	Note Principal Balance of Note
		100%		

EXHIBIT B-1

FORM OF RULE 144A TRANSFEROR CERTIFICATE

Wells Fargo Bank, N.A.
Sixth Street and Marquette Avenue
Minneapolis, Minnesota 55479
Attention: Corporate Trust Services — Option One Owner Trust 2002-3

Re: Option One Owner Trust 2002-3

Reference is hereby made to the Indenture dated as of January [ ], 2007 (the "**Indenture**") between Option One Owner Trust 2002-3 (the "**Trust**") and Wells Fargo Bank, N.A. (the "**Indenture Trustee**"). Capitalized terms used but not defined herein shall have the meanings given to them in the Second Amended and Restated Sale and Servicing Agreement dated as of January [ ], 2007 among the Trust, Option One Loan Warehouse Corporation (the "**Depositor**"), Option One Mortgage Corporation, as servicer and as the loan originator, and the Indenture Trustee.

The undersigned (the "**Transferor**") has requested a transfer of $ ___ current principal balance Notes to [insert name of transferee].

In connection with such request, and in respect of such Notes, the Transferor hereby certifies that such Notes are being transferred in accordance with (i) the transfer restrictions set forth in the Indenture and the Notes and (ii) Rule 144A under the Securities Act of 1933, as amended to a purchaser that the Transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A purchasing for its own account or for the account of a "qualified institutional buyer," which purchaser is aware that the sale to it is being made in reliance upon Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction.

This certificate and the statements contained herein are made for your benefit and the benefit of the Depositor.

_____
[Name of Transferor]

By: _____
Name:
Title:

Dated: _____, ____

EXHIBIT B-2

FORM OF TRANSFEREE CERTIFICATE FOR
INSTITUTIONAL ACCREDITED INVESTOR

Wells Fargo Bank, N.A.
Sixth Street and Marquette Avenue
Minneapolis, Minnesota 55479
Attention: Corporate Trust Services — Option One Owner Trust 2002-3

Re: Option One Owner Trust 2002-3

In connection with our proposed purchase of $ ___ Note Principal Balance Mortgage-Backed Notes (the "**Offered Notes**") issued by Option One Owner Trust 2002-3, we confirm that:

(1) We understand that the Offered Notes have not been, and will not be, registered under the Securities Act of 1933, as amended (the "**1933 Act**") or any state securities laws, and may not be sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell any Offered Notes we will do so only (A) pursuant to a registration statement which has been declared effective under the 1933 Act, (B) for so long as the Offered Notes are eligible for resale pursuant to Rule 144A under the 1933 Act, to a Person we reasonably believe is a "qualified institutional buyer" as defined in Rule 144A that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A or (C) to an institutional "accredited investor" within the meaning of subparagraph (a)(1), (2), (3) or (7) of Rule 501 under the 1933 Act (an "**Institutional Accredited Investor**") that is acquiring the Offered Notes for its own account, or for the account of such an Institutional Accredited Investor, for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the 1933 Act, in each case in compliance with the requirements of the Indenture dated as of January [ ], 2007, between Option One Owner Trust 2002-3 and Wells Fargo Bank, N.A., as Indenture Trustee, and applicable state securities laws; and we further agree, in the capacities stated above, to provide to any person purchasing any of the Offered Notes from us a notice advising such purchaser that resales of the Offered Notes are restricted as stated herein.

(2) We understand that, in connection with any proposed resale of any Offered Notes to an Institutional Accredited Investor, we will be required to furnish to the Indenture Trustee and the Depositor a certification from such transferee as provided in Section 2.12 of the Indenture to confirm that the proposed sale is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and applicable state securities laws. We further understand that the Offered Notes purchased by us will bear a legend to the foregoing effect.

(3) We are acquiring the Offered Notes for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the 1933 Act. We

have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Offered Notes, and we and any account for which we are acting are each able to bear the economic risk of such investment.

(4) We are an Institutional Accredited Investor and we are acquiring the Offered Notes purchased by us for our own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which we exercise sole investment discretion.

(5) We have received such information as we deem necessary in order to make our investment decision.

(6) We either (i) are not, and are not acquiring the Offered Notes on behalf of or with the assets of, an employee benefit plan or other retirement plan or arrangement subject to Title I of ERISA or Section 4975 of the Code, or (ii) are, or are acquiring the Offered Notes on behalf of or with the assets of, an employee benefit plan or other retirement plan or arrangement subject to Title I of ERISA of Section 4975 of the Code and either no prohibited transaction within the meaning of Section 406(a) of ERISA or Section 4975 of the Code will occur upon the transfer of the Note or the conditions for exemptive relief under a prohibited transaction exemption has been satisfied, including but not limited to, Prohibited Transaction Class Exemption ("**PTCE**") 96-23 (relating to transactions effected by an "in-house asset manager"), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 91-38 (relating to transactions involving bank collective investment funds), PTCE 90-1 (relating to transactions involving insurance company pooled separate accounts), and PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager").

Terms used in this letter which are not otherwise defined herein have the respective meanings assigned thereto in the Indenture.

You and the Depositor are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

_____
[Name of Transferor]

By: _____
Name:
Title:

Dated: _____, ____

EXHIBIT B-3

FORM OF RULE 144A TRANSFEREE CERTIFICATE

Wells Fargo Bank, N.A.
Sixth Street and Marquette Avenue
Minneapolis, Minnesota 55479
Attention: Corporate Trust Services — Option One Owner Trust 2002-3

Re: Option One Owner Trust 2002-3

1. The undersigned is the ___ of ___ (the "**Investor**"), a [corporation duly organized] and existing under the laws of ___on behalf of which he makes this affidavit.

2. The Investor either (i) is not, and is not acquiring the Option One Owner Trust 2002-3 Notes (the "**Notes**") on behalf of or with the assets of, an employee benefit plan or other retirement plan or arrangement subject to Title I of ERISA or Section 4975 of the Code, or (ii) is, or is acquiring the Notes on behalf of or with the assets of, an employee benefit plan or other retirement plan or arrangement subject to Title I of ERISA of Section 4975 of the Code and either no prohibited transaction within the meaning of Section 406(a) of ERISA or Section 4975 of the Code would occur upon the transfer of the Note or the conditions for exemptive relief under a prohibited transaction exemption has been satisfied, including but not limited to, Prohibited Transaction Class Exemption ("**PTCE**") 96-23 (relating to transactions effected by an "in-house asset manager"), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 91-38 (relating to transactions involving bank collective investment funds), PTCE 90-1 (relating to transactions involving insurance company pooled separate accounts), and PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager").

3. The Investor understands that the Notes have not been, and will not be, registered under the Securities Act of 1933, as amended (the "**1933 Act**") or any state securities laws, and may not be sold except as permitted in the following sentence. The Investor agrees, on its own behalf and on behalf of any accounts for which it is acting as hereinafter stated, that if it should sell any Notes it will do so only (A) pursuant to a registration statement which has been declared effective under the 1933 Act, (B) for so long as the Notes are eligible for resale pursuant to Rule 144A under the 1933 Act, to a Person it reasonably believes is a "qualified institutional buyer" as defined in Rule 144A that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A or (C) to an institutional "accredited investor" within the meaning of subparagraph (a) (1), (2), (3) or (7) of Rule 501 under the 1933 Act (an "**Institutional Accredited Investor**") that is acquiring the Notes for its own account, or for the account of such an Institutional Accredited Investor, for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the 1933 Act, in each case in compliance with the requirements of the Indenture dated as of January [ ], 2007 between Option One Owner Trust 2002-3 and Wells Fargo Bank, N.A., as Indenture Trustee, and applicable state securities laws; and the Investor further agrees, in the capacities stated above, to provide to any person purchasing any of the

Notes from it a notice advising such purchaser that resales of the Notes are restricted as stated herein.

[FOR TRANSFERS IN RELIANCE UPON RULE 144A]

4 The Investor is a "qualified institutional buyer" (as such term is defined under Rule 144A under the Securities Act of 1933, as amended (the "**1933 Act**"), and is acquiring the Notes for its own account or as a fiduciary or agent for others (which others also are "qualified institutional buyers"). The Investor is familiar with Rule 144A under the 1933 Act, and is aware that the transferor of the Notes and other parties intend to rely on the statements made herein and the exemption from the registration requirements of the 1933 Act provided by Rule 144A.

_____
[Name of Transferor]

By: _____
Name:
Title:

Dated: _____, ____

EXHIBIT C

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION, UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE ONLY (A) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE 1933 ACT, (B) FOR SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE 1933 ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE 1933 ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (C) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF SUBPARAGRAPH (A) (1), (2), (3) OR (7) OF RULE 501 UNDER THE 1933 ACT THAT IS ACQUIRING THE NOTE FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL "ACCREDITED INVESTOR," FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE 1933 ACT, IN EACH CASE IN COMPLIANCE WITH THE REQUIREMENTS OF THE INDENTURE AND APPLICABLE STATE SECURITIES LAWS.

THIS NOTE MAY NOT BE TRANSFERRED UNLESS THE INDENTURE TRUSTEE HAS RECEIVED A CERTIFICATE FROM THE TRANSFEREE TO THE EFFECT THAT EITHER (I) THE TRANSFEREE IS NOT AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT PLAN OR ARRANGEMENT SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (EACH, A "PLAN"), AND IS NOT ACTING ON BEHALF OF OR INVESTING THE ASSETS OF A PLAN OR (II) IF THE TRANSFEREE IS A PLAN, OR IS ACTING ON BEHALF OF OR INVESTING THE ASSETS OF A PLAN, EITHER THAT NO PROHIBITED TRANSACTION WITHIN THE MEANING OF SECTION 406(a) OF ERISA OR SECTION 4975 OF THE CODE WOULD OCCUR UPON THE TRANSFER OF THE NOTE OR THAT THE CONDITIONS FOR EXEMPTIVE RELIEF UNDER A PROHIBITED TRANSACTION EXEMPTION HAS BEEN SATISFIED INCLUDING BUT NOT LIMITED TO PROHIBITED TRANSACTION CLASS EXEMPTION ("PTCE") 96-23 (RELATING TO TRANSACTIONS EFFECTED BY AN "IN-HOUSE ASSET MANAGER"), PTCE 95-60 (RELATING TO TRANSACTIONS INVOLVING INSURANCE COMPANY GENERAL ACCOUNTS), PTCE 91-38 (RELATING TO TRANSACTIONS INVOLVING BANK COLLECTIVE INVESTMENT FUNDS), PTCE 90-1 (RELATING TO TRANSACTIONS INVOLVING INSURANCE COMPANY POOLED SEPARATE ACCOUNTS) AND PTCE 84-14 (RELATING TO TRANSACTIONS EFFECTED BY A "QUALIFIED PROFESSIONAL ASSET MANAGER").

Exhibit 10.9

OMNIBUS AMENDMENT AND CONSENT AGREEMENT

This OMNIBUS AMENDMENT AND CONSENT AGREEMENT (the "Amendment and Consent") dated as of December 29, 2006 is by and among Option One Owner Trust 2003-4 (the "Issuer"), Option One Mortgage Corporation ("OOMC"), in its capacity as loan originator (in such capacity, the "Loan Originator") and as servicer (in such capacity, the "Servicer"), Option One Mortgage Capital Corporation ("Capital"), Option One Loan Warehouse Corporation (the "Depositor"), Wells Fargo Bank, National Association, as indenture trustee (the "Indenture Trustee"), Falcon Asset Securitization Company LLC (formerly Falcon Asset Securitization Corporation) and Park Avenue Receivables Company LLC, as conduit purchasers, and JPMorgan Chase Bank, N.A. (successor by merger to Bank One, N.A. (Main Office Chicago)), as committed purchaser (collectively, the "Purchasers"), and JPMorgan Chase Bank, N.A. (successor by merger to Bank One, N.A. (Main Office Chicago)), as note agent (the "Note Agent"). Capitalized terms used herein but not specifically defined herein shall have the meanings given to such terms in the Sale and Servicing Agreement (as defined below) or Indenture (as defined below).

PRELIMINARY STATEMENTS:

A. The Issuer, OOMC, as the Servicer and as the Loan Originator, the Depositor and the Indenture Trustee are parties to that certain Amended and Restated Sale and Servicing Agreement dated as of August 5, 2005 (as amended, the "Sale and Servicing Agreement").

B. The Issuer and the Indenture Trustee are parties to that certain Indenture dated as of August 8, 2003 (as amended, the "Indenture").

C. The Note Agent, the Issuer, OOMC, as the Servicer and the Indenture Trustee, as both Indenture Trustee and Custodian, are parties to that certain Custodial Agreement dated as of August 8, 2003 (as amended, the "Custodial Agreement").

D. OOMC intends to transfer and assign to its subsidiary, Capital, and Capital intends to accept and assume from OOMC, a portion of OOMC's business.

E. OOMC has requested that the Depositor, the Purchasers, the Note Agent, the Issuer and the Indenture Trustee consent to certain amendments to the Sale and Servicing Agreement, the Indenture and the Custodial Agreement, upon the terms and subject to the conditions set forth herein.

F. OOMC, Capital and Depositor have requested that the Purchasers, the Note Agent, the Issuer and the Indenture Trustee (a) consent to, promptly after the date hereof, the conversion of the Depositor from a Delaware corporation to a Delaware limited liability company (the "Depositor Conversion") and (b) consent to promptly enter into after the date hereof a Fifth Amended and Restated Loan Purchase and Contribution Agreement, dated as of

December 29, 2006 (the "Proposed Fifth Amended and Restated LPA"), between Capital, as seller, and Depositor, as purchaser (to reflect the terms of this Amendment and Consent).

G. OOMC has requested that all references to "Loan Originator" in any of the Basic Documents be defined to mean both OOMC and Capital, jointly and severally. OOMC has further requested that the definition of "Loan Purchase and Contribution Agreement" in any of the Basic Documents be defined to mean each of: (i) the Loan Purchase Agreement between OOMC, as seller, and Capital, as purchaser, dated as of December 29, 2006 and all supplements and amendments thereto and (ii) the Proposed Fifth Amended and Restated LPA, and all supplements and amendments thereto.

H. In consideration of the consent of the Depositor, the Purchasers, the Note Agent, the Issuer and the Indenture Trustee, OOMC has agreed to be held jointly and severally liable for the Transfer Obligation on the terms set forth herein.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Amendments to the Sale and Servicing Agreement. Effective as of December 29, 2006 or such later date as OOMC shall designate (the "Effective Date") and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Sale and Servicing Agreement is hereby amended as follows:

(a) The definition of "Loan Originator" set forth in Section 1.01 of the Sale and Servicing Agreement is hereby amended to provide as follows:

"Loan Originator: Each of Option One and Option One Capital, and their respective successors and assigns, jointly and severally."

(b) The definition of "Loan Purchase and Contribution Agreement" set forth in Section 1.01 of the Sale and Servicing Agreement is hereby amended to provide as follows:

"Loan Purchase and Contribution Agreement: Each of: (i) the Loan Purchase Agreement between Option One, as loan originator, and Option One Capital, as transferee, dated as of December 29, 2006 and all supplements and amendments thereto and (ii) the Fifth Amended and Restated Loan Purchase and Contribution Agreement, between Option One Capital, as loan originator, and Depositor, as depositor, dated as of December 29, 2006, and all supplements and amendments thereto."

(c) The following definition of "Option One Capital" is hereby added to Section 1.01 of the Sale and Servicing Agreement:

"Option One Capital: Option One Mortgage Capital Corporation, a Delaware corporation."

(d) Section 2.07(iv) of the Sale and Servicing Agreement is hereby amended by substituting the following language:

"(iv) Option One, Option One Capital or any of their Affiliates default under, or fail to perform as requested under, or shall otherwise materially breach the terms of any repurchase agreement, loan and security agreement or similar credit facility or agreement entered into by Option One, Option One Capital or any of their Affiliates, including without limitation, the Sale and Servicing Agreement, dated as of April 1, 2001, among the Option One Owner Trust 2001-1 A, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of April 1, 2001, among the Option One Owner Trust 2001-2, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of July 2, 2002, among the Option One Owner Trust 2002-3, the Depositor, Option One and the Facility Administrator, the Sale and Servicing Agreement, dated as of August 8, 2003, among the Option One Owner Trust 2003-4, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of June 1, 2005, among Option One Owner Trust 2005-6, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of September 1, 2005, among the Option One Owner Trust 2005-7, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of October 1, 2005 among Option One Owner Trust 2005-8, the Depositor, Option One and the Indenture Trustee and the Sale and Servicing Agreement, dated as of October 30, 2005 among Option One Owner Trust 2005-9, the Depositor, Option One and the Indenture Trustee and such default, failure or breach shall entitle any counterparty to declare the Indebtedness thereunder to be due and payable prior to the maturity thereof; the Note Agent may, in any such case, in its sole discretion, terminate the Revolving Period."

(e) Subsection (m) of Section 3.02 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(m) Option One is in compliance with each of its financial covenants set forth in Section 7.02; and"

(f) Subsection (k) of Section 3.02 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(k) Option One has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it to Option One Capital and the Option One Capital has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it on such Transfer Date to the Depositor;

(g) Section 5.06 of the Sale and Servicing Agreement is hereby amended by adding the following subsection:

"(c) With respect to the obligations of the Loan Originator pursuant to this Section 5.06, Option One shall be obligated to make payments hereunder only if Option One Capital does not make such payments prior to the time any such payment is required to be made. If Option One Capital does not make any such payment prior to the time such payment is required to be made, Option One shall be required to make such payment not later than the time such payment is required to be made."

(h) Section 7.02 of the Sale and Servicing Agreement is hereby amended by substituting "Option One" for "the Loan Originator" in each and every place where such term appears in such section.

(i) Section 11.06 of the Sale and Servicing Agreement is hereby amended by deleting clause (III) thereof and replacing such clause with the following:

"(III) in the case of the Loan Originator, (A) if to Option One, to Option One Mortgage Corporation, 3 Ada, Irvine, California 92618, Attention: William O'Neill, telecopy number: (949) 790-7540, telephone number: (949) 790-7504 or (B) if to Option One Capital, to Option One Mortgage Capital Corporation, 3 Ada Road, Irvine, California 92618, Attention: Chief Financial Officer, telecopy number: (949) 790-7514, telephone number: (949) 790-3600 ext 35524 or, in either case, to such other addresses or telecopy or telephone numbers as may hereafter be furnished to the Securityholders and the other parties hereto in writing by Option One or Option One Capital.

SECTION 2. Amendments to the Indenture. Effective as of the Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Indenture is hereby amended as follows:

The definition of "Loan Originator" set forth in Section 1.01 (a) of the Indenture is hereby amended to provide as follows:

"Loan Originator: has the meaning given to such term in the Sale and Servicing Agreement."

SECTIONS 3. Amendments to the Custodial Agreement. Effective as of the Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Custodial Agreement is hereby amended as follows:

(a) The definition of "Loan Originator" set forth in Section 1 of the Custodial Agreement is hereby amended to provide as follows:

"Loan Originator: As defined in the Sale and Servicing Agreement."

(b) The definition of "Loan Purchase and Contribution Agreement" set forth in Section 1 of the Custodial Agreement is hereby amended to provide as follows:

"Loan Purchase and Contribution Agreement: As defined in the Sale and Servicing Agreement."

SECTION 4. Consent to the Depositor Conversion and Proposed Fifth Amended and Restated LPA. Each of the parties hereto consents to (a) the Depositor Conversion and (b) the Proposed Fifth Amended and Restated LPA to amend and restate that certain Fourth Amended and Restated Loan Purchase and Contribution Agreement, dated as of September 1, 2005, between OOMC, as seller, and Depositor, as purchaser (to reflect the terms of this Amendment

and Consent, including the substitution of Capital for OOMC as the immediate transferor to the Depositor).

SECTION 5. Representations and Warranties. Each of the parties hereto represents and warrants that this Amendment and Consent, and the Sale and Servicing Agreement, Indenture and Custodial Agreement, each as amended by this Amendment and Consent, constitute legal, valid and binding obligations of such Person enforceable against such Person in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general equitable principles. Each of OOMC, Capital and the Depositor represent to the Purchasers that as of the date hereof, after giving effect to this Amendment and Consent, (a) all of their respective representations and warranties in the Basic Documents are true and correct, and (b) such party is in full compliance with all of the terms and conditions of the Basic Documents.

SECTION 6. Reference to and the Effect on the Sale and Servicing Agreement, the Indenture and the Custodial Agreement.

(a) On and after the Effective Date, each reference in the Sale and Servicing Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Sale and Servicing Agreement and each reference to the Sale and Servicing Agreement in any certificate delivered in connection therewith, shall mean and be a reference to the Sale and Servicing Agreement as amended hereby.

(b) Each of the parties hereto hereby agrees that, except as specifically amended above, the Sale and Servicing Agreement is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

(c) On and after the Effective Date, each reference in the Indenture to "this Indenture", "hereunder", "hereof", "herein" or words of like import referring to the Indenture and each reference to the Indenture in any certificate delivered in connection therewith, shall mean and be a reference to the Indenture as amended hereby.

(d) Each of the parties hereto hereby agrees that, except as specifically amended above, the Indenture is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

(e) On and after the Effective Date, each reference in the Custodial Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Custodial Agreement and each reference to the Custodial Agreement in any certificate delivered in connection therewith, shall mean and be a reference to the Custodial Agreement as amended hereby.

(f) Each of the parties hereto hereby agrees that, except as specifically amended above, the Custodial Agreement is hereby ratified and confirmed and shall continue to

be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

SECTION 7. Execution in Counterparts. This Amendment and Consent may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

SECTION 8. Governing Law. This Amendment and Consent shall be construed in accordance with, and governed by the laws of the State of New York, without giving effect to its conflicts of law provisions.

SECTION 9. Conditions of Effectiveness. This Amendment and Consent shall become effective as of the date hereof upon the receipt by the Note Agent of this Amendment and Consent duly executed by all of the parties hereto.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Amendment and Consent as of the day and year first above written.

OPTION ONE OWNER TRUST 2003-4,
as Issuer

By: Wilmington Trust Company, not in its individual capacity, but solely as Owner Trustee

by /s/ Mary Kay Pupillo
Name: Mary Kay Pupillo
Title: Assistant Vice President

OPTION ONE LOAN WAREHOUSE CORPORATION, as Depositor

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

OPTION ONE MORTGAGE CORPORATION, as Loan Originator and as Servicer

By: /s/ Philip Laren
Name: Philip Laren
Title: Senior Vice President

OPTION ONE MORTGAGE CAPITAL CORPORATION

By: /s/ Philip Laren

Name: Philip Laren
Title: Vice President

WELLS FARGO BANK,
NATIONAL ASSOCIATION,
as Indenture Trustee

By: /s/ Darron C. Woodus
Name: Darron C. Woodus
Title: Assistant Vice President

Signature Page to Omnibus Amendment

FALCON ASSET SECURITIZATION
COMPANY LLC, as Conduit Purchaser
By: JPMorgan Chase Bank, N.A., its attorney-in-fact

By: /s/ Daniel J. Clarke, Jr.
Name: Daniel J. Clarke, Jr.
Title: Managing Director

PARK AVENUE RECEIVABLES COMPANY
LLC, as Conduit Purchaser
By: JPMorgan Chase Bank, N.A., its attorney-in-fact

By: /s/ Daniel J. Clarke, Jr.
Name: Daniel J. Clarke, Jr.
Title: Managing Director

JPMORGAN CHASE BANK, N. A. (successor by
merger to Bank One, N. A. (Main
Office Chicago)), as Committed Purchaser

By: /s/ Daniel J. Clarke, Jr.
Name: Daniel J. Clarke, Jr.
Title: Managing Director

JPMORGAN CHASE BANK, N.A. (successor by merger to Bank One, N.A. (Main Office Chicago)), as a Note Agent

By: /s/ Daniel J. Carke, Jr.
Name: Daniel J. Carke, Jr.
Title: Managing Director

Exhibit 10.10

WAIVER

THIS WAIVER (the "Waiver") is entered into as of January _, 2007 by and among OPTION ONE OWNER TRUST 2003-4 (the "Issuer"), OPTION ONE MORTGAGE CORPORATION ("OQMC") and OPTION ONE MORTGAGE CAPITAL CORPORATION ("OOMCC,") and together with OOMC in its capacity as loan originator in such capacity, the "Loan Originator"), OOMC as servicer (in such capacity, the "Servicer"), OPTION ONE LOAN WAREHOUSE CORPORATION (the "Depositor," and together with OOMC and OOMCC, the " Entities"), WELLS FARGO BANK, NATIONAL ASSOCIATION, as indenture trustee (the "Indenture Trustee") and the MAJORITY NOTEHOLDERS party hereto. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Sale and Servicing Agreement referred to below.

PRELIMINARY STATEMENTS

A. The Issuer, OOMC, OOMCC the Depositor and the Indenture Trustee are parties to that certain Amended and Restated Sale and Servicing Agreement dated as of August 5, 2005 (as amended, restated, supplemented or otherwise modified from time to time, the "Sale and Servicing Agreement") and the Basic Documents as defined therein.

B. Pursuant to Section 7.02(e) of the Sale and Servicing Agreement, entitled "Financial Covenants," OOMC is required to maintain a minimum "Net Income" (defined and determined in accordance with GAAP) of at least $1 based on the total of the current quarter combined with the previous three quarters (the "Minimum Income Covenant"). Pursuant to the Basic Documents, OOMC periodically represents and warrants its compliance with the Minimum Income Covenant. In addition, under the Basic Documents, a failure by OOMC to satisfy the Minimum Income Covenant, if not waived, could be or become a Default, Event of Default or Servicing Event of Default, as those terms are used in the Basic Documents, or could result in a termination of the Revolving Period.

C. OOMC now believes that the Minimum Income Covenant will not be satisfied as of January 31, 2007. The Issuer has requested that the Majority Noteholders temporarily waive the Minimum Income Covenant, and, subject to the terms hereof, the Majority Noteholders have agreed to temporarily waive the Minimum Income Covenant on and subject to the terms and conditions hereinafter set forth.

D. The parties have also agreed to modify the circumstances in which an Overcollateralization Shortfall is deemed not to exist, as defined in the Pricing Side Letter identified in the Sale and Servicing Agreement, as provided hereinbelow.

NOW, THEREFORE, in consideration of the premises set forth above, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Accuracy of Preliminary Statements. The OO Entities agree and represent that the foregoing Preliminary Statements are true and correct in all respects.

2. (a) Temporary Waiver of the Minimum Income Covenant. Effective as of the date first above written and subject to the satisfaction of the conditions precedent set forth in Section 3 below, the Majority Noteholders hereby agree to waive, until April 27, 2007 only, the Minimum Income Covenant.

(b) Modification of Overcollateralization Shortfall Provisions. Effective as of the date first above written and subject to the satisfaction of the conditions precedent set forth in Section 3 below,

(i) The definition of the term "Overcollateralization Shortfall," as set forth in the Pricing Side Letter, shall be applied as if the text of clause (i) in the proviso were written as follows: "(i) if such Business Day is not a Payment Date, an Overcollateralization Shortfall shall not occur if the Note Principal Balance exceeds the Collateral Value on such Business Day by an amount less than or equal to $250,000."

(ii) Section 5.06(a)(iv) of the Sale and Servicing Agreement is amended to delete such provision in its entirety and to substitute the following new provision therefor:

"(iv) If on any Business Day there exists an Overcollateralization Shortfall, the Loan Originator shall on such Business Day deposit into the Transfer Obligation Account the full amount of the Overcollateralization Shortfall as of such date; and"

(iii) Section 5.05(f) of the Sale and Servicing Agreement is amended to delete such provision in its entirety and to substitute the following new provision therefor:

"(f) If on any Business Day there exists an Overcollateralization Shortfall, the Paying Agent shall withdraw from the Transfer Obligation Account and deposit into the Distribution Account on such Business Day the lesser of (x) the amount then on deposit in the Transfer Obligation Account and (y) the amount of such Overcollateralization Shortfall as of such date."

(iv) Section 5.01(c) of the Sale and Servicing Agreement is amended to add the following new clause (5):

"(5) Withdrawals From Distribution Account — Dates Other Than Payment Dates. On each date on which a deposit is required to be made in the Distribution Account in accordance with the terms of Section 5.05(f) hereof, the Paying Agent shall make a withdrawal therefrom of such deposit and distribute such deposit to the holders of the Notes pro rata for application to the related Overcollateralization Shortfall."

(v) The definition of the term "Event of Default," as set forth in the Sale and Servicing Agreement, shall be amended to add the following new sentence thereto:

"In addition, any of the following shall constitute an 'Event of Default' hereunder: (i) the failure on any Business Day of a deposit to be made to the Transfer Obligation Account under Section 5.06(a)(iv), (ii) the failure on any Business Day of a deposit to be made to the Distribution Account under Section 5.05(f) or (iii) the failure on any Business Day of a withdrawal and application to be made under Section 5.01(c)(5), in each case in the full amount of the Overcollateralization Shortfall existing on such Business Day."

(c) Waiver of Payment Delay. Effective as of the date first above written and subject to the satisfaction of the conditions precedent set forth in Section 3 below, the Majority Noteholders hereby agree to waive the failure to timely and accurately report, or to timely and fully make any payment or distribution in respect of, any Overcollateralization Shortfall at any time prior to the date hereof.

3. Condition Precedent. This Waiver shall become effective and be deemed effective as of the date first above written upon (i) receipt by OOMC of an executed counterpart of this Waiver from each of the Issuer, the Depositor, the Majority Noteholders and the Indenture Trustee and (ii) receipt by the Majority Noteholders of confirmation from OOMC that each Note Purchaser, Purchaser, Initial Noteholder Agent or Note Agent, as applicable, in connection with each of the Trusts listed on Schedule I hereto, has executed a waiver in substantially similar form as this Waiver, regarding the failure by OOMC to satisfy the Minimum Income Covenant at any time prior to April 27, 2007.

4. Condition to Continuing Effectiveness. Section 2(a) of this Waiver shall continue to be effective until April 27, 2007 only so long as no Event of Default (other than the Minimum Income Covenant) has occurred. Upon the occurrence of any Event of Default other than the Minimum Income Covenant, Section 2(a) of this Waiver shall immediately cease to be effective. In all other respects, the terms and conditions hereof shall continue in full force and effect until the Basic Documents shall terminate in accordance with their respective terms.

5. Covenants, Representations and Warranties of the Issuer, OOMC, OOMCC and the Depositor.

(a) Upon the effectiveness of this Waiver, each of the Issuer, OOMC (in its capacities as Servicer and Loan Originator), OOMCC and the Depositor hereby reaffirms all covenants, representations and warranties made by the Issuer, OOMC, OOMCC and the Depositor, as applicable, in the Sale and Servicing Agreement, to the extent the same are not modified hereby and agrees that all such covenants, representations and warranties shall be deemed to have been re-made as of the effective date of this Waiver.

(b) Each of the Issuer, OOMC, OOMCC and the Depositor hereby represents and warrants that this Waiver constitutes the legal, valid and binding obligation of the Issuer, OOMC, OOMCC and the Depositor, as applicable, enforceable against the Issuer, OOMC, OOMCC and the Depositor, as applicable, in accordance with its terms. The execution, delivery and performance by the Issuer, OOMC, OOMCC and the Depositor of this Waiver: (i) are within the Issuer's, OOMC's, OOMCC's and the Depositor's power; (ii) have been duly authorized by all necessary or proper corporate action; (iii) are not in contravention of any

provision of the Issuer's, OOMC's, OOMCC's or the Depositor's certificate of incorporation, bylaws or other organizational documents; (iv) will not violate any law applicable to the Issuer, OOMC, OOMCC or the Depositor, as applicable; (v) will not conflict with or result in the breach or termination of, constitute a default under or accelerate any performance required by, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which the Issuer, OOMC, OOMCC or the Depositor is a party or by which the Issuer, OOMC, OOMCC or the Depositor or any of their respective property is bound; (vi) will not result in the creation or imposition of any Lien upon any of the property of the Issuer, OOMC, OOMCC or the Depositor, as applicable; and (vii) do not require the consent or approval of any governmental authority or any other Person, except those which were duly obtained, made or complied with prior to the date of this Waiver.

6. Reference to and Effect on the Sale and Servicing Agreement.

(a) Upon the effectiveness of this Waiver, each reference in the Sale and Servicing Agreement and in each of the other Basic Documents to "this Agreement," "hereunder," "hereof," "herein," or words of like import shall mean and be a reference to the Sale and Servicing Agreement or such other Basic Documents as modified hereby, and each reference to the Sale and Servicing Agreement or such other Basic Document in any other document, instrument or agreement executed and/or delivered in connection with the Sale and Servicing Agreement shall mean and be a reference to the Sale and Servicing Agreement or such other Basic Document as modified hereby.

(b) Except as specifically modified hereby, the Sale and Servicing Agreement, each of the other Basic Documents and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) Except as expressly provided in Section 2 hereof, the execution, delivery and effectiveness of this Waiver shall not operate as a waiver of any right, power or remedy of the Majority Noteholders under the Sale and Servicing Agreement or any of the other Basic Documents, nor constitute a waiver of, amendment of, consent to or other modification of any other term, provision, Event of Default, or of any term or provision of any other Basic Document, or of any transaction or further or future action of the Issuer which would require the consent of the Majority Noteholders under the Sale and Servicing Agreement. Without limiting the generality of the foregoing, the execution, delivery and effectiveness of this Waiver shall not entitle the Issuer to a waiver of any existing or hereafter arising Event of Default (other than, prior to April 27, 2007, the Minimum Income Covenant), nor shall the Majority Noteholders' execution and delivery of this Waiver establish a course of dealing between the Majority Noteholders and the Servicer or the Issuer or in any other way obligate the Majority Noteholders to hereafter provide any waiver or extension to the Servicer or the Issuer for the payment or performance by the Servicer or the Issuer of its obligations under the Sale and Servicing Agreement and the Basic Documents prior to the enforcement by the Majority Noteholders of any of their respective rights and remedies under the Sale and Servicing Agreement and the other Basic Documents.

7. GOVERNING LAW. THIS WAIVER SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES).

8. Execution in Counterparts. This Waiver may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

9. Headings. Section headings in this Waiver are included herein for convenience or reference only and shall not constitute a part of this Waiver for any other purpose.

10. Liability. It is expressly understood and agreed by the parties that (a) this Waiver is executed and delivered by Wilmington Trust Company, not individually or personally, but solely as Owner Trustee, in the exercise of the powers and authority conferred and vested in it, pursuant to the Trust Agreement, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose of binding the Issuer with respect thereto, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressly or impliedly contained herein, and the right to claim any and all such liability, if any, being expressly waived by the parties hereto and by any person claiming by, through or under the parties hereto, and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer hereunder or under any other related documents.

11. Direction of Majority Noteholders. By their signature(s) below, the Majority Noteholders hereby authorize and direct the Indenture Trustee to sign this Waiver.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Waiver to be executed by their respective officers thereto duly authorized as of the date first written above.

OPTION ONE OWNER TRUST 2003-4, as Issuer

By: Wilmington Trust Company, not in its individual capacity, but solely as Owner Trustee

By: /s/ Mary Kay Pupillo
Name: Mary Kay Pupillo
Title: Assistant Vice President

OPTION ONE LOAN WAREHOUSE CORPORATION, as Depositor

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

OPTION ONE MORTGAGE CORPORATION, as Loan Originator and as Servicer

By: /s/ Philip Laren
Name: Philip Laren
Title: Senior Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Indenture Trustee

By: /s/ Joshan Kelly
Name: Joshan Kelly
Title: Vice President

OPTION ONE MORTGAGE CAPITAL CORPORATION, as Loan Originator

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

THE MAJORITY NOTEHOLDERS:

JPMORGAN CHASE BANK, N.A.
(successor by merger to Bank One, N.A.
(Main Office Chicago)), as a Note Agent

By: /s/ John K. Svolos
Name: John K. Svolos
Title: Vice President

FALCON ASSET SECURITIZATION
COMPANY LLC, as Conduit Purchaser
By: JPMorgan Chase Bank, N.A., its
attorney-in-fact

By: /s/ John K. Svolos
Name: John K. Svolos
Title: Vice President

PARK AVENUE RECEIVABLES
COMPANY LLC, as Conduit Purchaser
By: JPMorgan Chase Bank, N.A., its
attorney-in-fact

By: /s/ John K. Svolos
Name: John K. Svolos
Title: Vice President

JPMORGAN CHASE BANK, N.A.
(successor by merger to Bank One, N.A.
(Main Office Chicago)), as Committed
Purchaser

By: /s/ John K. Svolos
Name: John K. Svolos
Title: Vice President

SCHEDULE I

List of Owner Trusts

Option One Owner Trust 2001-1A

Option One Owner Trust 2001-2

Option One Owner Trust 2002-3

Option One Owner Trust 2003-5

Option One Owner Trust 2005-6

Option One Owner Trust 2005-7

Option One Owner Trust 2005-8

Option One Owner Trust 2005-9

Exhibit 10.11

AMENDMENT NUMBER TWO
to the
AMENDED AND RESTATED SALE AND SERVICING AGREEMENT,
dated as of November 12, 2004,
among
OPTION ONE OWNER TRUST 2003-5,
OPTION ONE LOAN WAREHOUSE CORPORATION,
OPTION ONE MORTGAGE CORPORATION
and
WELLS FARGO BANK, N.A.

This AMENDMENT NUMBER TWO (this "Amendment") is made and is effective as of this 10th day of November, 2006 among Option One Owner Trust 2003-5 (the "Issuer"), Option One Loan Warehouse Corporation (the "Depositor"), Option One Mortgage Corporation (the "Loan Originator" and the "Servicer") and Wells Fargo Bank, N.A., (formerly known as Wells Fargo Bank Minnesota, National Association) as Indenture Trustee (the "Indenture Trustee"), to the Amended and Restated Sale and Servicing Agreement, dated as of November 12, 2004 (as amended, the "Sale and Servicing Agreement"), among the Issuer, the Depositor, the Loan Originator, the Servicer and the Indenture Trustee.

RECITALS

WHEREAS, the parties hereto desire to amend the Sale and Servicing Agreement subject to the terms and conditions of this Amendment.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and of the mutual covenants herein contained, the parties hereto hereby agree as follows:

SECTION 1. Defined Terms. Any terms capitalized but not otherwise defined herein shall have the respective meanings set forth in the Sale and Servicing Agreement.

SECTION 2. Amendments.

(a) Section 1.01 of the Sale and Servicing Agreement is hereby amended by deleting in its entirety the definition of "Revolving Period" and replacing it with the following:

Revolving Period: With respect to the Notes, the period commencing on November 10, 2006 and ending on the earlier of (i) 364 days after such date, and (ii) the date on which the Revolving Period is terminated pursuant to Section 2.07.

(b) Article V of the Sale and Servicing Agreement is hereby amended by adding Section 5.07 following Section 5.06 to read in its entirety as follows:

Section 5.07. Monthly Payment Information.

The Servicer shall provide to Citigroup Global Markets Realty Corp within one (1) Business Day of any request, updated payment information regarding any of the Loans, including current paid-through information.

SECTION 3. Representations. In order to induce the parties hereto to execute and deliver this Amendment, each of the Issuer and the Depositor hereby jointly and severally represents to the other parties hereto and the Noteholders that as of the date hereof, after giving effect to this Amendment, (a) all of its respective representations and warranties in the Note Purchase Agreement and the other Basic Documents are true and correct, and (b) it is otherwise in full compliance with all of the terms and conditions of the Sale and Servicing Agreement.

SECTION 4. Guaranty. Reference is hereby made to that certain Guaranty, dated as of November 1, 2003 (the "Guaranty"), made by H&R Block, Inc. in favor of Wells Fargo Bank Minnesota, National Association, as indenture trustee. H&R Block, Inc., as guarantor pursuant to the Guaranty, hereby consents to this Amendment and acknowledges and agrees that the Guaranty shall remain in full force and effect and shall apply to all of the Guaranteed Obligations (as defined in the Guaranty), as such term is amended or affected by this Amendment.

SECTION 5. Limited Effect. Except as expressly amended and modified by this Amendment, the Sale and Servicing Agreement shall continue in full force and effect in accordance with its terms. Reference to this Amendment need not be made in the Sale and Servicing Agreement or any other instrument or document executed in connection therewith or herewith, or in any certificate, letter or communication issued or made pursuant to, or with respect to, the Sale and Servicing Agreement, any reference in any of such items to the Sale and Servicing Agreement being sufficient to refer to the Sale and Servicing Agreement as amended hereby.

SECTION 6. Fees and Expenses. The Issuer and the Depositor jointly and severally covenant to pay as and when billed by the Initial Noteholder all of the reasonable out-of-pocket costs and expenses incurred in connection with the transactions contemplated hereby and in the other Basic Documents including, without limitation, (i) all reasonable fees, disbursements and expenses of counsel to the Initial Noteholder, (ii) all reasonable fees and expenses of the Indenture Trustee and Owner Trustee and their counsel and (iii) all reasonable fees and expenses of the Custodian and its counsel.

SECTION 7. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAWS DOCTRINE APPLIED IN SUCH STATE.

SECTION 8. Counterparts. This Amendment may be executed by each of the parties hereto on any number of separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

SECTION 9. Limitation on Liability. It is expressly understood and agreed by the parties hereto that (a) this Amendment is executed and delivered by Wilmington Trust

Company, not individually or personally, but solely as Owner Trustee of Option One Owner Trust 2003-5 in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose for binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Amendment or any other related documents.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the day and year first above written.

OPTION ONE OWNER TRUST 2003-5

By: Wilmington Trust Company, not in its individual capacity but solely as owner trustee

By: _____
Name:
Title:

OPTION ONE LOAN WAREHOUSE CORPORATION

By: _____
Name:
Title:

OPTION ONE MORTGAGE CORPORATION

By: _____
Name:
Title:

WELLS FARGO BANK, N.A., as Indenture Trustee

By: _____
Name:
Title:

Acknowledged and Agreed as
of the date first above written:

H&R BLOCK, INC.

By: _____
Name:
Title:

Exhibit 10.12

AMENDMENT NUMBER TWO
to the
NOTE PURCHASE AGREEMENT,
dated as of November 14, 2004,
among
OPTION ONE OWNER TRUST 2003-5,
OPTION ONE LOAN WAREHOUSE CORPORATION
and
CITIGROUP GLOBAL MARKETS REALTY CORP.

This AMENDMENT NUMBER TWO (this "Amendment") is made and is effective as of this 10th day of November, 2006, among Option One Owner Trust 2003-5 (the "Issuer"), Option One Loan Warehouse Corporation (the "Depositor") and Citigroup Global Markets Realty Corp. ("Citigroup", and in its capacity as Purchaser, the "Purchaser") to the Note Purchase Agreement, dated as of November 14, 2003 (as amended, supplemented or otherwise modified from time to time, the "Note Purchase Agreement"), among the Issuer, the Depositor and the Purchaser.

RECITALS

WHEREAS, the Issuer has requested that the Purchaser agree to amend the Note Purchase Agreement and the Purchaser has agreed to make such amendments, subject to the terms and conditions of this Amendment.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and of the mutual covenants herein contained, the parties hereto hereby agree as follows:

SECTION 1. Defined Terms. Any capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Note Purchase Agreement.

SECTION 2. Amendment. Effective as of November 10, 2006, the definition of "Maximum Note Principal Balance" in Section 1.01 is hereby deleted in its entirety and replaced with the following:

"Maximum Note Principal Balance" means an amount equal to $1,500,000,000.

SECTION 3. Representations. To induce the Purchaser to execute and deliver this Amendment, (i) each of the Issuer and the Depositor hereby jointly and severally represents to the Purchaser that as of the date hereof, after giving effect to this Amendment, (a) all of its respective representations and warranties in the Note Purchase Agreement and the other Basic Documents are true and correct, and (b) it is otherwise in full compliance with all of the terms and conditions of the Note Purchase Agreement, and (ii) Option One Mortgage Corporation agrees to negotiate in good faith the terms and conditions of joint venture and/or profit sharing opportunities with Citigroup in respect of residential mortgage loans.

SECTION 4. Fees and Expenses. The Issuer and the Depositor jointly and severally covenant to pay as and when billed by the Purchaser all of the reasonable out-of-pocket costs and expenses incurred in connection with the transactions contemplated hereby and in the other Basic Documents including, without limitation, (i) all reasonable fees, disbursements and expenses of counsel to the Purchaser, (ii) all reasonable fees and expenses of the Indenture Trustee and Owner Trustee and their counsel and (iii) all reasonable fees and expenses of the Custodian and its counsel.

SECTION 5. Limited Effect. Except as expressly amended and modified by this Amendment, the Note Purchase Agreement shall continue in full force and effect in accordance with its terms. Reference to this Amendment need not be made in the Note Purchase Agreement or any other instrument or document executed in connection therewith, or in any certificate, letter or communication issued or made pursuant to, or with respect to, the Note Purchase Agreement, any reference in any of such items to the Note Purchase Agreement being sufficient to refer to the Note Purchase Agreement as amended hereby.

SECTION 6. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAWS DOCTRINE APPLIED IN SUCH STATE.

SECTION 7. Counterparts. This Amendment may be executed by each of the parties hereto in any number of separate counterparts, each of which when so executed shall be an original and all of which taken together shall constitute one and the same instrument.

SECTION 8. Limitation on Liability. It is expressly understood and agreed by the parties hereto that (a) this Amendment is executed and delivered by Wilmington Trust Company, not individually or personally, but solely as Owner Trustee of Option One Owner Trust 2003-5 in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose for binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Amendment or any other related documents.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the day and year first above written.

OPTION ONE OWNER TRUST 2003-5

By: Wilmington Trust Company, not in its individual capacity but solely as owner trustee

By: _____
Name:
Title:

OPTION ONE LOAN WAREHOUSE CORPORATION

By: _____
Name:
Title:

CITIGROUP GLOBAL MARKETS REALTY CORP.

By: _____
Name:
Title:

Agreed with respect to part (ii) of Section 3:

OPTION ONE MORTGAGE CORPORATION

By: _____
Name:
Title:

Exhibit 10.13

OMNIBUS AMENDMENT AND CONSENT AGREEMENT

This OMNIBUS AMENDMENT AND CONSENT AGREEMENT (the "Amendment and Consent") dated as of December 29, 2006 is by and among Option One Owner Trust 2003-5 (the "Issuer"), Option One Mortgage Corporation ("OOMC"), in its capacity as loan originator (in such capacity, the "Loan Originator") and as servicer (in such capacity, the "Servicer"), Option One Mortgage Capital Corporation ("Capital"), Option One Loan Warehouse Corporation (the "Depositor"), Wells Fargo Bank, National Association (successor-in-interest to Wells Fargo Bank Minnesota, National Association), as indenture trustee (the "Indenture Trustee"), and Citigroup Global Markets Realty Corp. (the "Purchaser"). Capitalized terms used herein but not specifically defined herein shall have the meanings given to such terms in the Sale and Servicing Agreement (as defined below) or Indenture (as defined below).

PRELIMINARY STATEMENTS:

A. The Issuer, OOMC, as the Servicer and as the Loan Originator, the Depositor and the Indenture Trustee are parties to that certain Amended and Restated Sale and Servicing Agreement dated as of November 12, 2004 (as amended, the "Sale and Servicing Agreement").

B. The Issuer and the Indenture Trustee are parties to that certain Indenture dated as of November 1, 2003 (as amended, the "Indenture").

C. The Purchaser, the Issuer, OOMC, as Servicer and the Indenture Trustee, as both Indenture Trustee and custodian, are parties to that certain Custodial Agreement dated as of November 1, 2003 (as amended, the "Custodial Agreement").

D. OOMC intends to transfer and assign to its wholly-owned subsidiary, Capital, and Capital intends to accept and assume from OOMC, a portion of OOMC's business.

E. OOMC has requested that the Depositor, the Purchaser, the Issuer and the Indenture Trustee consent to certain amendments to the Sale and Servicing Agreement, the Indenture and the Custodial Agreement, upon the terms and subject to the conditions set forth herein.

F. OOMC, Capital and Depositor have requested that the Purchaser, the Issuer and the Indenture Trustee (a) consent to, promptly after the date hereof, the conversion of the Depositor from a Delaware corporation to a Delaware limited liability company (the "Depositor Conversion") and (b) agree to promptly enter into after the date hereof a Fifth Amended and Restated Loan Purchase and Contribution Agreement, dated as of December 29, 2006 (the "Proposed Fifth Amended and Restated LPA"), between Capital, as seller, and Depositor, as purchaser (to reflect the terms of this Amendment and Consent).

G. OOMC has requested that all references to "Loan Originator" in any of the Basic Documents be defined to mean both OOMC and Capital, jointly and severally, unless otherwise specifically set forth therein. OOMC has further requested that the definition of "Loan Purchase and Contribution Agreement" in any of the Basic Documents be defined to mean each

of: (i) the Loan Purchase Agreement between OOMC, as seller, and Capital, as purchaser, dated as of December 29, 2006 and all supplements and amendments thereto and (ii) the Proposed Fifth Amended and Restated LPA, and all supplements and amendments thereto.

H. In consideration of the consent of the Depositor, the Purchaser, the Issuer and the Indenture Trustee, OOMC has agreed to be held jointly and severally liable for the Transfer Obligation on the terms set forth herein.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Amendments to the Sale and Servicing Agreement. Effective as of December 29, 2006 or such later date as OOMC shall designate (the "Effective Date") and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Sale and Servicing Agreement is hereby amended as follows:

(a) The definition of "Loan Originator" set forth in Section 1.01 of the Sale and Servicing Agreement is hereby amended to provide as follows:

"Loan Originator: Each of Option One and Option One Capital, and their respective successors and assigns, jointly and severally."

(b) The definition of "Loan Purchase and Contribution Agreement" set forth in Section 1.01 of the Sale and Servicing Agreement is hereby amended to provide as follows:

"Loan Purchase and Contribution Agreement: Each of: (i) the Loan Purchase Agreement between Option One, as loan originator, and Option One Capital, as transferee, dated as of December 29, 2006 and all supplements and amendments thereto and (ii) the Fifth Amended and Restated Loan Purchase and Contribution Agreement, between Option One Capital, as loan originator, and Depositor, as depositor, dated as of December 29, 2006, and all supplements and amendments thereto."

(c) The following definition of "Option One Capital" is hereby added to Section 1.01 of the Sale and Servicing Agreement:

"Option One Capital: Option One Mortgage Capital Corporation, a Delaware corporation."

(d) Section 2.07(iv) of the Sale and Servicing Agreement is hereby amended by substituting the following language:

"(iv) Option One, Option One Capital or any of their Affiliates default under, or fail to perform as requested under, or shall otherwise materially breach the terms of any repurchase agreement, loan and security agreement or similar credit facility or agreement entered into by Option One, Option One Capital or any of their Affiliates, including without limitation, the Sale and Servicing Agreement, dated as of April 1, 2001, among the Option One Owner Trust 2001-1A, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of April 1, 2001, among the Option One Owner Trust 2001-2, the Depositor, Option One and the Indenture Trustee, the Sale

and Servicing Agreement, dated as of July 2, 2002, among the Option One Owner Trust 2002-3, the Depositor, Option One and the Facility Administrator, the Sale and Servicing Agreement, dated as of August 8, 2003, among the Option One Owner Trust 2003-4, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of June 1, 2005, among Option One Owner Trust 2005-6, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of September 1, 2005, among the Option One Owner Trust 2005-7, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of October 1, 2005 among Option One Owner Trust 2005-8, the Depositor, Option One and the Indenture Trustee and the Sale and Servicing Agreement, dated as of December 30, 2005 among Option One Owner Trust 2005-9, the Depositor, Option One and the Indenture Trustee and such default, failure or breach shall entitle any counterparty to declare the Indebtedness thereunder to be due and payable prior to the maturity thereof.

(e) Subsection (m) of Section 3.02 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(m) Option One is in compliance with each of its financial covenants set forth in Section 7.02; and"

(f) Subsection (a)(8) of Section 9.01 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(8) Option One fails to comply with any of the financial covenants set forth in Section 7.02; or"

(g) Subsection (k) of Section 3.02 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(k) Option One has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it to Option One Capital and the Loan Originator has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it on such Transfer Date to the Depositor;

(h) Section 5.06 of the Sale and Servicing Agreement is hereby amended by adding the following subsection:

"(c) With respect to the obligations of the Loan Originator pursuant to this Section 5.06, Option One shall be obligated to make payments hereunder only if Option One Capital does not make such payments prior to the time any such payment is required to be made. If Option One Capital does not make any such payment prior to the time such payment is required to be made, Option One shall be required to make such payment not later than the time such payment is required to be made."

(i) Section 7.02 of the Sale and Servicing Agreement is hereby amended by substituting "Option One" for "the Loan Originator" in each and every place where such term appears in such section.

(j) Section 11.06 of the Sale and Servicing Agreement is hereby amended by deleting clause (III) thereof and replacing such clause with the following:

"(III) in the case of the Loan Originator, (A) if to Option One, to Option One Mortgage Corporation, 3 Ada, Irvine, California 92618, Attention: William O'Neill, telecopy number: (949) 790-7540, telephone number: (949) 790-7504 or (B) if to Option One Capital, to Option One Mortgage Capital Corporation, 3 Ada Road, Irvine, California 92618, Attention: Chief Financial Officer, telecopy number: (949) 790-7514, telephone number: (949) 790-3600 ext 35524 or, in either case, to such other addresses or telecopy or telephone numbers as may hereafter be furnished to the Securityholders and the other parties hereto in writing by Option One or Option One Capital.

SECTION 2. Amendments to the Indenture. Effective as of the Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Indenture is hereby amended as follows:

The definition of "Loan Originator" set forth in Section 1.01(a) of the Indenture is hereby amended to provide as follows:

"Loan Originator: has the meaning given to such term in the Sale and Servicing Agreement."

SECTION 3. Amendments to the Custodial Agreement. Effective as of the Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Custodial Agreement is hereby amended as follows:

(a) The definition of "Loan Originator" set forth in Section 1 of the Custodial Agreement is hereby amended to provide as follows:

"Loan Originator: As defined in the Sale and Servicing Agreement."

(b) The definition of "Loan Purchase and Contribution Agreement" set forth in Section 1 of the Custodial Agreement is hereby amended to provide as follows:

"Loan Purchase and Contribution Agreement: As defined in the Sale and Servicing Agreement."

SECTION 4. Consent to the Depositor Conversion and Proposed Fifth Amended and Restated LPA. Each of the parties hereto consents to (a) the Depositor Conversion and (b) the Proposed Fifth Amended and Restated LPA to amend and restate that certain Fourth Amended and Restated Loan Purchase and Contribution Agreement, dated as of September 1, 2005, between OOMC, as seller, and Depositor, as purchaser (to reflect the terms of this Amendment and Consent, including the substitution of Capital for OOMC as the Loan Originator).

SECTION 5. Representations and Warranties. Each of the parties hereto represents and warrants that this Amendment and Consent, and the Sale and Servicing Agreement, Indenture and Custodial Agreement, each as amended by this Amendment and Consent, constitute legal,

valid and binding obligations of such Person enforceable against such Person in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general equitable principles. Each of OOMC, Capital and the Depositor represent to the Purchaser that as of the date hereof, after giving effect to this Amendment and Consent, (a) all of their respective representations and warranties in the Basic Documents are true and correct, and (b) such party is in full compliance with all of the terms and conditions of the Basic Documents.

SECTION 6. Reference to and the Effect on the Sale and Servicing Agreement, the Indenture and the Custodial Agreement.

(a) On and after the Effective Date, each reference in the Sale and Servicing Agreement to "this Agreement", "hereunder", "hereof, "herein" or words of like import referring to the Sale and Servicing Agreement and each reference to the Sale and Servicing Agreement in any certificate delivered in connection therewith, shall mean and be a reference to the Sale and Servicing Agreement as amended hereby.

(b) Each of the parties hereto hereby agrees that, except as specifically amended above, the Sale and Servicing Agreement is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

(c) On and after the Effective Date, each reference in the Indenture to "this Indenture", "hereunder", "hereof, "herein" or words of like import referring to the Indenture and each reference to the Indenture in any certificate delivered in connection therewith, shall mean and be a reference to the Indenture as amended hereby.

(d) Each of the parties hereto hereby agrees that, except as specifically amended above, the Indenture is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

(e) On and after the Effective Date, each reference in the Custodial Agreement to "this Agreement", "hereunder", "hereof, "herein" or words of like import referring to the Custodial Agreement and each reference to the Custodial Agreement in any certificate delivered in connection therewith, shall mean and be a reference to the Custodial Agreement as amended hereby.

(f) Each of the parties hereto hereby agrees that, except as specifically amended above, the Custodial Agreement is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

SECTION 7. Execution in Counterparts. This Amendment and Consent may be executed in any number of counterparts and by different parties hereto in separate counterparts,

each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

SECTION 8. Governing Law. This Amendment and Consent shall be construed in accordance with, and governed by the laws of the State of New York, without giving effect to its conflicts of law provisions.

SECTION 9. Conditions of Effectiveness. This Amendment and Consent shall become effective as of the date hereof upon the receipt by the Purchaser of this Amendment and Consent duly executed by all of the parties hereto.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Amendment and Consent as of the day and year first above written.

OPTION ONE OWNER TRUST 2003-5, as Issuer

By: Wilmington Trust Company, not in its individual capacity, but solely as Owner Trustee

By: /s/ Mary Kay Pupillo
Name: Mary Kay Pupillo
Title: Assistant Vice President

OPTION ONE LOAN WAREHOUSE CORPORATION, as Depositor

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

OPTION ONE MORTGAGE CORPORATION, as Loan Originator and as Servicer

By: /s/ Philip Laren
Name: Philip Laren
Title: Senior Vice President

OPTION ONE MORTGAGE CAPITAL CORPORATION

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

WELLS FARGO BANK,
NATIONAL ASSOCIATION,
as Indenture Trustee

By: /s/ Darron C. Woodus
Name: Darron C. Woodus
Title: Assistant Vise President

Signature Page to Omnibus Amendment

CITIGROUP GLOBAL MARKETS REALTY
CORP., as Purchaser

By: /s/ Bobbie Theivakumaran
Name: Bobbie Theivakumaran
Title: Authorized Agent

Signature Page to Omnibus Amendment

Exhibit 10.14

OMNIBUS AMENDMENT
OPTION ONE OWNER TRUST 2003-5

This OMNIBUS AMENDMENT (the "Amendment") dated as of January 1, 2007 is by and among Option One Owner Trust 2003-5 (the "Issuer"), Option One Mortgage Corporation ("OOMC"), in its capacity as loan originator (in such capacity, the "Loan Originator") and as servicer (in such capacity, the "Servicer"), Option One Mortgage Capital Corporation ("Capital"), Option One Loan Warehouse Corporation (the "Depositor"), Wells Fargo Bank, National Association (successor-in-interest to Wells Fargo Bank Minnesota, National Association), as indenture trustee (the "Indenture Trustee"), and Citigroup Global Markets Realty Corp. (the "Purchaser"). Capitalized terms used herein but not specifically defined herein shall have the meanings given to such terms in the Sale and Servicing Agreement (as defined below) or the Indenture referred to therein.

PRELIMINARY STATEMENTS:

A. The Issuer, OOMC, Capital, the Depositor and the Indenture Trustee are parties to that certain Amended and Restated Sale and Servicing Agreement dated as of November 12, 2004 (as amended and waived through the date hereof, the "Sale and Servicing Agreement").

B. The Issuer, the Depositor and the Purchaser are parties to that certain Note Purchase Agreement dated as of November 14 2003 (as amended and waived through the date hereof, the "Note Purchase Agreement").

C. OOMC and Capital intend to cause the Depositor to establish a new trust, to be called Option One Owner Trust 2007-5A, and the Purchaser intends to purchase notes to be issued by that new trust, upon terms to be negotiated and agreed between the parties. The parties have agreed that if such a transaction is consummated, the Maximum Note Principal Amount will be reduced to the extent of the maximum note principal amount of notes issued to the Purchaser by that new trust.

D. The parties hereto desire to amend the Sale and Servicing Agreement subject to the terms and conditions of this Amendment.

E. OOMC and Capital acknowledge that the changes to the Sale and Servicing Agreement that are being made by this Amendment are inconsistent with the Issuer being considered a qualified special purpose entity for purposes of Statement of Financial Accounting Standards No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and of the mutual covenants herein contained, the parties hereto hereby agree as follows:

SECTION 1. Defined Terms. Any terms capitalized but not otherwise defined herein shall have the respective meanings set forth in the Sale and Servicing Agreement.

SECTION 2. Amendments to the Sale and Servicing Agreement.

(A) Section 1.01 of the Sale and Servicing Agreement is hereby amended by amending the definition of the term "Revolving Period" in its entirety to read as follows:

Revolving Period: With respect to the Notes, the period commencing on November 10, 2006 and ending on the earlier of (i) April 27, 2007, and (ii) the date on which the Revolving Period is terminated pursuant to Section 2.07.

(B) Section 3.10 is hereby added to the Sale and Servicing Agreement, immediately following Section 3.09, reading in its entirety as follows:

Section 3.10 Loan Originator Call. The Loan Originator may repurchase any Loan at any time at the Repurchase Price. Prior to exercising this call, the Loan Originator shall deliver written notice to the Majority Noteholders and the Indenture Trustee which notice shall identify each Loan to be repurchased and the Repurchase Price therefor. The Loan Originator shall then repurchase the Loan in the manner set forth in Section 2.05(b)(ii).

SECTION 3. Amendments to the Note Purchase Agreement. Section 1.01 of the Sale and Servicing Agreement is hereby amended by amending the definition of the term "Maximum Note Principal Balance" in its entirety to read as follows:

"Maximum Note Principal Balance" means an amount equal to $1,500,000,000, reduced by the maximum note principal balance under the note purchase agreement, if any shall have been entered into, between the Depositor, the Purchaser and Option One Owner Trust 2007-5A.

SECTION 4. Representations. In order to induce the parties hereto to execute and deliver this Amendment, each of the Issuer and the Depositor hereby jointly and severally represents to the other parties hereto and the Noteholders that as of the date hereof, after giving effect to this Amendment, (a) all of its respective representations and warranties in the Note Purchase Agreement and the other Basic Documents are true and correct, and (b) it is otherwise in full compliance with all of the terms and conditions of the Sale and Servicing Agreement.

SECTION 5. Limited Effect. Except as expressly amended and modified by this Amendment, the Sale and Servicing Agreement and the Note Purchase Agreement shall continue in full force and effect in accordance with their respective terms. Reference to this Amendment need not be made in the Sale and Servicing Agreement or Note Purchase Agreement or any other instrument or document executed in connection therewith or herewith, or in any certificate, letter or communication issued or made pursuant to, or with respect to, the Sale and Servicing Agreement or the Note Purchase Agreement, any reference in any of such items to the Sale and

Servicing Agreement or Note Purchase Agreement, as applicable, being sufficient to refer to the Sale and Servicing Agreement or Note Purchase Agreement as amended hereby.

SECTION 6. Fees and Expenses. The Issuer and the Depositor jointly and severally covenant to pay as and when billed by the Initial Noteholder all of the reasonable out-of-pocket costs and expenses incurred in connection with the transactions contemplated hereby and in the other Basic Documents including, without limitation, (i) all reasonable fees, disbursements and expenses of counsel to the Initial Noteholder and (ii) all reasonable fees and expenses of the Indenture Trustee and Owner Trustee and their counsel.

SECTION 7. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAWS DOCTRINE APPLIED IN SUCH STATE.

SECTION 8. Counterparts. This Amendment may be executed by each of the parties hereto on any number of separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

SECTION 9. Limitation on Liability. It is expressly understood and agreed by the parties hereto that (a) this Amendment is executed and delivered by Wilmington Trust Company, not individually or personally, but solely as Owner Trustee of Option One Owner Trust 2003-5 in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose for binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Amendment or any other related documents.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Amendment and Consent as of the day and year first above written.

OPTION ONE OWNER TRUST 2003-5,
as Issuer

By: Wilmington Trust Company, not in its individual capacity, but solely as Owner Trustee

By: _____
Name:
Title:

OPTION ONE LOAN WAREHOUSE CORPORATION,
as Depositor

By: _____
Name:
Title:

OPTION ONE MORTGAGE CORPORATION,
as Loan Originator and as Servicer

By: _____
Name:
Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Indenture Trustee

By: _____
Name:
Title:

OPTION ONE MORTGAGE CAPITAL CORPORATION

By: _____
Name:
Title:

CITIGROUP GLOBAL MARKETS REALTY CORP., as Purchaser

By: _____
Name:
Title:

Exhibit 10.15

OMNIBUS AMENDMENT NUMBER FOUR

to the

OPTION ONE OWNER TRUST 2005-6 WAREHOUSE FACILITY

This OMNIBUS AMENDMENT NUMBER FOUR (this "Amendment") is made and is effective as of this 12th day of July, 2006, among Option One Owner Trust 2005-6 as issuer (the "Issuer"), Option One Loan Warehouse Corporation as depositor (the "Depositor"), Option One Mortgage Corporation as loan originator and servicer ("Option One"), Wells Fargo Bank, N.A. as indenture trustee (the "Indenture Trustee") and Lehman Brothers Bank as noteholder agent and purchaser ("Lehman Brothers") to (i) the Pricing Letter, dated as of June 1, 2005 among the Issuer, the Depositor, Option One and the Indenture Trustee (as amended or supplemented, the "Pricing Letter") and (ii) the Sale and Servicing Agreement, dated as of June 1, 2005 (as amended, supplemented or otherwise modified from time to time, the "Sale and Servicing Agreement"), among the Issuer, the Depositor, Option One and the Indenture Trustee (as amended, supplemented or otherwise modified from time to time, the "Sale and Servicing Agreement" and together with the Pricing Letter, the "Transaction Documents"), among the Issuer, the Depositor, Option One and the Indenture Trustee.

RECITALS

WHEREAS, the parties have previously entered into the Pricing Letter; and

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and of the mutual covenants herein contained, the parties hereto hereby agree as follows:

SECTION 1. Defined Terms. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Pricing Letter.

SECTION 2. Amendments to Pricing Letter.

(a) The definition of "Collateral Value" in the Section 1 of the Pricing Letter is hereby amended by deleting in its entirety subsection (A)(viii) relating to 40 year amortization Loans and interest only Loans and replacing it with the following:

" (viii) the aggregate outstanding Principal Balance of 40 year amortization Loans and interest only Loans combined may not exceed 50% of the Pool Principal Balance;"

(c) The definition of "Collateral Value" in the Section 1 of the Pricing Letter is hereby amended by deleting in its entirety subsection (A)(ix) relating to interest only Loans.

(d) The definition of "Collateral Value" in the Section 1 of the Pricing Letter is hereby amended by deleting in its entirety subsection (A)(x) relating to 40 year amortization Loans.

SECTION 3. Amendments to Sale and Servicing Agreement.

(a) The definition of "Combined LTV or CLTV" in Section 1.01 of the Sale and Servicing Agreement is hereby amended by deleting the definition in its entirety and replacing it with the following:

"Combined LTV or CLTV: With respect to any Mortgage Loan, the ratio of the outstanding Principal Balance on the related date of origination of (a) (i) such Loan plus (ii) any other First Lien Loan or Second Lien Loan secured by the Mortgaged Property, to (b) the lesser of (x) the Appraised Value of the Mortgaged Property at origination or (y) if the Mortgaged Property was purchased within 12 months of the origination of the Loan, the purchase price of the Mortgaged Property, expressed as a percentage."

SECTION 4. Representations. To induce Lehman to execute and deliver this Amendment, each of the Issuer and the Depositor hereby jointly and severally represents to Lehman Brothers that as of the date hereof, after giving effect to this Amendment, (a) all of its respective representations and warranties in the Basic Documents are true and correct, and (b) it is otherwise in full compliance with all of the terms and conditions of the Basic Documents.

SECTION 5. Fees and Expenses. The Issuer and the Depositor jointly and severally covenant to pay as and when billed by Lehman all of the reasonable out-of-pocket costs and expenses incurred in connection with the transactions contemplated hereby and in the other Basic Documents including, without limitation, (i) all reasonable fees, disbursements and expenses of counsel to Lehman Brothers, (ii) all reasonable fees and expenses of the Indenture Trustee and Owner Trustee and their counsel and (iii) all reasonable fees and expenses of the Custodian and its counsel.

SECTION 6. Limited Effect. Except as expressly amended and modified by this Amendment, the Transaction Documents shall continue in full force and effect in accordance with its terms. Reference to this Amendment need not be made in the Transaction Documents or any other instrument or document executed in connection therewith, or in any certificate, letter or communication issued or made pursuant to, or with respect to, the Transaction Documents, any reference in any of such items to the Transaction Documents being sufficient to refer to the Transaction Documents as amended hereby.

SECTION 7. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAWS DOCTRINE APPLIED IN SUCH STATE.

SECTION 8. Counterparts. This Amendment may be executed by each of the parties hereto in any number of separate counterparts, each of which when so executed shall be an original and all of which taken together shall constitute one and the same instrument.

SECTION 9. Limitation on Liability. It is expressly understood and agreed by the parties hereto that (a) this Amendment is executed and delivered by Wilmington Trust Company, not individually or personally, but solely as Owner Trustee of Option One Owner Trust 2005-6 in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose for binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Amendment or any other related documents.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the day and year first above written.

OPTION ONE OWNER TRUST 2005-6

By: Wilmington Trust Company, not in its individual capacity but solely as owner trustee

By: /s/ Mary Kay Pupillo
Name: Mary Kay Pupillo
Title: Assistant Vice President

OPTION ONE LOAN WAREHOUSE CORPORATION

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

OPTION ONE MORTGAGE CORPORATION

By: /s/ Philip Laren
Name: Philip Laren
Title: Senior Vice President

WELLS FARGO BANK, N.A.

By: /s/ Darron C. Woodus
Name: Darron C. Woodus
Title: Assistant Vice President

LEHMAN BROTHERS BANK

By: /s/ [ILLEGIBLE]
Name:
Title:

Exhibit 10.16

OMNIBUS AMENDMENT AND CONSENT AGREEMENT

This OMNIBUS AMENDMENT AND CONSENT AGREEMENT (the "Amendment and Consent") dated as of December 29, 2006 is by and among Option One Owner Trust 2005-6 (the "Issuer"), Option One Mortgage Corporation ("OOMC"), in its capacity as loan originator (in such capacity, the "Loan Originator") and as servicer (in such capacity, the "Servicer"), Option One Mortgage Capital Corporation ("Capital"), Option One Loan Warehouse Corporation (the "Depositor"), Wells Fargo Bank, National Association, as indenture trustee (the "Indenture Trustee"), and Lehman Brothers Bank, as purchaser (in such capacity, the "Purchaser") and as noteholder agent (in such capacity, "Noteholder Agent"). Capitalized terms used herein but not specifically defined herein shall have the meanings given to such terms in the Sale and Servicing Agreement (as defined below) or Indenture (as defined below).

PRELIMINARY STATEMENTS:

A. The Issuer, OOMC, as the Servicer and as the Loan Originator, the Depositor and the Indenture Trustee are parties to that certain Sale and Servicing Agreement dated as of June 1, 2005 (as amended, the "Sale and Servicing Agreement").

B. The Issuer and the Indenture Trustee are parties to that certain Indenture dated as of June 1, 2005 (as amended, the "Indenture").

C. The Noteholder Agent, the Issuer, OOMC, as servicer and the Indenture Trustee, as both indenture trustee and custodian, are parties to that certain Custodial Agreement dated as of June 1, 2005 (as amended, the "Custodial Agreement").

D. OOMC intends to transfer and assign to its wholly-owned subsidiary, Capital, and Capital intends to accept and assume from OOMC, a portion of OOMC's business.

E. OOMC has requested that the Depositor, the Purchaser, the Noteholder Agent, the Issuer and the Indenture Trustee consent to certain amendments to the Sale and Servicing Agreement, the Indenture and the Custodial Agreement, upon the terms and subject to the conditions set forth herein.

F. OOMC, Capital and Depositor have requested that the Purchaser, the Noteholder Agent, the Issuer and the Indenture Trustee (a) consent to, promptly after the date hereof, the conversion of the Depositor from a Delaware corporation to a Delaware limited liability company (the "Depositor Conversion") and (b) agree to promptly enter into after the date hereof a Fifth Amended and Restated Loan Purchase and Contribution Agreement, dated as of December 29, 2006 (the "Proposed Fifth Amended and Restated LPA"), between Capital, as seller, and Depositor, as purchaser (to reflect the terms of this Amendment and Consent).

G. OOMC has requested that all references to "Loan Originator" in any of the Basic Documents be defined to mean both OOMC and Capital, jointly and severally, unless otherwise specifically set forth therein. OOMC has further requested that the definition of "Loan Purchase and Contribution Agreement" in any of the Basic Documents be defined to mean each of: (i) the Loan Purchase Agreement between OOMC, as seller, and Capital, as purchaser, dated

as of December ___, 2006 and all supplements and amendments thereto and (ii) the Proposed Fifth Amended and Restated LPA, and all supplements and amendments thereto.

H. In consideration of the consent of the Depositor, the Purchaser, the Noteholder Agent, the Issuer and the Indenture Trustee, OOMC has agreed to be held jointly and severally liable for the Transfer Obligation on the terms set forth herein.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Amendments to the Sale and Servicing Agreement. Effective as of December 29, 2006 or such later date as OOMC shall designate (the "Effective Date") and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Sale and Servicing Agreement is hereby amended as follows:

(a) The definition of "Loan Originator" set forth in Section 1.01 of the Sale and Servicing Agreement is hereby amended to provide as follows:

"Loan Originator: Each of Option One and Option One Capital, and their respective successors and assigns, jointly and severally."

(b) The definition of "Loan Purchase and Contribution Agreement" set forth in Section 1.01 of the Sale and Servicing Agreement is hereby amended to provide as follows:

"Loan Purchase and Contribution Agreement: Each of: (i) the Loan Purchase Agreement between Option One, as loan originator, and Option One Capital, as transferee, dated as of December 29, 2006 and all supplements and amendments thereto and (ii) the Fifth Amended and Restated Loan Purchase and Contribution Agreement, between Option One Capital, as loan originator, and Depositor, as depositor, dated as of December 29, 2006, and all supplements and amendments thereto."

(c) The following definition of "Option One Capital" is hereby added to Section 1.01 of the Sale and Servicing Agreement:

"Option One Capital: Option One Mortgage Capital Corporation, a Delaware corporation."

(d) Section 2.07 (iii) of the Sale and Servicing Agreement is hereby amended by substituting the following language:

"(iii) Option One, Option One Capital or any of their Affiliates default under, or fail to perform as requested under, or shall otherwise materially breach the terms of any repurchase agreement, loan and security agreement or similar credit facility or agreement entered into by Option One, Option One Capital or any of their Affiliates, including without limitation, the Sale and Servicing Agreement, dated as of April 1, 2001, among the Option One Owner Trust 2001-1 A, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of April 1, 2001, among the Option One Owner Trust 2001-2, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of July 2, 2002, among the Option One Owner Trust

2002-3, the Depositor, Option One and the Facility Administrator, the Sale and Servicing Agreement, dated as of August 8, 2003, among the Option One Owner Trust 2003-4, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of June 1, 2005, among Option One Owner Trust 2005-6, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of September 1, 2005, among the Option One Owner Trust 2005-7, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of October 1, 2005 among Option One Owner Trust 2005-8, the Depositor, Option One and the Indenture Trustee and the Sale and Servicing Agreement, dated as of December 30, 2005 among Option One Owner Trust 2005-9, the Depositor, Option One and the Indenture Trustee and such default, failure or breach shall entitle any counterparty to declare the Indebtedness thereunder to be due and payable prior to the maturity thereof."

(e) Subsection (e) of Section 3.02 of the Sale and Servicing Agreement is hereby amended by deleting the words "the Loan Originator's satisfaction of its financial covenants" and in their place inserting the words "Option One's satisfaction of its financial covenants."

(f) Subsection (m) of Section 3.02 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(m) Option One is in compliance with each of its financial covenants set forth in Section 7.02; and"

(g) Subsection (k) of Section 3.02 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(k) Option One has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it to Option One Capital and Option One Capital has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it on such Transfer Date to the Depositor;

(h) Section 5.06 of the Sale and Servicing Agreement is hereby amended by adding the following subsection:

"(c) With respect to the obligations of the Loan Originator pursuant to this Section 5.06, Option One shall be obligated to make payments hereunder only if Option One Capital does not make such payments prior to the time any such payment is required to be made. If Option One Capital does not make any such payment prior to the time such payment is required to be made, Option One shall be required to make such payment not later than the time such payment is required to be made."

(i) Section 7.02 of the Sale and Servicing Agreement is hereby amended by substituting "Option One" for "the Loan Originator" in each and every place where such term appears in such section.

(j) Subsection (a)(6) of Section 9.01 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(6) Option One fails to comply with any of the financial covenants; or"

(k) Section 11.06 of the Sale and Servicing Agreement is hereby amended by deleting clause (III) thereof and replacing such clause with the following:

"(III) in the case of the Loan Originator, (A) if to Option One, to Option One Mortgage Corporation, 3 Ada, Irvine, California 92618, Attention: William O'Neill, telecopy number: (949) 790-7540, telephone number: (949) 790-7504 or (B) if to Option One Capital, to Option One Mortgage Capital Corporation, 3 Ada Road, Irvine, California 92618, Attention: Chief Financial Officer, telecopy number: (949) 790-7514, telephone number: (949) 790-3600 ext 35524 or, in either case, to such other addresses or telecopy or telephone numbers as may hereafter be furnished to the Securityholders and the other parties hereto in writing by Option One or Option One Capital.

SECTION 2. Amendments to the Indenture. Effective as of the Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Indenture is hereby amended as follows:

The definition of "Loan Originator" set forth in Section 1.01 (a) of the Indenture is hereby amended to provide as follows:

"Loan Originator: has the meaning given to such term in the Sale and Servicing Agreement."

SECTION 3. Amendments to the Custodial Agreement. Effective as of the Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Custodial Agreement is hereby amended as follows:

(a) The definition of "Loan Originator" set forth in Section 1 of the Custodial Agreement is hereby amended to provide as follows:

"Loan Originator: As defined in the Sale and Servicing Agreement."

(b) The definition of "Loan Purchase and Contribution Agreement" set forth in Section 1 of the Custodial Agreement is hereby amended to provide as follows:

"Loan Purchase and Contribution Agreement: As defined in the Sale and Servicing Agreement."

SECTION 4. Consent to the Depositor Conversion and Proposed Fifth Amended and Restated LPA. Each of the parties hereto consents to (a) the Depositor Conversion and (b) the Proposed Fifth Amended and Restated LPA to amend and restate that certain Fourth Amended and Restated Loan Purchase and Contribution Agreement, dated as of September 1, 2005, between OOMC, as seller, and Depositor, as purchaser (to reflect the terms of this Amendment and Consent, including the substitution of Capital for OOMC as the Loan Originator).

SECTION 5. Representations and Warranties. Each of the parties hereto represents and warrants that this Amendment and Consent, and the Sale and Servicing Agreement, Indenture

and Custodial Agreement, each as amended by this Amendment and Consent, constitute legal, valid and binding obligations of such Person enforceable against such Person in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general equitable principles. Each of OOMC, Capital and the Depositor represent to the Purchaser that as of the date hereof, after giving effect to this Amendment and Consent, (a) all of their respective representations and warranties in the Basic Documents are true and correct, and (b) such party is in full compliance with all of the terms and conditions of the Basic Documents.

SECTION 6. Reference to and the Effect on the Sale and Servicing Agreement, the Indenture and the Custodial Agreement.

(a) On and after the Effective Date, each reference in the Sale and Servicing Agreement to "this Agreement", "hereunder", "hereof" , "herein" or words of like import referring to the Sale and Servicing Agreement and each reference to the Sale and Servicing Agreement in any certificate delivered in connection therewith, shall mean and be a reference to the Sale and Servicing Agreement as amended hereby.

(b) Each of the parties hereto hereby agrees that, except as specifically amended above, the Sale and Servicing Agreement is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

(c) On and after the Effective Date, each reference in the Indenture to "this Indenture", "hereunder", "hereof" , "herein" or words of like import referring to the Indenture and each reference to the Indenture in any certificate delivered in connection therewith, shall mean and be a reference to the Indenture as amended hereby.

(d) Each of the parties hereto hereby agrees that, except as specifically amended above, the Indenture is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

(e) On and after the Effective Date, each reference in the Custodial Agreement to "this Agreement", "hereunder", "hereof" , "herein" or words of like import referring to the Custodial Agreement and each reference to the Custodial Agreement in any certificate delivered in connection therewith, shall mean and be a reference to the Custodial Agreement as amended hereby.

(f) Each of the parties hereto hereby agrees that, except as specifically amended above, the Custodial Agreement is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

SECTION 7. Execution in Counterparts. This Amendment and Consent may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

SECTION 8. Governing Law. This Amendment and Consent shall be construed in accordance with, and governed by the laws of the State of New York, without giving effect to its conflicts of law provisions.

SECTION 9. Conditions of Effectiveness. This Amendment and Consent shall become effective as of the date hereof upon the receipt by the Noteholder Agent of this Amendment and Consent duly executed by all of the parties hereto.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Amendment and Consent as of the day and year first above written,

OPTION ONE OWNER TRUST 2005-6, as Issuer

By: Wilmington Trust Company, not in its individual capacity, but solely as Owner Trustee

By: /s/ Mary Kay Pupillo
Name: Mary Kay Pupillo
Title: Assistant Vice President

OPTION ONE LOAN WAREHOUSE CORPORATION, as Depositor

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

OPTION ONE MORTGAGE CORPORATION, as Loan Originator and as Servicer

By: /s/ Philip Laren
Name: Philip Laren
Title: Senior Vice President

OPTION ONE MORTGAGE CAPITAL CORPORATION

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
Indenture Trustee

By: /s/ Darron C. Woodus
Name: Darron C. Woodus
Title: Assistant Vice President

Signature Page to Omnibus Amendment

LEHMAN BROTHERS BANK, as Purchaser

By: [ILLEGIBLE]
Name:
Title:

LEHMAN BROTHERS BANK, as Noteholder Agent

By: [ILLEGIBLE]
Name:
Title:

Exhibit 10.17

OMNIBUS AMENDMENT AND CONSENT AGREEMENT

This OMNIBUS AMENDMENT AND CONSENT AGREEMENT (the "Amendment and Consent") dated as of December 29, 2006 is by and among Option One Owner Trust 2005-7 (the "Issuer"), Option One Mortgage Corporation ("OOMC"), in its capacity as loan originator (in such capacity, the "Loan Originator") and as servicer (in such capacity, the "Servicer"), Option One Mortgage Capital Corporation ("Capital"), Option One Loan Warehouse Corporation (the "Depositor"), Wells Fargo Bank, National Association, as indenture trustee (the "Indenture Trustee"), and HSBC Bank USA, N.A and Bryant Park Funding LLC, as purchasers and HSBC Securities (USA) Inc., as administrative agent (collectively, the "Purchasers"), and HSBC Securities (USA) Inc., as noteholder agent (in such capacity, the "Noteholder Agent"). Capitalized terms used herein but not specifically defined herein shall have the meanings given to such terms in the Sale and Servicing Agreement (as defined below) or the Indenture (as defined below).

PRELIMINARY STATEMENTS:

A. The Issuer, OOMC, as servicer and as the loan originator, the Depositor and the Indenture Trustee are parties to that certain Sale and Servicing Agreement dated as of September 1, 2005 (as amended, the "Sale and Servicing Agreement").

B. The Issuer and the Indenture Trustee are parties to that certain Indenture dated as of September 1, 2005 (as amended, the "Indenture").

C. The Noteholder Agent, the Issuer, OOMC, as servicer and the Indenture Trustee, as both indenture trustee and custodian, are parties to that certain Custodial Agreement dated as of September 1, 2005 (as amended, the "Custodial Agreement").

D. OOMC intends to transfer and assign to its wholly-owned subsidiary, Capital, and Capital intends to accept and assume from OOMC, a portion of OOMC's business.

E. OOMC has requested that the Depositor, the Purchasers, the Noteholder Agent, the Issuer and the Indenture Trustee consent to certain amendments to the Sale and Servicing Agreement, the Indenture and the Custodial Agreement, upon the terms and subject to the conditions set forth herein.

F. OOMC, Capital and Depositor have requested that the Purchasers, the Noteholder Agent, the Issuer and the Indenture Trustee (a) consent to, promptly after the date hereof, the conversion of the Depositor from a Delaware corporation to a Delaware limited liability company (the "Depositor Conversion") and (b) agree to promptly enter into after the date hereof a Fifth Amended and Restated Loan Purchase and Contribution Agreement, dated as of December 29, 2006 (the "Proposed Fifth Amended and Restated LPA"), between Capital, as seller, and Depositor, as purchaser (to reflect the terms of this Amendment and Consent).

G. OOMC has requested that all references to "Loan Originator" in any of the Basic Documents be defined to mean both OOMC and Capital, jointly and severally, unless otherwise specifically set forth therein, OOMC. has further requested that the definition of "Loan Purchase and Contribution Agreement" in any of the Basic Documents be defined to mean each

of: (i) the Loan Purchase Agreement between OOMC, as seller, and Capital, as purchaser, dated as of December 29, 2006 and all supplements and amendments thereto and (ii) the Proposed Fifth Amended and Restated LPA, and all supplements and amendments thereto.

H. In consideration of the consent of the Depositor, the Pur chasers, the Noteholder Agent, the Issuer and the Indenture Trustee, OOMC has agreed to be held jointly and severally liable for the Transfer Obligation on the terms set forth herein.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Amendments to the Sale and Servicing Agreement. Effective as of December 29, 2006 or such later date as OOMC shall designate (the "Effective Date") and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Sale and Servicing Agreement is hereby amended as follows:

(a) The definition of "Loan Originator" set forth in Section 1.01 of the Sale and Servicing Agreement is hereby amended to provide as follows:

"Loan Originator: Each of Option One and Option One Capital, and their respective successors and assigns, jointly and severally."

(b) The definition of "Loan Purchase and Contribution Agreement" set forth in Section 1.01 of the Sale and Servicing Agreement is hereby amended to provide as follows:

"Loan Purchase and Contribution Agreement: Each of: (i) the Loan Purchase Agreement between Option One, as loan originator, and Option One Capital, as transferee, dated as of December 29, 2006 and all supplements and amendments thereto and (ii) the Fifth Amended and Restated Loan Purchase and Contribution Agreement, between Option One Capital, as loan originator, and Depositor, as depositor, dated as of December 29, 2006, and all supplements and amendments thereto."

(c) The following definition of "Option One Capital" is hereby added to Section 1.01 of the Sale and Servicing Agreement:

"Option One Capital: Option One Mortgage Capital Corporation, a Delaware corporation."

(d) Section 2.07(iii) of the Sale and Servicing Agreement is hereby amended by substituting the following language:

"(iii) Option One, Option One Capital or any of their Affiliates default under, or fail to perform as requested under, or shall otherwise materially breach the terms of any repurchase agreement, loan and security agreement or similar credit facility or agreement entered into by Option One, Option One Capital or any of their Affiliates, including without limitation, the Sale and Servicing Agreement, dated as of April 1, 2001, among the Option One Owner Trust 2001-1 A, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of April 1, 2001, among the Option One Owner Trust 2001-2, the Depositor, Option One and the Indenture Trustee, the Sale

and Servicing Agreement, dated as of July 2, 2002, among the Option One Owner Trust 2002-3, the Depositor, Option One and the Facility Administrator, the Sale and Servicing Agreement, dated as of August 8, 2003, among the Option One Owner Trust 2003-4, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of June 1, 2005, among Option One Owner Trust 2005-6, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of September 1, 2005, among the Option One Owner Trust 2005-7, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of October 1, 2005 among Option One Owner Trust 2005-8, the Depositor, Option One and the Indenture Trustee and the Sale and Servicing Agreement, dated as of December 30, 2005 among Option One Owner Trust 2005-9, the Depositor, Option One and the Indenture Trustee and such default, failure or breach shall entitle any counterparty to declare the Indebtedness thereunder to be due and payable prior to the maturity thereof.

(e) Subsection (e) of Section 3.02 of the Sale and Servicing Agreement is hereby amended by deleting the words "the Loan Originator's satisfaction of its financial covenants" and in their place inserting the words "Option One's satisfaction of its financial covenants."

(f) Subsection (m) of Section 3.02 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(m) Option One is in compliance with each of its financial covenants set forth in Section 7.02; and"

(g) Subsection (k) of Section 3.02 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(k) Option One has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it to Option One Capital and Option One Capital has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it on such Transfer Date to the Depositor;

(h) Section 5.06 of the Sale and Servicing Agreement is hereby amended by adding the following subsection:

"(c) With respect to the obligations of the Loan Originator pursuant to this Section 5.06, Option One shall be obligated to make payments hereunder only if Option One Capital does not make such payments prior to the time any such payment is required to be made. If Option One Capital does not make any such payment prior to the time such payment is required to be made, Option One shall be required to make such payment not later than the time such payment is required to be made."

(i) Section 7.02 of the Sale and Servicing Agreement is hereby amended by substituting "Option One" for "the Loan Originator" in each and every place where such term appears in such section.

(j) Subsection (a)(6) of Section 9.01 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(6) Option One fails to comply with any of its financial covenants; or"

(k) Section 11.06 of the Sale and Servicing Agreement is hereby amended by deleting clause (III) thereof and replacing such clause with the following:

"(III) in the case of the Loan Originator, (A) if to Option One, to Option One Mortgage Corporation, 3 Ada, Irvine, California 92618, Attention: William O'Neill, telecopy number: (949) 790-7540, telephone number: (949) 790-7504 or (B) if to Option One Capital, to Option One Mortgage Capital Corporation, 3 Ada Road, Irvine, California 92618, Attention: Chief Financial Officer, telecopy number: (949) 790-7514, telephone number: (949) 790-3600 ext 35524 or, in either case, to such other addresses or telecopy or telephone numbers as may hereafter be furnished to the Securityholders and the other parties hereto in writing by Option One or Option One Capital.

SECTION 2. Amendments to the Indenture. Effective as of the Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Indenture is hereby amended as follows:

The definition of "Loan Originator" set forth in Section 1.01 (a) of the Indenture is hereby amended to provide as follows:

"Loan Originator: has the meaning given to such term in the Sale and Servicing Agreement."

SECTION 3. Amendments to the Custodial Agreement. Effective as of the Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Custodial Agreement is hereby amended as follows:

(a) The definition of "Loan Originator" set forth in Section 1 of the Custodial Agreement is hereby amended to provide as follows:

"Loan Originator: As defined in the Sale and Servicing Agreement."

(b) The definition of "Loan Purchase and Contribution Agreement" set forth in Section 1 of the Custodial Agreement is hereby amended to provide as follows:

"Loan Purchase and Contribution Agreement: As defined in the Sale and Servicing Agreement."

SECTION 4. Consent to the Depositor Conversion and Proposed Fifth Amended and Restated LPA. Each of the parties hereto consents to (a) the Depositor Conversion and (b) the Proposed Fifth Amended and Restated LPA to amend and restate that certain Fourth Amended and Restated Loan Purchase and Contribution Agreement, dated as of September 1, 2005, between OOMC, as seller, and the Depositor, as purchaser (to reflect the terms of this

Amendment and Consent, including the substitution of Capital for OOMC as the Loan Originator).

SECTION 5. Representations and Warranties. Each of the parties hereto represents and warrants that this Amendment and Consent, and the Sale and Servicing Agreement, Indenture and Custodial Agreement, each as amended by this Amendment and Consent, constitute legal, valid and binding obligations of such Person enforceable against such Person in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general equitable principles. Each of OOMC, Capital and me Depositor represent to the Purchasers that as of the date hereof, after giving effect to this Amendment and Consent, (a) all of their respective representations and warranties in the Basic Documents are true and correct, and (b) such party is in full compliance with all of the terms and conditions of the Basic Documents.

SECTION 6. Reference to and the Effect on the Sale and Servicing Agreement, the Indenture and the Custodial Agreement.

(a) On and after the Effective Date, each reference in the Sale and Servicing Agreement to "this Agreement", "hereunder", "hereof" , "herein" or words of like import referring to the Sale and Servicing Agreement and each reference to the Sale and Servicing Agreement in any certificate delivered in connection therewith, shall mean and be a reference to the Sale and Servicing Agreement as amended hereby.

(b) Each of the parties hereto hereby agrees that, except as specifically amended above, the Sale and Servicing Agreement is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

(c) On and after the Effective Date, each reference in the Indenture to "this Indenture", "hereunder", "hereof" , "herein" or words of like import referring to the Indenture and each reference to the Indenture in any certificate delivered in connection therewith, shall mean and be a reference to the Indenture as amended hereby.

(d) Each of the parties hereto hereby agrees that, except as specifically amended above, the Indenture is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

(e) On and after the Effective Date, each reference in the Custodial Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Custodial Agreement and each reference to the Custodial Agreement in any certificate delivered in connection therewith, shall mean and be a reference to the Custodial Agreement as amended hereby.

(f) Each of the parties hereto hereby agrees that, except as specifically amended above, the Custodial Agreement is hereby ratified and confirmed and shall continue to

be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

SECTION 7. Execution in Counterparts. This Amendment and Consent may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

SECTION 8. Governing Law. This Amendment and Consent shall be construed in accordance with, and governed by the laws of the State of New York, without giving effect to its conflicts of law provisions.

SECTION 9. Conditions of Effectiveness. This Amendment and Consent shall become effective as of the date hereof upon the receipt by the Noteholder Agent of this Amendment and Consent duly executed by all of the parties hereto.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Amendment and Consent as of the day and year first above written.

OPTION ONE OWNER TRUST 2005-7, as Issuer

By: Wilmington Trust Company, not in its individual capacity, but solely as Owner Trustee

By: /s/ Jennifer A. Luce
Name: Jennifer A. Luce
Title: Sr. Financial Services Officer

OPTION ONE LOAN WAREHOUSE CORPORATION, as Depositor

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

OPTION ONE MORTGAGE CORPORATION, as Loan Originator and as Servicer

By: /s/ Philip Laren
Name: Philip Laren
Title: Senior Vice President

OPTION ONE MORTGAGE CAPITAL CORPORATION

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
Indenture Trustee

By: /s/ Darron C. Woodus
Name: Darron C. Woodus
Title: Assistant Vice President

Signature Page to Omnibus Amendment

HSBC BANK USA, N.A, as Purchaser

By: /s/ Kevin E. Miller
Name: Kevin E. Miller
Title: Senior Vice President

BRYANT PARK FUNDING LLC, as Purchaser

By: /s/ Kevin P. Burns
Name: Kevin P. Burns
Title: Vice President

HSBC SECURITIES (USA) INC., as Administrative Agent and as Noteholder Agent

By: /s/ Thomas Carroll
Name: Thomas Carroll
Title: Director

Exhibit 10.18

OMNIBUS AMENDMENT AND CONSENT AGREEMENT

This OMNIBUS AMENDMENT AND CONSENT AGREEMENT (the "Amendment and Consent") dated as of December 29, 2006 is by and among Option One Owner Trust 2005-8 (the "Issuer"), Option One Mortgage Corporation ("OOMC"), in its capacity as loan originator (in such capacity, the "Loan Originator") and as servicer (in such capacity, the "Servicer"), Option One Mortgage Capital Corporation ("Capital"), Option One Loan Warehouse Corporation (the "Depositor") , Wells Fargo Bank, National Association, as indenture trustee (the "Indenture Trustee"), and Merrill Lynch Bank USA, as purchaser (in such capacity, the "Purchaser") and as Noteholder Agent (in such capacity, the "Noteholder Agent"). Capitalized terms used herein but not specifically defined herein shall have the meanings given to such terms in the Sale and Servicing Agreement (as defined below) or the Indenture (as defined below).

PRELIMINARY STATEMENTS:

A. The Issuer, OOMC, as servicer and as loan originator, the Depositor and the Indenture Trustee are parties to that certain Sale and Servicing Agreement dated as of October 1, 2005 (as amended, the "Sale and Servicing Agreement").

B. The Issuer and the Indenture Trustee are parties to that certain Indenture dated as of October 1, 2005 (as amended, the "Indenture").

C. The Noteholder Agent, the Issuer, OOMC, as servicer and the Indenture Trustee, as both indenture trustee and custodian, are parties to that certain Custodial Agreement dated as of October 1, 2005 (as amended, the "Custodial Agreement").

D. OOMC intends to transfer and assign to its wholly-owned subsidiary, Capital, and Capital intends to accept and assume from OOMC, a portion of OOMC's business.

E. OOMC has requested that the Depositor, the Purchaser, the Noteholder Agent, the Issuer and the Indenture Trustee consent to certain amendments to the Sale and Servicing Agreement, the Indenture and the Custodial Agreement, upon the terms and subject to the conditions set forth herein.

F. OOMC, Capital and Depositor have requested that the Purchaser, the Noteholder Agent, the Issuer and the Indenture Trustee (a) consent to, promptly after the date hereof, the conversion of the Depositor from a Delaware corporation to a Delaware limited liability company (the "Depositor Conversion") and (b) agree to promptly enter into after the date hereof a Fifth Amended and Restated Loan Purchase and Contribution Agreement, dated as of December 29, 2006 (the "Proposed Fifth Amended and Restated LPA"), between Capital, as seller, and Depositor, as purchaser (to reflect the terms of this Amendment and Consent).

G. OOMC has requested that all references to "Loan Originator" in any of the Basic Documents be defined to mean both OOMC and Capital, jointly and severally, unless otherwise specifically set forth therein. OOMC has further requested that the definition of "Loan Purchase and Contribution Agreement" in any of the Basic Documents be defined to mean each of: (i) the Loan Purchase Agreement between OOMC, as seller, and Capital, as purchaser, dated

as of December 29, 2006 and all supplements and amendments thereto and (ii) the Proposed Fifth Amended and Restated LPA, and all supplements and amendments thereto.

H. In consideration of the consent of the Depositor, the Purchaser, the Noteholder Agent, the Issuer and the Indenture Trustee, OOMC has agreed to be held jointly and severally liable for the Transfer Obligation on the terms set forth herein.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Amendments to the Sale and Servicing Agreement. Effective as of December 29, 2006 or such later date as OOMC shall designate (the "Effective Date") and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Sale and Servicing Agreement is hereby amended as follows:

(a) The definition of "Loan Originator" set forth in Section 1.01 of the Sale and Servicing Agreement is hereby amended to provide as follows:

"Loan Originator: Each of Option One and Option One Capital, and their respective successors and assigns, jointly and severally."

(b) The definition of "Loan Purchase and Contribution Agreement" set forth in Section 1.01 of the Sale and Servicing Agreement is hereby amended to provide as follows:

"Loan Purchase and Contribution Agreement: Each of: (i) the Loan Purchase Agreement between Option One, as loan originator, and Option One Capital, as transferee, dated as of December 29, 2006 and all supplements and amendments thereto and (ii) the Fifth Amended and Restated Loan Purchase and Contribution Agreement, between Option One Capital, as loan originator, and Depositor, as depositor, dated as of December 29, 2006, and all supplements and amendments thereto."

(c) The following definition of "Option One Capital" is hereby added to Section 1.01 of the Sale and Servicing Agreement:

"Option One Capital: Option One Mortgage Capital Corporation, a Delaware corporation."

(d) Section 2.07(iii) of the Sale and Servicing Agreement is hereby amended by substituting the following language:

"(iii) Option One, Option One Capital or any of their Affiliates default under, or fail to perform as requested under, or shall otherwise materially breach the terms of any repurchase agreement, loan and security agreement or similar credit facility or agreement entered into by Option One, Option One Capital or any of their Affiliates, including without limitation, the Sale and Servicing Agreement, dated as of April 1, 2001, among the Option One Owner Trust 2001 -1 A, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of April 1, 2001, among the Option One Owner Trust 2001 -2, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of July 2, 2002, among the Option One Owner Trust

2002-3, the Depositor, Option One and the Facility Administrator, the Sale and Servicing Agreement, dated as of August 8, 2003, among the Option One Owner Trust 2003-4, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of June 1, 2005, among Option One Owner Trust 2005-6, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of September 1, 2005, among the Option One Owner Trust 2005-7, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of October 1, 2005 among Option One Owner Trust 2005-8, the Depositor, Option One and the Indenture Trustee and the Sale and Servicing Agreement, dated as of December 30, 2005 among Option One Owner Trust 2005-9, the Depositor, Option One and the Indenture Trustee and such default, failure or breach shall entitle any counterparty to declare the Indebtedness thereunder to be due and payable prior to the maturity thereof.

(e) Subsection (e) of Section 3.02 of the Sale and Servicing Agreement is hereby amended by deleting the words "the Loan Originator's satisfaction of its financial covenants" and in their place inserting the words "Option One's satisfaction of its financial covenants."

(f) Subsection (m) of Section 3.02 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(m) Option One is in compliance with each of its financial covenants set forth in Section 7.02; and"

(g) Subsection (k) of Section 3.02 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(k) Option One has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it to Option One Capital and Option One Capital has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it on such Transfer Date to the Depositor;

(h) Section 5.06 of the Sale and Servicing Agreement is hereby amended by adding the following subsection:

"(c) With respect to the obligations of the Loan Originator pursuant to this Section 5.06, Option One shall be obligated to make payments hereunder only if Option One Capital does not make such payments prior to the time any such payment is required to be made. If Option One Capital does not make any such payment prior to the time such payment is required to be made, Option One shall be required to make such payment not later than the time such payment is required to be made."

(i) Section 7.02 of the Sale and Servicing Agreement is hereby amended by substituting "Option One" for "the Loan Originator" in each and every place where such term appears in such section.

(j) Subsection (a)(6) of Section 9.01 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(6) Option One fails to comply with any of its financial covenants; or

(k) Section 11.06 of the Sale and Servicing Agreement is hereby amended by deleting clause (III) thereof and replacing such clause with the following:

"(III) in the case of the Loan Originator, (A) if to Option One, to Option One Mortgage Corporation, 3 Ada, Irvine, California 92618, Attention: William O'Neill, telecopy number: (949) 790-7540, telephone number: (949) 790-7504 or (B) if to Option One Capital, to Option One Mortgage Capital Corporation, 3 Ada Road, Irvine, California 92618, Attention: Chief Financial Officer, telecopy number: (949) 790-7514, telephone number: (949) 790-3600 ext 35524 or, in either case, to such other addresses or telecopy or telephone numbers as may hereafter be furnished to the Securityholders and the other parties hereto in writing by Option One or Option One Capital.

SECTION 2. Amendments to the Indenture. Effective as of the Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Indenture is hereby amended as follows:

The definition of "Loan Originator" set forth in Section 1.01 (a) of the Indenture is hereby amended to provide as follows:

"Loan Originator: has the meaning given to such term in the Sale and Servicing Agreement."

SECTION 3. Amendments to the Custodial Agreement. Effective as of the Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Custodial Agreement is hereby amended as follows:

(a) The definition of "Loan Originator" set forth in Section 1 of the Custodial Agreement is hereby amended to provide as follows:

"Loan Originator: As defined in the Sale and Servicing Agreement."

(b) The definition of "Loan Purchase and Contribution Agreement" set forth in Section 1 of the Custodial Agreement is hereby amended to provide as follows:

"Loan Purchase and Contribution Agreement: As defined in the Sale and Servicing Agreement."

SECTION 4. Consent to the Depositor Conversion and Proposed Fifth Amended and Restated LPA. Each of the parties hereto consents to (a) the Depositor Conversion and (b) the Proposed Fifth Amended and Restated LPA to amend and restate that certain Fourth Amended and Restated Loan Purchase and Contribution Agreement, dated as of September 1, 2005, between OOMC, as seller, and the Depositor, as purchaser (to reflect the terms of this Amendment and Consent, including the substitution of Capital for OOMC as the Loan Originator).

SECTION 5. Representations and Warranties. Each of the parties hereto represents and warrants that this Amendment and Consent, and the Sale and Servicing Agreement, Indenture and Custodial Agreement, each as amended by this Amendment and Consent, constitute legal, valid and binding obligations of such Person enforceable against such Person in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general equitable principles. Each of OOMC, Capital and the Depositor represent to the Purchaser that as of the date hereof, after giving effect to this Amendment and Consent, (a) all of their respective representations and warranties in the Basic Documents are true and correct, and (b) such party is in full compliance with all of the terms and conditions of the Basic Documents.

SECTION 6. Reference to and the Effect on the Sale and Servicing Agreement, the Indenture and the Custodial Agreement.

(a) On and after the Effective Date, each reference in the Sale and Servicing Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Sale and Servicing Agreement and each reference to the Sale and Servicing Agreement in any certificate delivered in connection therewith, shall mean and be a reference to the Sale and Servicing Agreement as amended hereby.

(b) Each of the parties hereto hereby agrees that, except as specifically amended above, the Sale and Servicing Agreement is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

(c) On and after the Effective Date, each reference in the Indenture to "this Indenture", "hereunder", "hereof" , "herein" or words of like import referring to the Indenture and each reference to the Indenture in any certificate delivered in connection therewith, shall mean and be a reference to the Indenture as amended hereby.

(d) Each of the parties hereto hereby agrees that, except as specifically amended above, the Indenture is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

(e) On and after the Effective Date, each reference in the Custodial Agreement to "this Agreement", "hereunder", "hereof" , "herein" or words of like import referring to the Custodial Agreement and each reference to the Custodial Agreement in any certificate delivered in connection therewith, shall mean and be a reference to the Custodial Agreement as amended hereby.

(f) Each of the parties hereto hereby agrees that, except as specifically amended above, the Custodial Agreement is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by

applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

SECTION 7. Execution in Counterparts. This Amendment and Consent may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

SECTION 8. Governing Law. This Amendment and Consent shall be construed in accordance with, and governed by the laws of the State of New York, without giving effect to its conflicts of law provisions.

SECTION 9. Conditions of Effectiveness. This Amendment and Consent shall become effective as of the date hereof upon the receipt by the Noteholder Agent of this Amendment and Consent duly executed by all of the parties hereto.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Amendment and Consent as of the day and year first above written.

OPTION ONE OWNER TRUST 2005-8, as Issuer

By: Wilmington Trust Company, not in its individual capacity, but solely as Owner Trustee

By: /s/ Jennifer A. Luce
Name: Jennifer A. Luce
Title: Sr. Financial Services Officer

OPTION ONE LOAN WAREHOUSE CORPORATION, as Depositor

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

OPTION ONE MORTGAGE CORPORATION, as Loan Originator and as Servicer

By: /s/ Philip Laren
Name: Philip Laren
Title: Senior Vice President

OPTION ONE MORTGAGE CAPITAL CORPORATION

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
Indenture Trustee

By: /s/ Darron C. Woodus
Name: Darron C. Woodus
Title: Assistant Vice President

Signature Page to Omnibus Amendment

MERRILL LYNCH BANK USA, as Purchaser

By: /s/ James B. Cason
Name: James B. Cason
Title: Vice President

MERRILL LYNCH BANK USA, as Noteholder Agent

By: /s/ Joseph Magnus
Name: Joseph Magnus
Title: Director

Exhibit 10.19

OMNIBUS AMENDMENT AND CONSENT AGREEMENT

This OMNIBUS AMENDMENT AND CONSENT AGREEMENT (the "Amendment and Consent") dated as of December 29,2006 is by and among Option One Owner Trust 2005-9 (the "Issuer"), Option One Mortgage Corporation ("OOMC"), in its capacity as loan originator (in such capacity, the "Loan Originator") and as servicer (in such capacity, the "Servicer"), Option One Mortgage Capital Corporation ("Capital"), Option One Loan Warehouse Corporation (the "Depositor"), Wells Fargo Bank, National Association, as indenture trustee (the "Indenture Trustee"), and DB Structured Products, Inc., Gemini Securitization Corp., LLC, Aspen Funding Corp. and Newport Funding Corp. (collectively, the "Purchasers") and DB Structured Products, Inc., as noteholder agent (the "Noteholder Agent").. Capitalized terms used herein but not specifically defined herein shall have the meanings given to such terms in the Sale and Servicing Agreement (as defined below) or the Indenture (as defined below).

PRELIMINARY STATEMENTS:

A. The Issuer, OOMC, as the Servicer and as the Loan Originator, the Depositor and the Indenture Trustee are parties to that certain Sale and Servicing Agreement dated as of December 30, 2005 (as amended, the "Sale and Servicing Agreement").

B. The Issuer and the Indenture Trustee are parties to that certain Indenture dated as of December 30, 2005 (as amended, the "Indenture").

C. The Noteholder Agent, the Issuer, OOMC, as servicer and the Indenture Trustee, as both indenture trustee and custodian, are parties to that certain Custodial Agreement dated as of December 30, 2005 (as amended, the "Custodial Agreement").

D. OOMC intends to transfer and assign to its wholly-owned subsidiary, Capital, and Capital intends to accept and assume from OOMC, a portion of OOMC's business.

E. OOMC has requested that the Depositor, the Purchasers, the Noteholder Agent, the Issuer and the Indenture Trustee consent to certain amendments to the Sale and Servicing Agreement, the Indenture and the Custodial Agreement, upon the terms and subject to the conditions set forth herein.

F. OOMC, Capital and Depositor have requested that the Purchasers, the Noteholder Agent, the Issuer and the Indenture Trustee (a) consent to, promptly after the date hereof, the conversion of the Depositor from a Delaware corporation to a Delaware limited liability company (the "Depositor Conversion") and (b) agree to promptly enter into after the date hereof a Fifth Amended and Restated Loan Purchase and Contribution Agreement, dated as of December 29, 2006 (the "Proposed Fifth Amended and Restated LPA"), between Capital, as seller, and Depositor, as purchaser (to reflect the terms of this Amendment and Consent).

G. OOMC has requested that all references to "Loan Originator" in any of the Basic Documents be defined to mean both OOMC and Capital, jointly and severally, unless otherwise specifically set forth therein. OOMC has further requested that the definition of "Loan Purchase and Contribution Agreement" in any of the Basic Documents be defined to mean each

of: (i) the Loan Purchase Agreement between OOMC, as seller, and Capital, as purchaser, dated as of December 29, 2006 and all supplements and amendments thereto and (ii) the Proposed Fifth Amended and Restated LPA, and all supplements and amendments thereto.

H. In consideration of the consent of the Depositor, the Purchasers, the Noteholder Agent, the Issuer and the Indenture Trustee, OOMC has agreed to be held jointly and severally liable for the Transfer Obligation on the terms set forth herein.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Amendments to the Sale and Servicing Agreement. Effective as of December 29, 2006 or such later date as OOMC shall designate (the "Effective Date") and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Sale and Servicing Agreement is hereby amended as follows:

(a) The definition of "Loan Originator" set forth in Section 1.01 of the Sale and Servicing Agreement is hereby amended to provide as follows:

"Loan Originator: Each of Option One and Option One Capital, and their respective successors and assigns, jointly and severally."

(b) The definition of "Loan Purchase and Contribution Agreement" set forth in Section 1.01 of the Sale and Servicing Agreement is hereby amended to provide as follows:

"Loan Purchase and Contribution Agreement: Each of: (i) the Loan Purchase Agreement between Option One, as loan originator, and Option One Capital, as transferee, dated as of December 29, 2006 and all supplements and amendments thereto and (ii) the Fifth Amended and Restated Loan Purchase and Contribution Agreement, between Option One Capital, as loan originator, and Depositor, as depositor, dated as of December 29, 2006, and all supplements and amendments thereto."

(c) The following definition of "Option One Capital" is hereby added to Section 1.01 of the Sale and Servicing Agreement:

"Option One Capital: Option One Mortgage Capital Corporation, a Delaware corporation."

(d) Section 2.07(iv) of the Sale and Servicing Agreement is hereby amended by substituting the following language:

"(iv) Option One, Option One Capital or any of their Affiliates default under, or fail to perform as requested under, or shall otherwise materially breach the terms of any repurchase agreement, loan and security agreement or similar credit facility or agreement entered into by Option One, Option One Capital or any of their Affiliates, including without limitation, the Sale and Servicing Agreement, dated as of April 1, 2001, among the Option One Owner Trust 2001-1 A, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of April 1, 2001, among the Option One Owner Trust 2001-2, the Depositor, Option One and the Indenture Trustee, the Sale

and Servicing Agreement, dated as of July 2, 2002, among the Option One Owner Trust 2002-3, the Depositor, Option One and the Facility Administrator, the Sale and Servicing Agreement, dated as of August 8, 2003, among the Option One Owner Trust 2003-4, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of June 1, 2005, among Option One Owner Trust 2005-6, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of September 1, 2005, among the Option One Owner Trust 2005-7, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of October 1, 2005 among Option One Owner Trust 2005-8, the Depositor, Option One and the Indenture Trustee and the Sale and Servicing Agreement, dated as of December 30, 2005 among Option One Owner Trust 2005-9, the Depositor, Option One and the Indenture Trustee and such default, failure or breach shall entitle any counterparty to declare the Indebtedness thereunder to be due and payable prior to the maturity thereof. The Noteholder Agent may, in any such case, in its sole discretion, terminate the Revolving Period."

(e) Subsection (e) of Section 3. 02 of the Sale and Servicing Agreement is hereby amended by deleting the words "satisfaction by the Loan Originator of the Financial Covenants" and in their place inserting the words "satisfaction by Option One of the Financial Covenants."

(f) Subsection (m) of Section 3.02 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(n) Option One is in compliance with each of the Financial Covenants ; and"

(g) Subsection (k) of Section 3.02 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(k) Option One has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it to Option One Capital and Option One Capital has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it on such Transfer Date to the Depositor;

(h) Section 5.06 of the Sale and Servicing Agreement is hereby amended by adding the following subsection:

"(c) With respect to the obligations of the Loan Originator pursuant to this Section 5.06, Option One shall be obligated to make payments hereunder only if Option One Capital does not make such payments prior to the time any such payment is required to be made. If Option One Capital does not make any such payment prior to the time such payment is required to be made, Option One shall be required to make such payment not later than the time such payment is required to be made."

(i) Section 7.02 of the Sale and Servicing Agreement is hereby amended by substituting "Option One" for "the Loan Originator" in each and every place where such term appears in such section.

(j) Subsection (a)(6) of Section 9.01 of the Sale and Servicing Agreement is hereby amended and restated in its entirety as follows:

"(6) Option One fails to comply with any of the Financial Covenants; or

(k) Section 11.06 of the Sale and Servicing Agreement is hereby amended by deleting clause (3) thereof and replacing such clause with the following:

"(3) in the case of the Loan Originator, (A) if to Option One, to Option One Mortgage Corporation, 3 Ada, Irvine, California 92618, Attention: Chief Financial Officer, telecopy number: (949) 790-7540, telephone number: (949) 790-7504 or (B) if to Option One Capital, to Option One Mortgage Capital Corporation, 3 Ada Road, Irvine, California 92618, Attention: Chief Financial Officer, telecopy number: (949) 790-7514, telephone number: (949) 790-3600 ext 35524 or, in either case, to such other addresses or telecopy or telephone numbers as may hereafter be furnished to the Securityholders and the other parties hereto in writing by Option One or Option One Capital.

SECTION 2. Amendments to the Indenture. Effective as of the Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Indenture is hereby amended as follows:

The definition of "Loan Originator" set forth in Section 1.01(a) of the Indenture is hereby amended to provide as follows:

"Loan Originator: has the meaning given to such term in the Sale and Servicing Agreement."

SECTIONS 3. Amendments to the Custodial Agreement. Effective as of the Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 9 hereof, the Custodial Agreement is hereby amended as follows:

(a) The definition of "Loan Originator" set forth in Section 1 of the Custodial Agreement is hereby amended to provide as follows:

"Loan Originator: As defined in the Sale and Servicing Agreement."

(b) The definition of "Loan Purchase and Contribution Agreement" set forth in Section 1 of the Custodial Agreement is hereby amended to provide as follows:

"Loan Purchase and Contribution Agreement: As defined in the Sale and Servicing Agreement."

SECTION 4. Consent to the Depositor Conversion and Proposed Fifth Amended and Restated LPA. Each of the parties hereto consents to (a) the Depositor Conversion and (b) the Proposed Fifth Amended and Restated LPA to amend and restate that certain Fourth Amended and Restated Loan Purchase and Contribution Agreement, dated as of September 1, 2005, between OOMC, as seller, and the Depositor, as purchaser (to reflect the terms of this

Amendment and Consent, including the substitution of Capital for OOMC as the Loan Originator).

SECTION 5. Representations and Warranties. Each of the parties hereto represents and warrants that this Amendment and Consent, and the Sale and Servicing Agreement, Indenture and Custodial Agreement, each as amended by this Amendment and Consent, constitute legal, valid and binding obligations of such Person enforceable against such Person in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general equitable principles. Each of OOMC, Capital and the Depositor represent to the Purchasers that as of the date hereof, after giving effect to this Amendment and Consent, (a) all of their respective representations and warranties in the Basic Documents are true and correct, and (b) such party is in full compliance with all of the terms and conditions of the Basic Documents.

SECTION 6. Reference to and the Effect on the Sale and Servicing Agreement, the Indenture and the Custodial Agreement.

(a) On and after the Effective Date, each reference in the Sale and Servicing Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Sale and Servicing Agreement and each reference to the Sale and Servicing Agreement in any certificate delivered in connection therewith, shall mean and be a reference to the Sale and Servicing Agreement as amended hereby.

(b) Each of the parties hereto hereby agrees that, except as specifically amended above, the Sale and Servicing Agreement is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

(c) On and after the Effective Date, each reference in the Indenture to "this Indenture", "hereunder", "hereof", "herein" or words of like import referring to the Indenture and each reference to the Indenture in any certificate delivered in connection therewith, shall mean and be a reference to the Indenture as amended hereby.

(d) Each of the parties hereto hereby agrees that, except as specifically amended above, the Indenture is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

(e) On and after the Effective Date, each reference in the Custodial Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Custodial Agreement and each reference to the Custodial Agreement in any certificate delivered in connection therewith, shall mean and be a reference to the Custodial Agreement as amended hereby.

(f) Each of the parties hereto hereby agrees that, except as specifically amended above, the Custodial Agreement is hereby ratified and confirmed and shall continue to

be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

SECTION 7. Execution in Counterparts. This Amendment and Consent may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

SECTION 8. Governing Law. This Amendment and Consent shall be construed in accordance with, and governed by the laws of the State of New York, without giving effect to its conflicts of law provisions.

SECTION 9. Conditions of Effectiveness. This Amendment and Consent shall become effective as of the date hereof upon the receipt by the Noteholder Agent of this Amendment and Consent duly executed by all of the parties hereto.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Amendment and Consent as of the day and year first above written.

OPTION ONE OWNER TRUST 2005-9,
as Issuer

By: Wilmington Trust Company, not in its individual capacity, but solely as Owner Trustee

By: /s/ Jennifer A. Luce
Name: Jennifer A. Luce
Title: Sr. Financial Services Officer

OPTION ONE LOAN WAREHOUSE
CORPORATION, as Depositor

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

OPTION ONE MORTGAGE
CORPORATION, as Loan Originator and as Servicer

By: /s/ Philip Laren
Name: Philip Laren
Title: Senior Vice President

OPTION ONE MORTGAGE CAPITAL CORPORATION

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

WELLS FARGO BANK,
NATIONAL ASSOCIATION,
as Indenture Trustee

By: /s/ Darron C. Woodus
Name: Darron C. Woodus
Title: Assistant Vice President

DB STRUCTURED PRODUCTS, INC.,
as Purchaser

By: /s/ Stephen Newman
Name: Stephen Newman
Title: Director

By: /s/ John McCarthy
Name: John McCarthy
Title: Authorized Signatory

GEMINI SECURITIZATION CORP., LLC, as
Purchaser

By: /s/ R. Douglas Donaldson
Name: R. Douglas Donaldson
Title: Treasurer

ASPEN FUNDING CORP., as Purchaser

By: /s/ Doris J. Hearn
Name: Doris J. Hearn
Title: Vice President

NEWPORT FUNDING CORP., as Purchaser

By: /s/ Doris J. Hearn
Name: Doris J. Hearn
Title: Vice President

DB STRUCTURED PRODUCTS, INC., as
Noteholder Agent

By: /s/ Stephen Newman
Name: Stephen Newman
Title: Director

By: /s/ John McCarthy

Name: John McCarthy

Title: Authorized Signatory

Exhibit 10.20

OPTION ONE OWNER TRUST 2005-9

SUPPLEMENTAL INDENTURE NO. 2

Supplemental Indenture No. 2 (the "Supplemental Indenture"), dated and effective as of January 16, 2007, between Option One Owner Trust 2005-9, as Issuer and Wells Fargo Bank, N.A., as Indenture Trustee, with respect to the Indenture (the "Indenture"), dated as of December 30, 2005, between the Issuer and the Indenture Trustee. The parties hereto are entering into the Supplemental Indenture pursuant to Section 9.02 of the Indenture. Capitalized terms used herein but not defined herein shall have the meanings ascribed thereto in the Indenture.

1. Supplemental Indenture. The definition of "Maturity Date" in Section 1.01 of the Indenture is deleted in its entirety and replaced with the following:

"Maturity Date" means, with respect to the Notes, January 15, 2008.

2. Acknowledgement and Waiver of Opinion of Counsel. The Indenture Trustee hereby acknowledges and agrees that this Supplemental Indenture No. 1 is being entered into pursuant to Section 9.02 of the Indenture, and the Indenture Trustee hereby waives the right to receive an Opinion of Counsel described in Section 9.03 of the Indenture.

3. Issuer Order. By executing below, the Issuer hereby directs and authorizes the Indenture Trustee to execute this Supplemental Indenture No. 2 pursuant to Section 9.02 of the Indenture.

4. Counterparts. This Supplemental Indenture may be executed simultaneously in any number of counterparts, each of which counterparts shall be deemed to be an original, and such counterparts shall constitute but one and the same instrument.

5. Governing Law. This Supplemental Indenture shall be construed in accordance with the laws of the State of New York and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

6. Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Supplemental Indenture for any reason whatsoever shall be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Supplemental Indenture and shall in no way affect the validity or enforceability of the other provisions of this Supplemental Indenture.

7. Successors and Assigns. The provisions of this Supplemental Indenture shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto, and all such provisions shall inure to the benefit of the Certificateholders.

8. Article and Section Headings. The article and section headings herein are for convenience of reference only, and shall not limit or otherwise affect the meaning hereof.

9. No Recourse to Owner Trustee. is expressly understood and agreed by the parties hereto that (a) this Supplemental Indenture is executed and delivered by Wilmington Trust Company, not individually or personally, but solely as Owner Trustee of Option One Owner Trust 2005-9, in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose for binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability of Wilmington Trust Company, individually or personally, to perform any covenant either

expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Supplemental Indenture or any other related documents.

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IN WITNESS WHEREOF, the Issuer and the Indenture Trustee have caused this Supplemental Indenture No. 2 to be executed and delivered by their duly authorized officers as of the day and year first above written.

OPTION ONE OWNER TRUST 2005-9,
By: Wilmington Trust Company, not in its
individual capacity but solely as Owner Trustee

By: _____
Name:
Title:

WELLS FARGO BANK, N.A., as Indenture Trustee

By: _____
Name:
Title:

Acknowledged and Consented to as of this 16th day of January, 2007:

DB STRUCTURED PRODUCTS, INC., as Majority Noteholder

By: _____
Name:
Title:

By: _____
Name:
Title:

GEMINI SECURITIZATION CORP., LLC, as Majority Noteholder

By: _____
Name:
Title:

ASPEN FUNDING CORP., as Majority Noteholder

By: _____
Name:
Title:

NEWPORT FUNDING CORP., as Majority Noteholder

By: _____
Name:
Title:

Exhibit 10.21

AMENDMENT NUMBER ONE
to the
SALE AND SERVICING AGREEMENT
Dated as of December 31, 2005
by and among
OPTION ONE OWNER TRUST 2005-9
OPTION ONE LOAN WAREHOUSE CORPORATION
OPTION ONE MORTGAGE CORPORATION
and
WELLS FARGO BANK, N.A.

This AMENDMENT NUMBER ONE is made this 16th day of January, 2007 ("Amendment Number One"), by and among Option One Owner Trust 2005-9, a Delaware statutory trust (the "Issuer"), Option One Loan Warehouse Corporation, a Delaware corporation, as Depositor (the "Depositor"), Option One Mortgage Corporation, a California corporation, as Loan Originator and Servicer (the "Loan Originator" or "Servicer"), and Wells Fargo Bank, N.A., a national banking association, as Indenture Trustee on behalf of the Noteholders (the "Indenture Trustee"), to the Sale and Servicing Agreement, dated as of December 30, 2005, by and among the Issuer, the Depositor, the Loan Originator and the Indenture Trustee (the "Sale and Servicing Agreement"). Capitalized terms used herein but not defined will have the meaning attributed to such term in the Sale and Servicing Agreement.

RECITALS

WHEREAS, the Depositor and the Loan Originator have requested that the Noteholders agree to modify the definition of CLTV as more fully set forth herein;

WHEREAS, as of the date hereof (after giving effect to the amendments to the Agreement contemplated herein), each of the Depositor and the Loan Originator represents to the Indenture Trustee and the Noteholders that it is in compliance with all of the representations and warranties and all of the affirmative and negative covenants set forth in the Basic Documents and no default has occurred and is continuing under any Basic Documents to which it is a party; and

WHEREAS, the Depositor, the Loan Originator, the Issuer, the Indenture Trustee and the Majority Noteholders have agreed to amend the Sale and Servicing Agreement as set forth herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the mutual covenants herein contained, the parties hereto hereby agree as follows:

SECTION 1. Effective as of January 16, 2007 (the "Effective Date"), the definition of "Combined LTV or CLTV" in Section 1 of the Sale and Servicing Agreement is hereby deleted in its entirety and replaced with the following new definition:

Combined LTV or CLTV: With respect to any Loan, the ratio of (expressed as a percentage) (a) the outstanding Principal Balance on the related date of origination of such Loan plus the outstanding principal balance of (x) if the Loan is a First Lien Loan, any second lien loan secured by the related Mortgaged Property, or (y) if the Loan is a Second Lien Loan, any Senior Lien, to (b) the lesser of (x) the Appraised Value of the Mortgaged Property at origination or (y)

if the Mortgaged Property was purchased within 12 months of the origination of the Loan, the purchase price of the Mortgaged Property.

SECTION 2. Acknowledgement and Waiver of Opinion of Counsel. The Issuer, the Depositor, the Loan Originator and the Indenture Trustee hereby acknowledge and agree that this Amendment Number One is being entered into pursuant to Section 11.02(b) of the Sale and Servicing Agreement, and each of the Issuer and the Indenture Trustee hereby waives the right to receive an Opinion of Counsel described in Section 11.02 of the Sale and Servicing Agreement.

SECTION 3. Representations. In order to induce the parties hereto to execute and deliver this Amendment Number One, each of the Issuer, the Depositor and the Loan Originator hereby jointly and severally represents to the other parties hereto and to the Noteholders that as of the date hereof, after giving effect to this Amendment Number One, (a) all of its respective representations and warranties in the other Basic Documents to which it is a party are true and correct, and (b) it is otherwise in full compliance with all of the terms and conditions of the Basic Documents to which it is a party.

SECTION 4. Limited Effect. Except as expressly amended and modified by this Amendment Number One, the Sale and Servicing Agreement shall continue in full force and effect in accordance with its terms. Reference to this Amendment Number One need not be made in the Sale and Servicing Agreement or any other instrument or document executed in connection therewith or herewith, or in any certificate, letter or communication issued or made pursuant to, or with respect to, the Sale and Servicing Agreement, any reference in any of such items to the Sale and Servicing Agreement being sufficient to refer to the Sale and Servicing Agreement as amended hereby.

SECTION 5. Fees and Expenses. The Issuer and the Depositor jointly and severally covenant to pay as and when billed by the Purchasers all of the reasonable out-of-pocket costs and expenses incurred in connection with the transactions contemplated hereby and in the other Basic Documents including, without limitation, (i) all reasonable fees, disbursements and expenses of counsel to the Purchasers, (ii) all reasonable fees and expenses of the Indenture Trustee and Owner Trustee and their counsel and (iii) all reasonable fees and expenses of the Custodian and its counsel.

SECTION 6. Governing Law. This Amendment Number One shall be construed in accordance with the laws of the State of New York and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with such laws without regard to conflict of laws doctrine applied in such state (other than Section 5-1401 of the New York General Obligations Law).

SECTION 7. Counterparts. This Amendment Number One may be executed by each of the parties hereto on any number of separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

SECTION 8. Limitation on Liability. It is expressly understood and agreed by the parties hereto that (a) this Amendment Number One is executed and delivered by Wilmington Trust Company, not individually or personally, but solely as Owner Trustee of Option One Owner Trust 2005-9, in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose for binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressed or implied contained herein, all such. liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of

the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Amendment Number One or any other related documents.

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IN WITNESS WHEREOF, the Issuer, the Depositor, the Loan Originator and the Indenture Trustee have caused this Amendment Number One to the Sale and Servicing Agreement to be executed and delivered by their duly authorized officers as of the day and year first above written.

OPTION ONE OWNER TRUST 2005-9,
By: Wilmington Trust Company, not in its
individual capacity but solely as Owner Trustee

By: _____
Name:
Title:

OPTION ONE LOAN WAREHOUSE CORPORATION,
as Depositor

By: _____
Name:
Title:

OPTION ONE MORTGAGE CORPORATION, as
Loan Originator and Servicer

By: _____
Name:
Title:

WELLS FARGO BANK, N.A., as Indenture Trustee

By: _____
Name:
Title:

Acknowledged and Consented to as of this 16th day of January, 2007:

DB STRUCTURED PRODUCTS, INC., as Majority Noteholder

By: _____
Name:
Title:

By: _____
Name:
Title:

GEMINI SECURITIZATION CORP., LLC, as Majority Noteholder

By: _____
Name:
Title:

ASPEN FUNDING CORP., as Majority Noteholder

By: _____
Name:
Title:

NEWPORT FUNDING CORP., as Majority Noteholder

By: _____
Name:
Title:

Exhibit 10.22

SALE AND SERVICING AGREEMENT

among

OPTION ONE OWNER TRUST 2007-5A
as Issuer

and

OPTION ONE LOAN WAREHOUSE CORPORATION
as Depositor

and

OPTION ONE MORTGAGE CORPORATION
as Loan Originator and Servicer

and

OPTION ONE MORTGAGE CAPITAL CORPORATION, as Loan Originator

and

WELLS FARGO BANK, N.A.
as Indenture Trustee

Dated as of January 1, 2007

OPTION ONE OWNER TRUST 2007-5A
MORTGAGE-BACKED NOTES

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SALE AND SERVICING AGREEMENT

This Sale and Servicing Agreement is entered into and effective as of January 1, 2007, among OPTION ONE OWNER TRUST 2007-5A, a Delaware statutory trust (the "Issuer" or the "Trust"), OPTION ONE LOAN WAREHOUSE CORPORATION, a Delaware corporation, as Depositor (in such capacity, the "Depositor"), OPTION ONE MORTGAGE CORPORATION, a California corporation ("Option One") individually and collectively with Option One Mortgage Capital Corporation as Loan Originator (in such capacity, a "Loan Originator") and as Servicer (in such capacity, the "Servicer"), OPTION ONE MORTGAGE CAPITAL CORPORATION, a Delaware corporation ("Option One Capital") individually and collectively with Option One Mortgage Corporation as Loan Originator (in such capacity, a "Loan Originator"), and WELLS FARGO BANK, N.A., a national banking association, as Indenture Trustee on behalf of the Noteholders (in such capacity, the "Indenture Trustee").

W I T N E S S E T H:

In consideration of the mutual agreements herein contained, the Issuer, the Depositor, each Loan Originator, the Servicer and the Indenture Trustee hereby agree as follows for the benefit of each of them and for the benefit of the holders of the Securities:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions.

Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the meanings specified in this Article. Unless otherwise specified, all calculations of interest described herein shall be made on the basis of a 360-day year and the actual number of days elapsed in each Accrual Period.

Accepted Servicing Practices: The Servicer's normal servicing practices in servicing and administering similar mortgage loans for its own account, which in general will conform to the mortgage servicing practices of prudent mortgage lending institutions which service for their own account mortgage loans of the same type as the Loans in the jurisdictions in which the related Mortgaged Properties are located and will give due consideration to the Noteholders' reliance on the Servicer.

Accrual Period: With respect to the Notes, the period commencing on and including the preceding Payment Date (or, in the case of the first Payment Date, the period commencing on and including the first Transfer Date (which first Transfer Date is the first date on which the Note Principal Balance is greater than zero)) and ending on the day preceding the related Payment Date.

Act or Securities Act: The Securities Act of 1933, as amended.

Additional Note Principal Balance: With respect to each Transfer Date, the aggregate Sales Prices of all Loans conveyed on such date.

Adjustment Date: With respect to each ARM, the date set forth in the related Promissory Note on which the Loan Interest Rate on such ARM is adjusted in accordance with the terms of the related Promissory Note.

Administration Agreement: The Administration Agreement, dated as of January 1, 2007, between the Issuer and the Administrator.

Administrator: Option One Mortgage Corporation, in its capacity as Administrator under the Administration Agreement.

Advance Account: The account established and maintained pursuant to Section 5.04.

Affiliate: With respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

Agreement: This Agreement, as the same may be amended and supplemented from time to time.

ALTA: The American Land Title Association and its successors in interest.

Appraised Value: With respect to any Loan, and the related Mortgaged Property, the lesser of:

(i) the lesser of (a) the value thereof as determined by an appraisal made for the originator of the Loan at the time of origination of the Loan by an appraiser who met the minimum requirements of Fannie Mae or Freddie Mac, and (b) the value thereof as determined by a review appraisal conducted by the Loan Originator in the event any such review appraisal determines an appraised value more than 10% lower than the value thereof, in the case of a Loan with a Loan-to-Value Ratio less than or equal to 80%, or more than 5% lower than the value thereof, in the case of a Loan with a Loan-to-Value Ratio greater than 80%, as determined by the appraisal referred to in clause (i)(a) above; and

(ii) the purchase price paid for the related Mortgaged Property by the Borrower with the proceeds of the Loan; provided, however, that in the case of a refinanced Loan (which is a Loan the proceeds of which were not used to purchase the related Mortgaged Property) or a Loan originated in connection with a "lease option purchase" if the "lease option purchase price" was set 12 months or more prior to origination, such value of the Mortgaged Property is based solely upon clause (i) above.

ARM: Any Loan, the Loan Interest Rate with respect to which is subject to adjustment during the life of such Loan.

Assignment: An LPA Assignment or S&SA Assignment.

Assignment of Mortgage: With respect to any Loan, an assignment of the related Mortgage in blank or to Wells Fargo Bank, N.A., as custodian or trustee under the applicable custodial agreement or trust agreement, and notice of transfer or equivalent instrument in recordable form, sufficient under the laws of the jurisdiction wherein the related Mortgaged Property is located to reflect the assignment and pledge of such Mortgage.

Basic Documents: This Agreement, the Administration Agreement, the Custodial Agreement, the Indenture, the Loan Purchase and Contribution Agreement, the Master Disposition Confirmation Agreement, the Note Purchase Agreement, the Trust Agreement, each Hedging Instrument and, as and when required to be executed and delivered, the Assignments.

Borrower: The obligor or obligors on a Promissory Note.

Business Day: Any day other than (i) a Saturday or Sunday, or (ii) a day on which banking institutions in New York City, California, Maryland, Minnesota, Pennsylvania, Delaware or in the city in which the corporate trust office of the Indenture Trustee is located or the city in which the Servicer's servicing operations are located are authorized or obligated by law or executive order to be closed.

Certificateholder: A holder of a Trust Certificate.

Change of Control: As defined in the Indenture.

Clean-up Call Date: The first Payment Date occurring after the end of the Revolving Period and the date on which the Note Principal Balance declines to 10% or less of the aggregate Note Principal Balance as of the end of the Revolving Period.

Closing Date: January 31, 2007.

Code: The Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated by the United States Treasury thereunder.

Collateral Percentage: As defined in the Pricing Letter.

Collateral Value: As defined in the Pricing Letter.

Collateral Value Increase Date: Shall have the meaning provided in Section 2.01 (c) hereof.

Collection Account: The account designated as such, established and maintained by the Servicer in accordance with Section 5.01(a)(l) hereof.

Combined LTV or CLTV: With respect to any Second Lien Loan, the ratio of the outstanding Principal Balance on the related date of origination of (a) (i) such Loan plus (ii) the loan constituting the first lien, to (b) the lesser of (x) the Appraised Value of the Mortgaged Property at origination or (y) if the Mortgaged Property was purchased within 12 months of the origination of the Loan, the purchase price of the Mortgaged Property, expressed as a percentage.

Commission: The Securities and Exchange Commission.

Convertible Loan: A Loan that by its terms and subject to certain conditions contained in the related Mortgage or Promissory Note allows the Borrower to convert the adjustable Loan Interest Rate on such Loan to a fixed Loan Interest Rate.

Credit Score: With respect to each Borrower, the credit score for such Borrower from a nationally recognized credit repository; provided, however, in the event that a credit score for such Borrower was obtained from two repositories, the "Credit Score" shall be the lower of the two scores; provided, further, in the event that a credit score for such Borrower was obtained from three repositories, the "Credit Score" shall be the middle score of the three scores.

Custodial Agreement: The custodial agreement dated as of January 1, 2007, among the Issuer, the Servicer, the Indenture Trustee and the Custodian, providing for the retention of the Custodial Loan Files by the Custodian on behalf of the Indenture Trustee.

Custodial Loan File: As defined in the Custodial Agreement.

Custodian: The custodian named in the Custodial Agreement, which custodian shall not be affiliated with the Servicer, the Loan Originator, the Depositor or any Subservicer. Wells Fargo Bank, N.A., a national banking association, shall be the initial Custodian pursuant to the terms of the Custodial Agreement.

Custodian Fee: For any Payment Date, the fee payable to the Custodian on such Payment Date as set forth in the Custodian Fee Notice for such Payment Date, which fee shall be calculated in accordance with the separate fee letter between the Custodian and the Servicer.

Custodian Fee Notice: For any Payment Date, the written notice provided by the Custodian to the Servicer and the Indenture Trustee pursuant to Section 6.01, which notice shall specify the amount of the Custodian Fee payable on such Payment Date.

Daily Interest Accrual Amount: With respect to each day and the related Accrual Period, interest accrued at the Note Interest Rate with respect to such Accrual Period on the Note Principal Balance as of the preceding Business Day after giving effect to all changes to the Note Principal Balance on or prior to such preceding Business Day.

Deemed Cured: With respect to the occurrence of a Rapid Amortization Trigger, when the condition that originally gave rise to the occurrence of such trigger has not continued for 20 consecutive days, or if the occurrence of such Rapid Amortization Trigger has been waived in writing by the Majority Noteholder.

Default: Any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

Defaulted Loan: With respect to any Determination Date, any Loan, including, without limitation, any Liquidated Loan with respect to which any of the following has occurred as of the end of the related Remittance Period: (a) foreclosure or similar proceedings have been commenced; or (b) the Servicer or any Subservicer has determined in good faith and in accordance with the servicing standard set forth in Section 4.01 of the Servicing Addendum that such Loan is in default or imminent default.

Default LIBOR Margin: As defined in the Pricing Letter.

Deleted Loan: A Loan replaced or to be replaced by one or more Qualified Substitute Loans.

Delinquent: A Loan is "Delinquent" if any Monthly Payment due thereon is not made by the close of business on the day such Monthly Payment is required to be paid. A Loan is "30 days Delinquent" if any Monthly Payment due thereon has not been received by the close of business on the corresponding day of the month immediately succeeding the month in which such Monthly Payment was required to be paid or, if there is no such corresponding day (e.g., as when a 30-day month follows a 31-day month in which a payment was required to be paid on the 31st day of such month), then on the last day of such immediately succeeding month. The determination of whether a Loan is "60 days Delinquent," "90 days Delinquent", etc., shall be made in like manner.

Delivery: When used with respect to Trust Account Property means:

(a) with respect to bankers' acceptances, commercial paper, negotiable certificates of deposit and other obligations that constitute "instruments" within the meaning of Section 9-102(a)(47) of the UCC and are susceptible of physical delivery (except with respect to Trust Account Property consisting of certificated securities (as defined in Section 8-102(a)(4) of the UCC)), physical delivery to the Indenture Trustee or its custodian (or the related Securities Intermediary) endorsed to the Indenture Trustee or its custodian (or the related Securities Intermediary) or endorsed in blank (and if delivered and endorsed to the Securities Intermediary, by continuous credit thereof by book-entry to the related Trust Account);

(b) with respect to a certificated security (i) delivery of such certificated security endorsed to, or registered in the name of, the Indenture Trustee or endorsed in blank to its custodian or the related Securities Intermediary and the making by such Securities Intermediary of appropriate entries in its records identifying such certificated securities as credited to the related Trust Account, or (ii) by delivery thereof to a "clearing corporation" (as defined in Section 8-102(a)(5) of the UCC) and the making by such clearing corporation of appropriate entries in its records crediting the securities account of the related Securities Intermediary by the amount of such certificated security and the making by such Securities Intermediary of appropriate entries in its records identifying such certificated securities as credited to the related Trust Account (all of the Trust Account Property described in Subsections (a) and (b), "Physical Property");

and, in any event, any such Physical Property in registered form shall be in the name of the Indenture Trustee or its nominee or custodian (or the related Securities Intermediary); and such additional or alternative procedures as may hereafter become appropriate to effect the complete transfer of ownership of any such Trust Account Property to the Indenture Trustee or its nominee or custodian, consistent with changes in applicable law or regulations or the interpretation thereof;

(c) with respect to any security issued by the U.S. Treasury, Fannie Mae or Freddie Mac that is a book-entry security held through the Federal Reserve System pursuant to federal book-entry regulations, the following procedures, all in accordance with applicable law, including applicable federal regulations and Articles 8 and 9 of the UCC: the making by a Federal Reserve Bank of an appropriate entry crediting such Trust Account Property to an account of the related Securities Intermediary or the securities intermediary that is (x) also a "participant" pursuant to applicable federal regulations and (y) is acting as securities intermediary on behalf of the Securities Intermediary with respect to such Trust Account Property; the making by such Securities Intermediary or securities intermediary of appropriate entries in its records crediting such book-entry security held through the Federal Reserve System pursuant to federal book-entry regulations and Articles 8 and 9 of the UCC to the related Trust Account; and such additional or alternative procedures as may hereafter become appropriate to effect complete transfer of ownership of any such Trust Account Property to the Indenture Trustee or its nominee or custodian, consistent with changes in applicable law or regulations or the interpretation thereof; and

(d) with respect to any item of Trust Account Property that is an uncertificated security (as defined in Section 8-102(a)(18) of the UCC) and that is not governed by clause (c) above, registration in the records of the issuer thereof in the name of the related Securities Intermediary, and the making by such Securities Intermediary of appropriate entries in its records crediting such uncertificated security to the related Trust Account.

Designated Depository Institution: With respect to an Eligible Account, an institution whose deposits are insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the FDIC, the long-term deposits of which shall be rated A or better by S&P or A2 or better by Moody's and the short-term deposits of which shall be rated P-l or better by Moody's and A-l or better by S&P, unless otherwise approved in writing by the Initial Noteholder and which is any of the following: (A) a federal savings and loan association duly organized, validly existing and in good standing under the federal banking laws, (B) an institution duly organized, validly existing and in good standing under the applicable banking laws of any state, (C) a national banking association duly organized, validly existing and in good standing under the federal banking laws, (D) a principal subsidiary of a bank holding company or (E) approved in writing by the Initial Noteholder and, in each case acting or designated by the Servicer as the depository institution for the Eligible Account; provided, however, that any such institution or association shall have combined capital, surplus and undivided profits of at least $50,000,000.

Depositor: Option One Loan Warehouse Corporation, a Delaware corporation, and any successors thereto.

Determination Date: With respect to any Payment Date occurring on the 10th day of a month, the last calendar day of the month immediately preceding the month of such Payment Date, and with respect to any other Payment Date, as mutually agreed by the Servicer and the Noteholders.

Disposition: A Securitization, Whole Loan Sale transaction, or other disposition of Loans.

Disposition Agent: Citigroup Global Markets Inc. and its successors and assigns acting at the direction, and as agent, of the Majority Noteholders.

Disposition Participant: As applicable, with respect to a Disposition, any "depositor" with respect to such Disposition, the Disposition Agent, the Majority Noteholders, the Issuer, the Servicer, the related trustee and the related custodian, any nationally recognized credit rating agency, the related underwriters, the related placement agent, the related credit enhancer, the related whole-loan purchaser, the related purchaser of securities and/or any other party necessary or, in the good faith belief of any of the foregoing, desirable to effect a Disposition.

Disposition Proceeds: With respect to a Disposition, (x) the proceeds of the Disposition remitted to the Trust in respect of the Loans transferred on the date of and with respect to such Disposition, including without limitation, any cash and Retained Securities created in any related Securitization less all costs, fees and expenses incurred in connection with such Disposition, including, without limitation, all amounts deposited into any reserve accounts upon the closing thereof plus or minus (y) the net positive or net negative value of all Hedging Instruments terminated in connection with such Disposition minus (z) all other amounts agreed upon in writing by the Initial Noteholder, the Trust and the Servicer.

Distribution Account: The account established and maintained pursuant to Section 5.01(a)(2) hereof.

Due Date: The day of the month on which the Monthly Payment is due from the Borrower with respect to a Loan.

Due Diligence Fees: Shall have the meaning provided in Section 11.15 hereof.

Eligible Account: At any time, a deposit account or a securities account which is: (i) maintained with a Designated Depository Institution; (ii) fully insured by either the Bank Insurance Fund or the Savings Association Insurance Fund of the FDIC; (iii) a trust account (which shall be a "segregated trust account") maintained with the corporate trust department of a federal or state chartered depository institution or trust company with trust powers and acting in its fiduciary capacity for the benefit of the Indenture Trustee and the Issuer, which depository institution or trust company shall have capital and surplus of not less than $50,000,000; or (iv) with the prior written consent of the Majority Noteholders, any other deposit account or a securities account.

Eligible Servicer: (x) Option One or (y) any other Person that (a) (i) has been designated as an approved seller-servicer by Fannie Mae or Freddie Mac for first and second mortgage loans

and (ii) has equity of not less than $15,000,000, as determined in accordance with GAAP or (b) any other Person to which the Majority Noteholders may consent in writing.

Escrow Payments: With respect to any Loan, the amounts constituting ground rents, taxes, assessments, water rates, sewer rents, municipal charges, fire, hazard, liability and other insurance premiums, condominium charges, and any other payments required to be escrowed by the related Borrower with the lender or servicer pursuant to the Mortgage or any other document.

Event of Default: Either a Servicer Event of Default or an Event of Default under the Indenture.

Exceptions Report: The meaning set forth in the Custodial Agreement.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Fannie Mae: The Federal National Mortgage Association and any successor thereto.

FDIC: The Federal Deposit Insurance Corporation and any successor thereto.

Fidelity Bond: As described in Section 4.10 of the Servicing Addendum.

Final Put Date: The Put Date following the end of the Revolving Period on which the Majority Noteholders exercise the Put Option with respect to the entire outstanding Note Principal Balance.

Final Recovery Determination: With respect to any defaulted Loan or any Foreclosure Property, a determination made by the Servicer that all Mortgage Insurance Proceeds, Liquidation Proceeds and other payments or recoveries which the Servicer, in its reasonable good faith judgment, expects to be finally recoverable in respect thereof have been so recovered. The Servicer shall maintain records, prepared by a servicing officer of the Servicer, of each Final Recovery Determination.

First Lien Loan: A Loan secured by the lien on the related Mortgaged Property, subject to no prior liens on such Mortgaged Property.

Foreclosed Loan: As of any Determination Date, any Loan that as of the end of the preceding Remittance Period has been discharged as a result of (i) the completion of foreclosure or comparable proceedings by the Servicer on behalf of the Issuer; (ii) the acceptance of the deed or other evidence of title to the related Mortgaged Property in lieu of foreclosure or other comparable proceeding; or (iii) the acquisition of title to the related Mortgaged Property by operation of law.

Foreclosure Property: Any real property securing a Foreclosed Loan that has been acquired by the Servicer on behalf of the Issuer through foreclosure, deed in lieu of foreclosure or similar proceedings in respect of the related Loan.

Freddie Mac: The Federal Home Loan Mortgage Corporation and any successor thereto.

GAAP: Generally Accepted Accounting Principles as in effect in the United States.

Gross Margin: With respect to each ARM, the fixed percentage amount set forth in the related Promissory Note.

Hedge Funding Requirement: With respect to any day, all amounts required to be paid or delivered by the Issuer under any Hedging Instrument, whether in respect of payments thereunder or in order to meet margin, collateral or other requirements thereof. Such amounts shall be calculated by the Market Value Agent and the Indenture Trustee shall be notified of such amount by the Market Value Agent.

Hedge Value: With respect to any Business Day and a specific Hedging Instrument, the positive amount, if any, that is equal to the amount that would be paid to the Issuer in consideration of an agreement between the Issuer and an unaffiliated third party, that would have the effect of preserving for the Issuer the net economic equivalent, as of such Business Day, of all payment and delivery requirements payable to and by the Issuer under such Hedging Instrument until the termination thereof, as determined by the Market Value Agent in accordance with Section 6.03 hereof.

Hedging Counterparty: A Person (i) (A) the long-term and commercial paper or short-term deposit ratings of which are acceptable to the Majority Noteholders and (B) which shall agree in writing that, in the event that any of its long-term or commercial paper or short-term deposit ratings cease to be at or above the levels deemed acceptable by the Majority Noteholders, it shall secure its obligations in accordance with the request of the Majority Noteholders, (ii) that has entered into a Hedging Instrument and (iii) that is acceptable to the Majority Noteholders.

Hedging Instrument: Any interest rate cap agreement, interest rate floor agreement, interest rate swap agreement or other interest rate hedging agreement entered into by the Issuer with a Hedging Counterparty, and which requires the Hedging Counterparty to deposit all amounts payable thereby directly to the Collection Account. Each Hedging Instrument shall meet the requirements set forth in Article VII hereof with respect thereto.

Indenture: The Indenture dated as of January 1, 2007, between the Issuer and the Indenture Trustee and any amendments thereto.

Indenture Trustee: Wells Fargo Bank, N.A., a national banking association, as Indenture Trustee under the Indenture, or any successor indenture trustee under the Indenture.

Indenture Trustee Fee: An annual fee of $5,000 payable by the Servicer in accordance with a separate fee agreement between the Indenture Trustee and the Servicer and Section 5.01 hereof.

Independent: When used with respect to any specified Person, such Person (i) is in fact independent of the Loan Originator, the Servicer, the Depositor or any of their respective Affiliates, (ii) does not have any direct financial interest in, or any material indirect financial interest in, the Loan Originator, the Servicer, the Depositor or any of their respective Affiliates

and (iii) is not connected with the Loan Originator, the Depositor, the Servicer or any of their respective Affiliates, as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions; provided, however, that a Person shall not fail to be Independent of the Loan Originator, the Depositor, the Servicer or any of their respective Affiliates merely because such Person is the beneficial owner of 1% or less of any class of securities issued by the Loan Originator, the Depositor, the Servicer or any of their respective Affiliates, as the case may be.

Independent Accountants: A firm of nationally recognized certified public accountants which is independent according to the provisions of SEC Regulation S-X, Article 2.

Index: With respect to each ARM, the index set forth in the related Promissory Note for the purpose of calculating the Loan Interest Rate thereon.

Initial Noteholder: Citigroup Global Markets Realty Corp. or an Affiliate thereof identified in writing by Citigroup Global Markets Realty Corp. to the Indenture Trustee and the other parties hereto.

Interest Carry-Forward Amount: With respect to any Payment Date, the excess, if any, of (A) the Interest Payment Amount for such Payment Date plus the Interest Carry-Forward Amount for the prior Payment Date over (B) the amount in respect of interest that is actually paid from the Distribution Account on such Payment Date in respect of the interest for such Payment Date.

Interest-Only Loan: A loan which, by its terms, requires the related Borrower to make monthly payments of only accrued interest for the certain period of time following origination. After such interest-only period, the loan terms provide that the Borrower’s monthly payment will be recalculated to cover both interest and principal so that such loan will amortize fully on or prior to its final payment date. Each Interest-Only Loan shall be identified as such on the Loan Schedule, and shall have an interest-only period of five years or as otherwise designated in the Loan Schedule.

Interest Payment Amount: With respect to any Payment Date, the sum of the Daily Interest Accrual Amounts for all days in the related Accrual Period.

LIBOR Business Day: Any day on which banks in the City of London are open and conducting transactions in United States dollars.

LIBOR Determination Date: With respect to each Accrual Period, the second LIBOR Business Day preceding the commencement of such Accrual Period.

LIBOR Margin: As defined in the Pricing Letter.

Lien: With respect to any asset, (a) any mortgage, lien, pledge, charge, security interest, hypothecation, option or encumbrance of any kind in respect of such asset or (b) the interest of a vendor or lessor under any conditional sale agreement, financing lease or other title retention agreement relating to such asset.

Lifetime Cap: The provision in the Promissory Note for each ARM which limits the maximum Loan Interest Rate over the life of such ARM.

Lifetime Floor: The provision in the Promissory Note for each ARM which limits the minimum Loan Interest Rate over the life of such ARM.

Liquidated Loan: As defined in Section 4.03(c) of the Servicing Addendum.

Liquidated Loan Losses: With respect to any Determination Date, the difference between (i) the aggregate Principal Balances as of such date of all Loans that became Liquidated Loans and (ii) all Liquidation Proceeds allocable to principal received on or prior to such date.

Liquidation Proceeds: With respect to a Liquidated Loan, any cash amounts received in connection with the liquidation of such Liquidated Loan, whether through trustee's sale, foreclosure sale or other disposition, any cash amounts received in connection with the management of the Mortgaged Property from Defaulted Loans, any proceeds from Primary Insurance Policies and any other amounts required to be deposited in the Collection Account pursuant to Section 5.01(b)(l) hereof, in each case other than Mortgage Insurance Proceeds and Released Mortgaged Property Proceeds. Liquidation Proceeds shall also include any awards or settlements in respect of the related Mortgage Property, whether permanent or temporary, partial or entire, by exercise of the power of eminent domain or condemnation.

Loan: Any loan sold to the Trust hereunder and pledged to the Indenture Trustee, which loan includes, without limitation, (i) a Promissory Note or Lost Note Affidavit and related Mortgage and (ii) all right, title and interest of the Loan Originator in and to the Mortgaged Property covered by such Mortgage. The term Loan shall be deemed to include the related Promissory Note or Lost Note Affidavit, related Mortgage and related Foreclosure Property, if any.

Loan Documents: With respect to a Loan, the documents comprising the Custodial Loan File for such Loan.

Loan File: With respect to each Loan, the Custodial Loan File and the Servicer's Loan File.

Loan Interest Rate: With respect to each Loan, the annual rate of interest borne by the related Promissory Note, as shown on the Loan Schedule, and, in the case of an ARM, as the same may be periodically adjusted in accordance with the terms of such Loan.

Loan Originator: Each of Option One and Option One Capital, and their respective successors and assigns, either individually or collectively.

Loan Pool: As of any date of determination, the pool of all Loans conveyed to the Issuer pursuant to this Agreement on all Transfer Dates up to and including such date of determination, which Loans have not been released from the Lien of the Indenture pursuant to the terms of the Basic Documents, together with the rights and obligations of a holder thereof, and the payments

thereon and proceeds therefrom received on and after the applicable Transfer Cut-off Date, as identified from time to time on the Loan Schedule.

Loan Purchase and Contribution Agreement: The Fifth Amended and Restated Loan Purchase and Contribution Agreement, dated as of December 29, 2006, by and between Option One Capital, a Delaware corporation, and Option One Loan Warehouse Corporation, a Delaware corporation, as amended by the Addendum to the Fifth Amended and Restated Loan Purchase and Contribution Agreement, dated as of January 1, 2007, between Option One Capital and the Depositor.

Loan Schedule: The schedule of Loans conveyed to the Issuer on the Closing Date and on each Transfer Date and delivered to the Initial Noteholder and the Custodian in the form of a computer-readable transmission specifying the information set forth on Exhibit D hereto and, with respect to Wet Funded Loans, Exhibit C to the Custodial Agreement.

Loan-to-Value Ratio or LTV: With respect to any First Lien Loan, the ratio of the original outstanding principal amount of such Loan to the Appraised Value of the Mortgaged Property at origination.

Lost Note Affidavit: With respect to any Loan as to which the original Promissory Note has been permanently lost or destroyed and has not been replaced, an affidavit from the Loan Originator certifying that the original Promissory Note has been lost, misplaced or destroyed (together with a copy of the related Promissory Note and indemnifying the Issuer against any loss, cost or liability resulting from the failure to deliver the original Promissory Note) in the form of Exhibit L attached to the Custodial Agreement.

LPA Assignment: The Assignment of Loans from Option One to the Depositor under the Loan Purchase and Contribution Agreement.

Majority Certificateholders: Has the meaning set forth in the Trust Agreement.

Majority Noteholders: The holder or holders of in excess of 50% of the Note Principal Balance. In the event of the release of the Lien of the Indenture in accordance with the terms thereof, the Majority Noteholders shall mean the Majority Certificateholders.

Market Value: The market value of a Loan as of any Business Day as determined by the Market Value Agent in accordance with Section 6.03 hereof.

Market Value Agent: Citigroup Global Markets Realty Corp. or an Affiliate thereof designated by Citigroup Global Markets Realty Corp. in writing to the parties hereto and, in either case, its successors in interest.

Master Disposition Confirmation Agreement: The Fifth Amended and Restated Master Disposition Confirmation Agreement, dated as of December 29, 2006, by and among Option One, Option One Capital, the Depositor, Option One Owner Trust 2001-1 A, Option One Owner Trust 2001-2, Option One Owner Trust 2002-3, Option One Owner Trust 2003-4, Option One Owner Trust 2003-5, Option One Owner Trust 2005-6, Option One Owner Trust 2005-7, Option

One Owner Trust 2005-8, and Option One Owner Trust 2005-9, Option One Owner Trust 2007-5A, Wells Fargo Bank, N.A., Bank of America, N.A., Greenwich Capital Financial Products, Inc., Steamboat Funding Corporation, UBS Warburg Real Estate Securities Inc., JPMorgan Chase Bank, N.A., Lehman Brothers Bank, HSBC Bank USA, N.A., Bryant Park Funding LLC, HSBC Securities (USA) Inc., Merrill Lynch Bank USA, DB Structured Products, Inc., Aspen Funding Corp., Newport Funding Corp., Gemini Securitization Corp. and Citigroup Global Markets Realty Corp., as amended by the Addendum to the Fifth Amended and Restated Master Disposition Confirmation Agreement, dated as of January 1, 2007.

Maturity Date: With respect to the Notes, as set forth in the Indenture or such later date as may be agreed in writing by the Majority Noteholders.

Maximum Note Principal Balance: As defined in Section 1.01 of the Note Purchase Agreement.

Monthly Advance: The aggregate of the advances made by the Servicer on any Remittance Date pursuant to Section 4.14 of the Servicing Addendum.

Monthly Payment: The scheduled monthly payment of principal and/or interest required to be made by a Borrower on the related Loan, as set forth in the related Promissory Note.

Monthly Remittance Amount: With respect to each Remittance Date, the sum, without duplication, of (i) the aggregate payments on the Loans collected by the Servicer pursuant to Section 5.01(b)(l)(i) during the immediately preceding Remittance Period and (ii) the aggregate of amounts deposited into the Collection Account pursuant to Section 5.01(b)(l)(ii) through 5.01(b)(l)(xi) during the immediately preceding Remittance Period.

Moody's: Moody's Investors Service, Inc., or any successor thereto.

Mortgage: With respect to any Loan, the mortgage, deed of trust or other instrument securing the related Promissory Note, which creates a first or second lien on the fee in real property and/or a first or second lien on the leasehold estate in real property securing the Promissory Note and the assignment of rents and leases related thereto.

Mortgage Insurance Policies: With respect to any Mortgaged Property or Loan, the insurance policies required pursuant to Section 4.08 of the Servicing Addendum.

Mortgage Insurance Proceeds: With respect to any Mortgaged Property, all amounts collected in respect of Mortgage Insurance Policies and not required either pursuant to applicable law or the related Loan Documents to be applied to the restoration of the related Mortgaged Property or paid to the related Borrower.

Mortgaged Property: With respect to a Loan, the related Borrower's fee and/or leasehold interest in the real property (and/or all improvements, buildings, fixtures, building equipment and personal property thereon (to the extent applicable) and all additions, alterations and replacements made at any time with respect to the foregoing) and all other collateral securing repayment of the debt evidenced by the related Promissory Note.

Net Liquidation Proceeds: With respect to any Payment Date, Liquidation Proceeds received during the prior Remittance Period, net of any reimbursements to the Servicer made from such amounts for any unreimbursed Servicing Compensation and Servicing Advances (including Nonrecoverable Servicing Advances) made and any other fees and expenses paid in connection with the foreclosure, inspection, conservation and liquidation of the related Liquidated Loans or Foreclosure Properties pursuant to Section 4.03 of the Servicing Addendum.

Net Loan Losses: With respect to any Defaulted Loan that is subject to a modification pursuant to Section 4.01 of the Servicing Addendum, an amount equal to the portion of the Principal Balance, if any, released in connection with such modification.

Net Worth: With respect to any Person, the excess of total assets of such Person, over total liabilities of such Person, determined in accordance with GAAP.

Non-performing Loan: Any Loan which is greater than 90 days Delinquent.

Nonrecoverable Monthly Advance: Any Monthly Advance previously made or proposed to be made with respect to a Loan or Foreclosure Property that, in the good faith business judgment of the Servicer, as evidenced by an Officer's Certificate of a Servicing Officer delivered to the Initial Noteholder, will not, or, in the case of a proposed Monthly Advance, would not be, ultimately recoverable from the related late payments, Mortgage Insurance Proceeds, Liquidation Proceeds or condemnation proceeds on such Loan or Foreclosure Property as provided herein.

Nonrecoverable Servicing Advance: With respect to any Loan or any Foreclosure Property, (a) any Servicing Advance previously made and not reimbursed from late collections, condemnation proceeds, Liquidation Proceeds, Mortgage Insurance Proceeds or the Released Mortgaged Property Proceeds on the related Loan or Foreclosure Property or (b) a Servicing Advance proposed to be made in respect of a Loan or Foreclosure Property either of which, in the good faith business judgment of the Servicer, as evidenced by an Officer's Certificate of a Servicing Officer delivered to the Initial Noteholder, would not be ultimately recoverable.

Nonutilization Fee: With respect to any Payment Date occurring on a date specified in clause (i) of the definition thereof, a fee payable by the Issuer to the Initial Noteholder in an amount equal to (a) the product of (i) 0.125% and (ii) the average amount of the excess (if any) on each day during the related Remittance Period of $1,000,000,000 over the Note Principal Balance for such day and (iii) the number of days during the related Remittance Period divided by (b) 360; provided, however, that (1) for purposes of clauses (a)(ii) and (a)(iii) above there shall be disregarded any days occurring prior to the first Transfer Date and any days occurring on or after the expiration or termination of the Revolving Period and (2) should the amount calculated pursuant to clause (a)(ii) above not exceed $750,000,000, then the amount of the Nonutilization Fee with respect to the Payment Date shall be zero.

Note: The meaning assigned thereto in the Indenture.

Noteholder: The meaning assigned thereto in the Indenture.

Note Interest Rate: With respect to each Accrual Period, a per annum interest rate equal to One-Month LIBOR for the related LIBOR Determination Date plus the LIBOR Margin and, if applicable, the Default LIBOR Margin for such Accrual Period.

Note Principal Balance: With respect to the Notes, as of any date of determination (a) the sum of the Additional Note Principal Balances purchased on or prior to such date pursuant to the Note Purchase Agreement less (b) all amounts previously distributed in respect of principal of the Notes on or prior to such day.

Note Purchase Agreement: The Note Purchase Agreement among the Initial Noteholder, the Issuer and the Depositor, dated as of November 14, 2003 and any amendments thereto.

Note Redemption Amount: As of any Determination Date, an amount without duplication equal to the sum of (i) the then outstanding Note Principal Balance of the Notes, plus the Interest Payment Amount for the related Payment Date, (ii) any Trust Fees and Expenses due and unpaid on the related Payment Date, (iii) any Servicing Advance Reimbursement Amount as of such Determination Date and (iv) all amounts due to Hedging Counterparties in respect of the termination of all related Hedging Instruments.

Officer's Certificate: A certificate signed by a Responsible Officer of the Depositor, the Loan Originator, the Servicer or the Issuer, in each case, as required by this Agreement.

One-Month LIBOR: With respect to each Accrual Period, the rate determined by the Initial Noteholder on the related LIBOR Determination Date on the basis of the offered rate for one-month U.S. dollar deposits, as such rate appears on Telerate Page 3750 as of 11:00 a.m. (London time) on such LIBOR Determination Date; provided that if such rate does not appear on Telerate Page 3750, the rate for such date will be determined on the basis of the offered rates of the Reference Banks for one-month U.S. dollar deposits, as of 11:00 a.m. (London time) on such LIBOR Determination Date. In such event, the Initial Noteholder will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If on such LIBOR Determination Date, two or more Reference Banks provide such offered quotations, One-Month LIBOR for the related Accrual Period shall be the arithmetic mean of all such offered quotations (rounded to the nearest whole multiple of 1/16%). If on such LIBOR Determination Date, fewer than two Reference Banks provide such offered quotations, One-Month LIBOR for the Accrual Period shall be the higher of (i) LIBOR as determined on the previous LIBOR Determination Date and (ii) the Reserve Interest Rate. Notwithstanding the foregoing, if, under the priorities described above, One-Month LIBOR for a LIBOR Determination Date would be based on One-Month LIBOR for the previous LIBOR Determination Date for the third consecutive LIBOR Determination Date, the Initial Noteholder shall select an alternative comparable index (over which the Initial Noteholder has no control), used for determining one-month Eurodollar lending rates that is calculated and published (or otherwise made available) by an independent party.

Opinion of Counsel: A written opinion of counsel who may be employed by the Servicer, the Depositor, the Loan Originator or any of their respective Affiliates.

Option One: Option One Mortgage Corporation, a California corporation.

Option One Capital: Option One Mortgage Capital Corporation, a Delaware corporation.

Overcollateralization Shortfall: With respect to any Business Day, an amount equal to the positive difference, if any, between (a) the Note Principal Balance on such Business Day and (b) the aggregate Collateral Value of all Loans in the Loan Pool as of such Business Day; provided, however, that on (A) the termination of the Revolving Period, (B) the occurrence of a Rapid Amortization Trigger, (C) the Payment Date on which the Trust is to be terminated pursuant to Section 10.02 hereof, or (D) the Final Put Date, the Overcollateralization Shortfall shall be equal to the Note Principal Balance. Notwithstanding anything to the contrary herein, in no event shall the Overcollateralization Shortfall, with respect to any Business Day, exceed the Note Principal Balance as of such date. If as of such Business Day, no Rapid Amortization Trigger or Default under this Agreement or the Indenture shall be in effect, the Overcollateralization Shortfall shall be reduced (but in no event to an amount below zero) by all or any portion of the aggregate Hedge Value as of such Payment Date as the Majority Noteholders may, in their sole discretion, designate in writing.

Owner Trustee: means Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity but solely as Owner Trustee under this Agreement, and any successor owner trustee under the Trust Agreement.

Owner Trustee Fee: The annual fee of $4,000 payable in equal monthly installments to the Servicer pursuant to Section 5.01(c)(3)(i) which shall in turn pay such amount annually to the Owner Trustee on the anniversary of the Closing Date occurring each year during the term of this Agreement.

Paying Agent: The meaning assigned thereto in the Indenture.

Payment Date: Each of, (i) the 10th day of each calendar month commencing on the first such 10th day to occur after the first Transfer Date, or if any such day is not a Business Day, the first Business Day immediately following such day, (ii) any day a Loan is sold pursuant to the terms hereof, (iii) a Put Date as specified by the Majority Noteholder pursuant to Section 10.05 of the Indenture and (iv) an additional Payment Date pursuant to Section 5.01(c)(4)(i) and 5.01(c)(4)(iii). From time to time, the Majority Noteholders and the Issuer may agree, upon written notice to the Owner Trustee and the Indenture Trustee, to additional Payment Dates in accordance with Section 5.01(c)(4)(ii).

Payment Statement: As defined in Section 6.01(b) hereof.

Percentage Interest: As defined in the Trust Agreement.

Periodic Cap: With respect to each ARM Loan and any Rate Change Date therefor, the annual percentage set forth in the related Promissory Note, which is the maximum annual percentage by which the Loan Interest Rate for such Loan may increase or decrease (subject to the Lifetime Cap or the Lifetime Floor) on such Rate Change Date from the Loan Interest Rate in effect immediately prior to such Rate Change Date.

Permitted Investments: Each of the following:

(a) Direct general obligations of the United States or the obligations of any agency or instrumentality of the United States fully and unconditionally guaranteed, the timely payment or the guarantee of which constitutes a full faith and credit obligation of the United States.

(b) Federal Housing Administration debentures rated Aa2 or higher by Moody's and AA or better by S&P.

(c) Freddie Mac senior debt obligations rated Aa2 or higher by Moody's and AA or better by S&P.

(d) Federal Home Loan Banks' consolidated senior debt obligations rated Aa2 or higher by Moody's and AA or better by S&P.

(e) Fannie Mae senior debt obligations rated Aa2 or higher by Moody's.

(f) Federal funds, certificates or deposit, time and demand deposits, and bankers' acceptances (having original maturities of not more than 365 days) of any domestic bank, the short-term debt obligations of which have been rated A-l or better by S&P and P-l or better by Moody's.

(g) Investment agreements approved by the Initial Noteholder provided:

(1) The agreement is with a bank or insurance company which has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) rated Aa2 or better by Moody's and AA or better by S&P, and

(2) Monies invested thereunder may be withdrawn without any penalty, premium or charge upon not more than one day's notice (provided such notice may be amended or canceled at any time prior to the withdrawal date), and

(3) The agreement is not subordinated to any other obligations of such insurance company or bank, and

(4) The same guaranteed interest rate will be paid on any future deposits made pursuant to such agreement, and

(5) The Indenture Trustee and the Initial Noteholder receive an opinion of counsel that such agreement is an enforceable obligation of such insurance company or bank.

(h) Commercial paper (having original maturities of not more than 365 days) rated A-l or better by S&P and P-l or better by Moody's.

(i) Investments in money market funds rated AAAM or AAAM-G by S&P and Aaa or P-l by Moody's.

(j) Investments approved in writing by the Initial Noteholder;

provided that no instrument described above is permitted to evidence either the right to receive (a) only interest with respect to obligations underlying such instrument or (b) both principal and interest payments derived from obligations underlying such instrument and the interest and principal payments with respect to such instrument provided a yield to maturity at par greater than 120% of the yield to maturity at par of the underlying obligations; and provided, further, that no instrument described above may be purchased at a price greater than par if such instrument may be prepaid or called at a price less than its purchase price prior to stated maturity; and provided, further, that, with respect to any instrument described above, such instrument qualifies as a "permitted investment" within the meaning of Section 860G(a)(5) of the Code and the regulations thereunder.

Person: Any individual, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, national banking association, unincorporated organization or government or any agency or political subdivision thereof.

Physical Property: As defined in clause (b) of the definition of "Delivery" above.

Points and Fees Loan: Any Loan identified on the related Loan Schedule as having points and fees of less than 4.85%.

Pool Principal Balance: With respect to any Determination Date, the aggregate Principal Balances of the Loans as of such Determination Date.

Premium Advance Loan: As defined in the Pricing Letter.

Prepaid Installment: With respect to any Loan, any installment of principal thereof and interest thereon received prior to the scheduled Due Date for such installment, intended by the Borrower as an early payment thereof and not as a Prepayment with respect to such Loan.

Prepayment: Any payment of principal of a Loan which is received by the Servicer in advance of the scheduled due date for the payment of such principal (other than the principal portion of any Prepaid Installment), and the proceeds of any Mortgage Insurance Policy which are to be applied as a payment of principal on the related Loan shall be deemed to be Prepayments for all purposes of this Agreement.

Preservation Expenses: Expenditures made by the Servicer in connection with a foreclosed Loan prior to the liquidation thereof, including, without limitation, expenditures for real estate property taxes, hazard insurance premiums, property restoration or preservation.

Pricing Letter: The pricing letter among the Issuer, the Depositor, Option One, Option One Capital and the Indenture Trustee, dated the date hereof and any amendments thereto.

Primary Insurance Policy: A policy of primary mortgage guaranty insurance issued by a Qualified Insurer pursuant to Section 4.06 of the Servicing Addendum.

Principal Balance: With respect to any Loan or related Foreclosure Property, (i) at the Transfer Cut-off Date, the Transfer Cut-off Date Principal Balance and (ii) with respect to any

other date of determination, the outstanding unpaid principal balance of the Loan as of the end of the preceding Remittance Period (after giving effect to all payments received thereon and the allocation of any Net Loan Losses with respect thereto for a Defaulted Loan prior to the end of such Remittance Period); provided, however, that any Liquidated Loan shall be deemed to have a Principal Balance of zero.

Proceeding: Means any suit in equity, action at law or other judicial or administrative proceeding.

Promissory Note: With respect to a Loan, the original executed promissory note or other evidence of the indebtedness of the related Borrower or Borrowers.

Put/Call Loan: Any (i) Loan that has become 30 or more days (but less than 60 days) Delinquent, (ii) Loan that has become 60 or more days (but less than 90 days) Delinquent, (iii) Loan that has become 90 or more days Delinquent, (iv) Loan that is a Defaulted Loan, (v) Loan that has been in default for a period of 30 days or more (other than a Loan referred to in clause (i), (ii), (iii) or (iv) hereof), (vi) Loan that does not meet criteria established by independent rating agencies or surety agency conditions for Dispositions which criteria have been established at the related Transfer Date and may be modified only to match changed criteria of independent rating agencies or surety agents, or (vii) Loan that is inconsistent with the intended tax status of a Securitization.

Put Date: Any date on which all or a portion of the Notes are to be purchased by the Issuer as a result of the exercise of the Put Option.

Put Option: The right of the Majority Noteholders to require the Issuer to repurchase all or a portion of the Notes in accordance with Section 10.04 of the Indenture.

QSPE Affiliate: Option One Owner Trust 2001-1A, Option One Owner Trust 2001-2, Option One Owner Trust 2002-3, Option One Owner Trust 2003-4, Option One Owner Trust 2003-5, Option One Owner Trust 2005-6, Option One Owner Trust 2005-7, Option One Owner Trust 2005-8 and Option One Owner Trust 2005-9, or any other Affiliate which is a “qualified special purpose entity” in accordance with Financial Accounting Standards Board’s Statement No. 140 or 125.

Qualified Insurer: An insurance company duly qualified as such under the laws of the states in which the Mortgaged Property is located, duly authorized and licensed in such states to transact the applicable insurance business and to write the insurance provided and that meets the requirements of Fannie Mae and Freddie Mac.

Qualified Substitute Loan: A Loan or Loans substituted for a Deleted Loan pursuant to Section 3.06 hereof, which (i) has or have been approved in writing by the Majority Noteholders and (ii) complies or comply as of the date of substitution with each representation and warranty set forth in Exhibit E and is or are not 30 or more days Delinquent as of the date of substitution for such Deleted Loan or Loans.

Rapid Amortization Trigger: Shall exist, as of any Determination Date, if the aggregate Principal Balance of all Loans that are Delinquent greater than 59 days (including Defaulted Loans and Foreclosed Loans) as of such Determination Date divided by the Pool Principal Balance as of such Determination Date is greater than 3%; provided, however, that a Rapid Amortization Trigger shall not occur if such percentage is reduced to less than 3% within 5 Business Days of such Determination Date as a result of the exercise of a Servicer Call. A Rapid Amortization Trigger shall continue to exist until it is Deemed Cured.

Rate Change Date: The date on which the Loan Interest Rate of each ARM is subject to adjustment in accordance with the related Promissory Note.

Rating Agencies: S&P and Moody's or such other nationally recognized credit rating agencies as may from time to time be designated in writing by the Majority Noteholders in their sole discretion.

Record Date: With respect to each Payment Date, the close of business of the immediately preceding Business Day.

Reference Banks: Bankers Trust Company, Barclay's Bank PLC, The Tokyo Mitsubishi Bank and National Westminster Bank PLC and their successors in interest; provided, however, that if the Initial Noteholder determines that any of the foregoing banks are not suitable to serve as a Reference Bank, then any leading banks selected by the Initial Noteholder with the approval of the Issuer, which approval shall not be unreasonably withheld, which are engaged in transactions in Eurodollar deposits in the international Eurocurrency market (i) with an established place of business in London and (ii) which have been designated as such by the Initial Noteholder with the approval of the Issuer, which approval shall not be unreasonably withheld.

Refinanced Loan: A Loan the proceeds of which were not used to purchase the related Mortgaged Property.

Released Mortgaged Property Proceeds: With respect to any Loan, proceeds received by the Servicer in connection with (i) a taking of an entire Mortgaged Property by exercise of the power of eminent domain or condemnation or (ii) any release of part of the Mortgaged Property from the lien of the related Mortgage, whether by partial condemnation, sale or otherwise; which proceeds in either case are not released to the Borrower in accordance with applicable law and/or Accepted Servicing Practices.

Remittance Date: The Business Day immediately preceding each Payment Date.

Remittance Period: With respect to any Payment Date, the period commencing immediately following the Determination Date for the preceding Payment Date (or, in the case of the initial Payment Date, commencing immediately following the initial Transfer Cut-off Date) and ending on and including the related Determination Date.

Repurchase Price: With respect to a Loan the sum of (i), the Principal Balance thereof as of the date of purchase or repurchase, plus (ii) all accrued and unpaid interest on such Loan to

the date of purchase or repurchase computed at the applicable Loan Interest Rate, plus (iii) the amount of any unreimbursed Servicing Advances made by the Servicer with respect to such Loan (after deducting therefrom any amounts received in respect of such purchased or repurchased Loan and being held in the Collection Account for future distribution to the extent such amounts represent recoveries of principal not yet applied to reduce the related Principal Balance or interest (net of the Servicing Fee) for the period from and after the date of repurchase). The Repurchase Price shall be (i) increased by the net negative value or (ii) decreased by the net positive value of all Hedging Instruments terminated with respect to the purchase of such Loan. To the extent the Servicer does not reimburse itself for amounts, if any, in respect of the Servicing Advance Reimbursement Amount pursuant to Section 5.01(c)(l) hereof, with respect to such Loan, the Repurchase Price shall be reduced by such amounts.

Reserve Interest Rate: With respect to any LIBOR Determination Date, the rate per annum that the Initial Noteholder determines to be either (i) the arithmetic mean (rounded to the nearest whole multiple of 1/16%) of the one-month U.S. dollar lending rates which New York City banks selected by the Initial Noteholder are quoting on the relevant LIBOR Determination Date to the principal London offices of leading banks in the London interbank market or (ii) in the event that the Initial Noteholder can determine no such arithmetic mean, the lowest one-month U.S. dollar lending rate which New York City banks selected by the Initial Noteholder are quoting on such LIBOR Determination Date to leading European banks.

Responsible Officer: When used with respect to the Indenture Trustee or Custodian, any officer within the corporate trust office of such Person, including any Vice President, Assistant Vice President, Secretary, Assistant Secretary or any other officer of such Person customarily performing functions similar to those performed by any of the above designated officers and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject. When used with respect to the Issuer, any officer of the Owner Trustee who is authorized to act for the Owner Trustee in matters relating to the Issuer and who is identified on the list of Authorized Officers delivered by the Owner Trustee to the Indenture Trustee on the date hereof (as such list may be modified or supplemented from time to time thereafter) and, so long as the Administration Agreement is in effect, any Vice President or more senior officer of the Administrator who is authorized to act for the Administrator in matters relating to the Issuer and to be acted upon by the Administrator pursuant to the Administration Agreement and who is identified on the list of Responsible Officers delivered by the Administrator to the Owner Trustee on the date hereof (as such list may be modified or supplemented from time to time thereafter). When used with respect to the Depositor, the Loan Originator or the Servicer, the President, any Vice President, or the Treasurer.

Retained Securities: With respect to a Securitization, any subordinated securities issued or expected to be issued, or excess collateral value retained or expected to be retained, in connection therewith to the extent the Depositor, the Loan Originator or an Affiliate thereof retains, instead of sell, such securities.

Retained Securities Value: With respect to any Business Day and a Retained Security, the market value thereof as determined by the Market Value Agent in accordance with Section 6.03(d) hereof.

Revolving Period: With respect to the Notes, the period commencing on January 31, 2007 and ending on November 9, 2007

Sales Price: For any Transfer Date, the sum of the Collateral Values with respect to each Loan conveyed on such Transfer Date as of such Transfer Date.

S&SA Assignment: An Assignment, in the form of Exhibit C hereto, of Loans and other property from the Depositor to the Issuer pursuant to this Agreement.

Second Lien Loan: A Loan secured by the lien on the Mortgaged Property, subject to one Senior Lien on such Mortgaged Property.

Securities: The Notes and the Trust Certificates.

Securities Intermediary: A "securities intermediary" as defined in Section 8-102(a)(14) of the UCC that is holding a Trust Account for the Indenture Trustee as the sole "entitlement holder" as defined in Section 8-102(a)(7) of the UCC.

Securitization: A sale or transfer of Loans by the Issuer at the direction of the Majority Noteholders to any other Person in order to effect one or a series of structured-finance securitization transactions, including but not limited to transactions involving the issuance of securities which may be treated for federal income tax purposes as indebtedness of Option One or one or more of its wholly-owned subsidiaries.

Securityholder: Any Noteholder or Certificateholder.

Senior Lien: With respect to any Second Lien Loan, the mortgage loan having a senior priority lien on the related Mortgaged Property.

Servicer: Option One, in its capacity as the servicer hereunder, or any successor appointed as herein provided.

Servicer Call: The optional repurchase by the Servicer of a Loan pursuant to Section 3.08(b) hereof.

Servicer Event of Default: As described in Section 9.01 hereof.

Servicer Put: The mandatory repurchase by the Servicer, at the option of the Majority Noteholders, of a Loan pursuant to Section 3.08(a) hereof.

Servicer's Fiscal Year: May 1st of each year through April 30th of the following year.

Servicer's Loan File: With respect to each Loan, the file held by the Servicer, consisting of all documents (or electronic images thereof) relating to such Loan, including, without limitation, copies of all of the Loan Documents included in the related Custodial Loan File.

Servicer's Remittance Report: A report prepared and computed by the Servicer in substantially the form of Exhibit B attached hereto.

Servicing Addendum: The terms and provisions set forth in Exhibit F attached hereto relating to the administration and servicing of the Loans.

Servicing Advance Reimbursement Amount: With respect to any Determination Date, the amount of any Servicing Advances that have not been reimbursed as of such date, including Nonrecoverable Servicing Advances.

Servicing Advances: As defined in Section 4.14(b) of the Servicing Addendum.

Servicing Compensation: The Servicing Fee and other amounts to which the Servicer is entitled pursuant to Section 4.15 of the Servicing Addendum.

Servicing Fee: As to each Loan (including any Loan that has been foreclosed and for which the related Mortgaged Property has become a Foreclosure Property, but excluding any Liquidated Loan), the fee payable monthly to the Servicer, which shall be the product of 0.50% (50 basis points), or such other lower amount as shall be mutually agreed to in writing by the Majority Noteholders and the Servicer, and the Principal Balance of such Loan as of the beginning of the related Remittance Period, divided by 12. The Servicing Fee shall only be payable to the extent interest is collected on a Loan.

Servicing Officer: Any officer of the Servicer or Subservicer involved in, or responsible for, the administration and servicing of the Loans whose name and specimen signature appears on a list of servicing officers annexed to an Officer's Certificate furnished by the Servicer or the Subservicer, respectively, on the date hereof to the Issuer and the Indenture Trustee, on behalf of the Noteholders, as such list may from time to time be amended.

S&P: Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc.

State: Means any one of the states of the United States of America or the District of Columbia.

Sub-performing Loan: Any Loan which is 31 to 90 days Delinquent.

Subservicer: Any Person with which the Servicer has entered into a Subservicing Agreement and which is an Eligible Servicer and satisfies any requirements set forth in Section 4.22 of the Servicing Addendum in respect of the qualifications of a Subservicer.

Subservicing Account: An account established by a Subservicer pursuant to a Subservicing Agreement, which account must be an Eligible Account.

Subservicing Agreement: Any agreement between the Servicer and any Subservicer relating to subservicing and/or administration of any or all Loans as provided in Section 4.22 in the Servicing Addendum.

Subsidiary: With respect to any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person.

Substitution Adjustment: As to any date on which a substitution occurs pursuant to Section 2.05 or Section 3.06 hereof, the amount, if any, by which (a) the aggregate principal balance of any Qualified Substitute Loans (after application of principal payments received on or before the related Transfer Cut-off Date) is less than (b) the aggregate of the Principal Balances of the related Deleted Loans as of the first day of the month in which such substitution occurs.

Tangible Net Worth: With respect to any Person, as of any date of determination, the consolidated Net Worth of such Person and its Subsidiaries, less the consolidated net book value of all assets of such Person and its Subsidiaries (to the extent reflected as an asset in the balance sheet of such Person or any Subsidiary at such date) which will be treated as intangibles under GAAP, including, without limitation, such items as deferred financing expenses, net leasehold improvements, good will, trademarks, trade names, service marks, copyrights, patents, licenses and unamortized debt discount and expense; provided, that residual securities issued by such Person or its Subsidiaries shall not be treated as intangibles for purposes of this definition.

Termination Price: As of any Determination Date, an amount without duplication equal to the greater of (A) the Note Redemption Amount and (B) the sum of (i) the Principal Balance of each Loan included in the Trust as of the end of the preceding Remittance Period; (ii) all unpaid interest accrued on the Principal Balance of each such Loan at the related Loan Interest Rate to the end of the preceding Remittance Period; and (iii) the aggregate fair market value of each Foreclosure Property included in the Trust as of the end of the preceding Remittance Period, as determined by an Independent appraiser acceptable to the Majority Noteholders as of a date not more than 30 days prior to such Payment Date.

Transfer Cut-off Date: With respect to each Loan, (i) the first day of the month in which the Transfer Date with respect to such Loan occurs or if originated in such month, the date of origination or (ii) in the case of a purchase from a QSPE Affiliate, unless otherwise specified in the confirmation delivered in accordance with the Master Disposition Confirmation Agreement in connection with such purchase, the related Transfer Date.

Transfer Cut-off Date Principal Balance: As to each Loan, its Principal Balance as of the opening of business on the Transfer Cut-off Date (after giving effect to any payments received on the Loan before the Transfer Cut-off Date).

Transfer Date: With respect to each Loan, the day such Loan is either (i) sold and conveyed to the Depositor by the Loan Originator pursuant to the Loan Purchase and Contribution Agreement and to the Issuer by the Depositor pursuant to Section 2.01 hereof or (ii) sold to the Issuer pursuant to the Master Disposition Confirmation Agreement, which results in an increase in the Note Principal Balance by the related Additional Note Principal Balance. With respect to any Qualified Substitute Loan, the Transfer Date shall be the day such Loan is conveyed to the Trust pursuant to Section 2.05 or 3.06.

Transfer Obligation: The obligation of the Loan Originator under Section 5.06 hereof to make certain payments in connection with Dispositions and other related matters.

Transfer Obligation Account: The account designated as such, established and maintained pursuant to Section 5.05 hereof.

Transfer Obligation Target Amount: With respect to any Payment Date, the cumulative total of all withdrawals pursuant to Section 5.05(e), 5.05(f), 5.05(g), and 5.05(h) hereof from the Transfer Obligation Account to but not including such Payment Date minus any amount withdrawn from the Transfer Obligation Account to return to the Loan Originator pursuant to Section 5.05(i)(i).

Trust: Option One Owner Trust 2007-5A, the Delaware statutory trust created pursuant to the Trust Agreement.

Trust Agreement: The Trust Agreement dated as of January 1, 2007 between the Depositor and the Owner Trustee.

Trust Account Property: The Trust Accounts, all amounts and investments held from time to time in the Trust Accounts and all proceeds of the foregoing.

Trust Accounts: The Distribution Account, the Collection Account and the Transfer Obligation Account.

Trust Certificate: The meaning assigned thereto in the Trust Agreement.

Trust Estate: Shall mean the assets subject to this Agreement, the Trust Agreement and the Indenture and assigned to the Trust, which assets consist of: (i) such Loans as from time to time are subject to this Agreement as listed in the Loan Schedule, as the same may be amended or supplemented on each Transfer Date and by the removal of Deleted Loans and Unqualified Loans and by the addition of Qualified Substitute Loans, together with the Servicer's Loan Files and the Custodial Loan Files relating thereto and all proceeds thereof, (ii) the Mortgages and security interests in the Mortgaged Properties, (iii) all payments in respect of interest and principal with respect to each Loan received on or after the related Transfer Cut-off Date, (iv) such assets as from time to time are identified as Foreclosure Property, (v) such assets and funds as are from time to time deposited in the Distribution Account, Collection Account and the Transfer Obligation Account, including, without limitation, amounts on deposit in such accounts that are invested in Permitted Investments, (vi) lenders' rights under all Mortgage Insurance Policies and to any Mortgage Insurance Proceeds, (vii) Net Liquidation Proceeds and Released

Mortgaged Property Proceeds, (viii) all right, title and interest of the Trust (but none of the obligations) in and to the obligations of Hedging Counterparties under Hedging Instruments and (ix) all right, title and interest of each of the Depositor, the Loan Originator and the Trust in and under the Basic Documents including, without limitation, the obligations of the Loan Originator under the Loan Purchase and Contribution Agreement and/or the Master Disposition Confirmation Agreement, and all proceeds of any of the foregoing.

Trust Fees and Expenses: As of each Payment Date, an amount equal to the Servicing Compensation, the Owner Trustee Fee, the Indenture Trustee Fee and the Custodian Fee, if any, and any expenses of the Servicer, the Owner Trustee, the Indenture Trustee or the Custodian.

UCC: The Uniform Commercial Code as in effect from time to time in the State of New York.

UCC Assignment: A form “UCC 2” or “UCC 3” statement meeting the requirements of the Uniform Commercial Code of the relevant jurisdiction to reflect an assignment of a secured party’s interest in collateral.

UCC-1 Financing Statement: A financing statement meeting the requirements of the Uniform Commercial Code of the relevant jurisdiction.

Underwriting Guidelines: The underwriting guidelines (including the loan origination guidelines) of the Loan Originator, as the same may be amended from time to time with notice to the Initial Noteholder.

Unfunded Transfer Obligation: With respect to any date of determination, an amount equal to (x) the sum of (A) 10% of the aggregate Collateral Value (as of the related Transfer Date) of all Loans sold hereunder, plus (B) any amounts withdrawn from the Transfer Obligation Account for return to the Loan Originator pursuant to Section 5.05(i)(i) hereof prior to such Payment Date, less (y) the sum of (i) the aggregate amount of payments actually made by the Loan Originator in respect of the Transfer Obligation pursuant to Section 5.06, (ii) the amount obtained by multiplying (a) the Unfunded Transfer Obligation Percentage immediately prior to a Disposition by (b) the aggregate Collateral Value (as of the related date of such Disposition) of all Loans that have been subject to such Disposition and (iii) without duplication, the aggregate amount of the Repurchase Prices paid by the Servicer in respect of any Servicer Puts.

Unfunded Transfer Obligation Percentage: As of any date of determination, an amount equal to (x) the Unfunded Transfer Obligation as of such date, divided by (y) 100% of the aggregate Collateral Values as of the related Transfer Date of all Loans in the Loan Pool.

Unqualified Loan: As defined in Section 3.06(a) hereof.

Wet Funded Custodial File Delivery Date: With respect to a Wet Funded Loan, the fifteenth day after the related Transfer Date, provided that if a Default or Event of Default shall have occurred, the Wet Funded Custodial File Delivery Date shall be the earlier of (x) such fifteenth day and (y) the fifth day after the occurrence of such event.

Wet Funded Loan: A Loan for which the related Custodial Loan File shall not have been delivered to the Custodian as of the related Transfer Date.

Whole Loan Sale: A Disposition of Loans pursuant to a whole-loan sale.

Section 1.02 Other Definitional Provisions.

(a) Any agreement, instrument or statute defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as from time to time amended, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; references to a Person are also to its permitted successors and assigns.

(b) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) As used in this Agreement and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in this Agreement or in any such certificate or other document, and accounting terms partly defined in this Agreement or in any such certificate or other document to the extent not defined, shall have the respective meanings given to them under GAAP. To the extent that the definitions of accounting terms in this Agreement or in any such certificate or other document are inconsistent with the meanings of such terms under GAAP, the definitions contained in this Agreement or in any such certificate or other document shall control.

(d) The words “hereof,” “herein,” “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; Article, Section, Schedule and Exhibit references contained in this Agreement are references to Articles, Sections, Schedules and Exhibits in or to this Agreement unless otherwise specified; and the term “including” shall mean “including without limitation.”

(e) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

ARTICLE II

CONVEYANCE OF THE TRUST ESTATE; ADDITIONAL NOTE PRINCIPAL BALANCES

Section 2.01 Conveyance of the Trust Estate; Additional Note Principal Balances.

(a) (i) On the terms and conditions of this Agreement, on each Transfer Date during the Revolving Period, the Depositor agrees to offer for sale and to sell a portion of each of the Loans and contribute to the capital stock of the Issuer the balance of each of the Loans and deliver the related Loan Documents to or at the direction of the Issuer. To the extent the Issuer has or is able to obtain sufficient funds under the Note Purchase Agreement and the Notes for the

purchase thereof, the Issuer agrees to purchase such Loans offered for sale by the Depositor. On the terms and conditions of this Agreement and the Master Disposition Confirmation Agreement, on each Transfer Date during the Revolving Period, the Issuer may acquire Loans from another QSPE Affiliate of the Loan Originator to the extent the Issuer has or is able to obtain sufficient funds for the purchase thereof. In addition, the Issuer may purchase Loans at any time from Option One Owner Trust 2003-5, and in the event of any such purchase, such Loans will be treated in all respects under this Agreement as if they were purchased from a QSPE Affiliate.

(ii) In consideration of the payment of the Additional Note Principal Balance pursuant to Section 2.06 hereof and as a contribution to the assets of the Issuer, the Depositor as of the related Transfer Date and concurrently with the execution and delivery hereof, hereby sells, transfers, assigns, sets over and otherwise conveys to the Issuer, without recourse, but subject to the other terms and provisions of this Agreement, all of the right, title and interest of the Depositor in and to the Trust Estate.

(iii) During the Revolving Period, on each Transfer Date, subject to the conditions precedent set forth in Section 2.06 and in accordance with the procedures set forth in Section 2.0 l(c), the Depositor, pursuant to an S&SA Assignment, will assign to the Issuer without recourse all of its respective right, title and interest, in and to the Loans and all proceeds thereof listed on the Loan Schedule attached to such S&SA Assignment, including all interest and principal received by the Loan Originator, the Depositor or the Servicer on or with respect to the Loans on or after the related Transfer Cut-off Date, together with all right, title and interest in and to the proceeds of any related Mortgage Insurance Policies and all of the Depositor's rights, title and interest in and to (but none of its obligations under) the Loan Purchase and Contribution Agreement and all proceeds of the foregoing.

(iv) The foregoing sales, transfers, assignments, set overs and conveyances do not, and are not intended to, result in a creation or an assumption by the Issuer of any of the obligations of the Depositor, the Loan Originator or any other Person in connection with the Trust Estate or under any agreement or instrument relating thereto except as specifically set forth herein.

(b) As of the Closing Date and as of each Transfer Date, the Issuer acknowledges (or will acknowledge pursuant to the S&SA Assignment) the conveyance to it of the Trust Estate, including all rights, title and interest of the Depositor and any QSPE Affiliate in and to the Trust Estate, receipt of which is hereby acknowledged by the Issuer. Concurrently with such delivery, as of the Closing Date and as of each Transfer Date, pursuant to the Indenture the Issuer pledges the Trust Estate to the Indenture Trustee. In addition, concurrently with such delivery and in exchange therefor, the Owner Trustee, pursuant to the instructions of the Depositor, has executed (not in its individual capacity, but solely as Owner Trustee on behalf of the Issuer) and caused the Trust Certificates to be authenticated and delivered to or at the direction of the Depositor.

(c) (i) Pursuant to and subject to the Note Purchase Agreement, the Trust may, at its sole option, from time to time request that the Initial Noteholder advance on any Transfer Date Additional Note Principal Balances and the Initial Noteholder shall remit on such Transfer Date, to the Advance Account, an amount equal to the Additional Note Principal Balance. In addition, if the Issuer increases the Collateral Percentage of any Mortgage Loan to a percentage specified in the Pricing Letter pursuant to the definition of "Collateral Percentage" on any date following the related Transfer Date (any such date, a "Collateral Value Increase Date"), the Issuer may request that the Initial Noteholder advance Additional Note Principal Balances equal to such increase in the Collateral Percentage of such Loan and the Initial Noteholder may, in its sole discretion, make such advance of Additional Note Principal Balances.

(ii) Notwithstanding anything to the contrary herein, in no event shall the Initial Noteholder be required to advance Additional Note Principal Balances on a Transfer Date or Collateral Value Increase Date if the conditions precedent to a transfer of the Loans under Section 2.06 and the conditions precedent to the purchase of Additional Note Principal Balances set forth in Section 3.01 of the Note Purchase Agreement have not been fulfilled.

(iii) The Servicer shall appropriately note such Additional Note Principal Balance (and the increased Note Principal Balance) in the next succeeding Payment Statement; provided, however, that failure to make any such notation in such Payment Statement or any error in such notation shall not adversely affect any Noteholder's rights with respect to its Note Principal Balance and its right to receive interest and principal payments in respect of the Note Principal Balance held by such Noteholder. The Initial Noteholder shall record on the schedule attached to such Noteholder's Note, the date and amount of any Additional Note Principal Balance advanced by it; provided, that failure to make such recordation on such schedule or any error in such schedule shall not adversely affect any Noteholder's rights with respect to its Note Principal Balance and its right to receive interest payments in respect of the Note Principal Balance held by such Noteholder.

(iv) Absent manifest error, the Note Principal Balance of each Note as set forth in the Initial Noteholder's records shall be binding upon the Noteholders and the Trust, notwithstanding any notation made by the Servicer in its Payment Statement pursuant to the preceding paragraph.

Section 2.02 Ownership and Possession of Loan Files.

With respect to each Loan, as of the related Transfer Date the ownership of the related Promissory Note, the related Mortgage and the contents of the related Servicer's Loan File and Custodial Loan File shall be vested in the Trust for the benefit of the Securityholders, although possession of the Servicer's Loan File on behalf of and for the benefit of the Securityholders shall remain with the Servicer, and the Custodian shall take possession of the Custodial Loan Files as contemplated in Section 2.05 hereof.

Section 2.03 Books and Records; Intention of the Parties.

(a) As of each Transfer Date, the sale of each of the Loans conveyed by the Depositor on such Transfer Date shall be reflected on the balance sheets and other financial statements of the Depositor and the Loan Originator, as the case may be, as a sale of assets and a contribution to capital by the Loan Originator and the Depositor, as applicable, under GAAP. Each of the Servicer and the Custodian shall be responsible for maintaining, and shall maintain, a complete set of books and records for each Loan which shall be clearly marked to reflect the ownership of each Loan, as of the related Transfer Date, by the Issuer and for the benefit of the Securityholders.

(b) It is the intention of the parties hereto that, other than for federal, state and local income or franchise tax purposes (as to which no treatment is herein contemplated), the transfers and assignments of the Trust Estate on the initial Closing Date, on each Transfer Date and as otherwise contemplated by the Basic Documents and the Assignments shall constitute a sale of the Trust Estate including, without limitation, the Loans and all other property comprising the Trust Estate specified in Section 2.01 (a) hereof, from the Depositor to the Issuer and such property shall not be property of the Depositor. The parties hereto shall treat the Notes as indebtedness for federal, state and local income and franchise tax purposes.

(c) Each transfer and assignment contemplated by this Agreement shall constitute a sale in part, and a contribution to capital in part, of the Loans from the Depositor to the Issuer. Upon the consummation of those transactions the Loans shall be owned by and the property of the Issuer, and not owned by or otherwise the property of, the Depositor for any purpose including without limitation any bankruptcy, receivership, insolvency, liquidation, conservatorship or similar proceeding relating to either the Depositor or the Issuer or any property of either. The parties hereto hereby acknowledge that the Issuer and its creditors are relying, and its subsequent transferees and their creditors will rely, on such sales and contributions being recognized as such. If (A) any transfer and assignment contemplated hereby is subsequently determined for any reason under any circumstances to constitute a transfer to secure a loan rather than a sale in part, and a contribution in part, of the Loans or (B) any Loan is otherwise held to be property of the Depositor, then this Agreement (i) is and shall be a security agreement within the meaning of Articles 8 and 9 of the applicable Uniform Commercial Code and (ii) shall constitute a grant by the Depositor to the Issuer of a security interest in all of the Depositor’s right, title and other interest in and to the Loans and the proceeds and other distributions and payments and general intangibles and other rights and benefits in respect thereof. For purposes of perfecting that security interest under any applicable Uniform Commercial Code, the possession by, and notices and other communications with respect thereto to and from, the Issuer or any agent thereof, of money, notes and other documents evidencing ownership of and other rights with respect to the Loans shall be “possession” by the secured party or purchaser and required notices and other communications to and from applicable financial intermediaries, bailees and other agents.

(d) The Depositor at its expense shall take such actions as may be necessary or reasonably requested by the Issuer to ensure the perfection, and priority to all other security interests, of the security interest described in the preceding paragraph including without limitation the execution and delivery of such financing statements and amendments thereto, continuation statements and other documents as the Issuer may reasonably request.

Section 2.04 Delivery of Loan Documents.

(a) The Loan Originator shall, prior to the related Transfer Date (or, in the case of each Wet Funded Loan, the related Wet Funded Custodial File Delivery Date), in accordance with the terms and conditions set forth in the Custodial Agreement, deliver or cause to be delivered to the Custodian, as the designated agent of the Indenture Trustee, a Loan Schedule and each of the documents constituting the Custodial Loan File with respect to each Loan. The Loan Originator shall assure that (i) in the event that any Wet Funded Loan is not closed and funded to the order of the appropriate Borrower on the day funds are provided to the Loan Originator by the Initial Noteholder on behalf of the Issuer, such funds shall be promptly returned to the Initial Noteholder on behalf of the Issuer and (ii) in the event that any Wet Funded Loan is subject to a recission, all funds received in connection with such recission shall be promptly returned to the Initial Noteholder on behalf of the Issuer.

(b) The Loan Originator shall, on the related Transfer Date (or in the case of a Wet Funded Loan, on or before the related Wet Funded Custodial File Delivery Date), deliver or cause to be delivered to the Servicer the related Servicer's Loan File (i) for the benefit of, and as agent for, the Noteholders and (ii) for the benefit of the Indenture Trustee, on behalf of the Noteholders, for so long as the Notes are outstanding; after the Notes are not outstanding, the Servicer's Loan File shall be held in the custody of the Servicer for the benefit of, and as agent for, the Certificateholders.

(c) The Indenture Trustee shall cause the Custodian to take and maintain continuous physical possession of the Custodial Loan Files in the State of California (or upon prior written notice from the Custodian to the Loan Originator and the Initial Noteholder and delivery of an Opinion of Counsel with respect to the continued perfection of the Indenture Trustee's security interest, in the State of Minnesota or Utah) and, in connection therewith, shall act solely as agent for the Noteholders in accordance with the terms hereof and not as agent for the Loan Originator, the Servicer or any other party.

Section 2.05 Acceptance by the Indenture Trustee of the Loans: Certain Substitutions and Repurchases: Certification by the Custodian.

(a) The Indenture Trustee declares that it will cause the Custodian to hold the Custodial Loan Files and any additions, amendments, replacements or supplements to the documents contained therein, as well as any other assets included in the Trust Estate and delivered to the Custodian, in trust, upon and subject to the conditions set forth herein. The Indenture Trustee further agrees to cause the Custodian to execute and deliver such certifications as are required under the Custodial Agreement and to otherwise direct the Custodian to perform all of its obligations with respect to the Custodial Loan Files in strict accordance with the terms of the Custodial Agreement.

(b) (i) With respect to any Loans which are set forth as exceptions in the Exceptions Report, the Loan Originator shall cure such exceptions by delivering such missing documents to the Custodian or otherwise curing the defect no later than, in the case of (x) a

non-Wet Funded Loan, 5 Business Days, or (y) in the case of a Wet Funded Loan one Business Day after the Wet Funded Custodial File Delivery Date, in each case, following the receipt of the first Exceptions Report listing such exception with respect to such Loan.

(ii) In the event that, with respect to any Loan, the Loan Originator does not comply with the document delivery requirements of this Section 2.05 and such failure has a material adverse effect on the value or enforceability of any Loan or the interests of the Securityholders in any Loan, the Loan Originator shall repurchase such Loan within one Business Day of notice thereof from the Indenture Trustee or the Initial Noteholder at the Repurchase Price thereof with respect to such Loan by depositing such Repurchase Price in the Collection Account. In lieu of such a repurchase, the Depositor and Loan Originator may comply with the substitution provisions of Section 3.06 hereof. The Loan Originator shall provide the Servicer, the Indenture Trustee, the Issuer and the Initial Noteholder with a certification of a Responsible Officer on or prior to such repurchase or substitution indicating that the Loan Originator intends to repurchase or substitute such Loan.

(iii) It is understood and agreed that the obligation of the Loan Originator to repurchase or substitute any such Loan pursuant to this Section 2.05(b) shall constitute the sole remedy with respect to such failure to comply with the foregoing delivery requirements.

(c) In performing its reviews of the Custodial Loan Files pursuant to the Custodial Agreement, the Custodian shall have no responsibility to determine the genuineness of any document contained therein and any signature thereon. The Custodian shall not have any responsibility for determining whether any document is valid and binding, whether the text of any assignment or endorsement is in proper or recordable form, whether any document has been recorded in accordance with the requirements of any applicable jurisdiction, or whether a blanket assignment is permitted in any applicable jurisdiction.

(d) The Servicer's Loan File shall be held in the custody of the Servicer (i) for the benefit of, and as agent for, the Noteholders and (ii) for the benefit of the Indenture Trustee, on behalf of the Noteholders, for so long as the Notes are outstanding; after the Notes are not outstanding, the Servicer's Loan File shall be held in the custody of the Servicer for the benefit of, and as agent for, the Certificateholders. It is intended that, by the Servicer's agreement pursuant to this Section 2.05(d), the Indenture Trustee shall be deemed to have possession of the Servicer's Loan Files for purposes of Section 9-313 of the Uniform Commercial Code of the state in which such documents or instruments are located. The Servicer shall promptly report to the Indenture Trustee any failure by it to hold the Servicer's Loan File as herein provided and shall promptly take appropriate action to remedy any such failure. In acting as custodian of such documents and instruments, the Servicer agrees not to assert any legal or beneficial ownership interest in the Loans or such documents or instruments. Subject to Section 8.01(d), the Servicer agrees to indemnify the Securityholders and the Indenture Trustee, their officers, directors, employees, agents and "control persons" as such term is used under the Act and under the Securities Exchange Act of 1934, as amended for any and all liabilities, obligations, losses,

damages, payments, costs or expenses of any kind whatsoever which may be imposed on, incurred by or asserted against the Securityholders or the Indenture Trustee as the result of the negligence or willful misfeasance by the Servicer relating to the maintenance and custody of such documents or instruments which have been delivered to the Servicer; provided, however, that the Servicer will not be liable for any portion of any such amount resulting from the negligence or willful misconduct of any Securityholders or the Indenture Trustee; and provided, further, that the Servicer will not be liable for any portion of any such amount resulting from the Servicer's compliance with any instructions or directions consistent with this Agreement issued to the Servicer by the Indenture Trustee or the Majority Noteholders. The Indenture Trustee shall have no duty to monitor or otherwise oversee the Servicer's performance as custodian of the Servicer Loan File hereunder.

Section 2.06 Conditions Precedent to Transfer Dates and Collateral Value Increase Dates.

Two (2) Business Days prior to each Transfer Date, the Issuer shall give notice to the Initial Noteholder of such upcoming Transfer Date and provide the Initial Noteholder (i) an estimate of the number of Loans and aggregate Principal Balance of such Loans to be transferred on such Transfer Date and (ii) a final Loan Schedule with respect to the Loans to be transferred on such Transfer Date. By no later than 12:00 noon New York City time on the Business Day preceding each Transfer Date, in the case of non-Wet Funded Loans, the Issuer shall have delivered the Custodial Loan File to the Custodian in accordance with the Custodial Agreement and the Initial Noteholder shall have received a copy of the Trust Receipt and Exceptions Report reflecting such delivery. On each Transfer Date, the Depositor or the applicable QSPE Affiliate shall convey to the Issuer, the Loans and the other property and rights related thereto described in the related S&SA Assignment, and the Issuer, only upon the satisfaction of each of the conditions set forth below on or prior to such Transfer Date or Collateral Value Increase Date, shall deposit or cause to be deposited cash in the amount of the Additional Note Principal Balance received from the Initial Noteholder in the Advance Account in respect thereof, and the Servicer shall, promptly after such deposit, withdraw the amount deposited in respect of applicable Additional Note Principal Balance from the Advance Account, and distribute such amount to or at the direction of the Depositor or the applicable QSPE Affiliate.

As of the Closing Date, each Transfer Date and, as applicable, each Collateral Value Increase Date:

(i) the Depositor, the QSPE Affiliate and the Servicer, as applicable, shall have delivered to the Issuer and the Initial Noteholder duly executed Assignments, which shall have attached thereto a Loan Schedule setting forth the appropriate information with respect to all Loans conveyed on such Transfer Date and shall have delivered to the Initial Noteholder a computer readable transmission of such Loan Schedule;

(ii) the Depositor shall have deposited, or caused to be deposited, in the Collection Account all collections received with respect to each of the Loans on and after the applicable Transfer Cut-off Date;

(iii) as of such Transfer Date or Collateral Value Increase Date, neither the Loan Originator, the Depositor or the QSPE Affiliate, as applicable, shall (A) be insolvent, (B) be

made insolvent by its respective sale of Loans or (C) have reason to believe that its insolvency is imminent;

(iv) the Revolving Period shall not have terminated;

(v) as of such Transfer Date or Collateral Value Increase Date (after giving effect to the sale of Loans on such Transfer Date), there shall be no Overcollateralization Shortfall;

(vi) Reserved;

(vii) each of the representations and warranties made by the Loan Originator contained in Exhibit E with respect to the Loans shall be true and correct in all material respects as of the related Transfer Date with the same effect as if then made and the proviso set forth in Section 3.05 with respect to Loans sold by a QSPE Affiliate shall not be applicable to any Loans, and the Depositor or the QSPE Affiliate, as applicable, shall have performed all obligations to be performed by it under the Basic Documents on or prior to such Transfer Date or Collateral Value Increase Date;

(viii) the Depositor or the QSPE Affiliate shall, at its own expense, within one Business Day following the Transfer Date, indicate in its computer files that the Loans identified in each S&SA Assignment have been sold to the Issuer pursuant to this Agreement and the S&SA Assignment;

(ix) the Depositor or the QSPE Affiliate shall have taken any action requested by the Indenture Trustee, the Issuer or the Noteholders required to maintain the ownership interest of the Issuer in the Trust Estate;

(x) no selection procedures believed by the Depositor or the QSPE Affiliate to be adverse to the interests of the Noteholders shall have been utilized in selecting the Loans to be conveyed on such Transfer Date;

(xi) the Depositor shall have provided the Issuer, the Indenture Trustee and the Initial Noteholder no later than two Business Days prior to such date a notice of Additional Note Principal Balance in the form of Exhibit A hereto;

(xii) after giving effect to the Additional Note Principal Balance associated therewith, the Note Principal Balance will not exceed the Maximum Note Principal Balance;

(xiii) all conditions precedent to the Depositor's purchase of Loans pursuant to the Loan Purchase and Contribution Agreement shall have been fulfilled as of such Transfer Date and, in the case of purchases from a QSPE Affiliate, all conditions precedent to the Issuer's purchase of Loans pursuant to the Master Disposition Confirmation Agreement shall have been fulfilled as of such Transfer Date;

(xiv) all conditions precedent to the Noteholders' purchase of Additional Note Principal Balance pursuant to the Note Purchase Agreement shall have been fulfilled as of such Transfer Date or Collateral Value Increase Date; and

(xv) with respect to each Loan acquired from any QSPE Affiliate that has a limited right of recourse to the Loan Originator under the terms of the applicable loan purchase agreement, the Loan Originator has not been required to pay any amount to or on behalf of such QSPE Affiliate that lowered the recourse to the Loan Originator available to such QSPE Affiliate below the maximum recourse to the Loan Originator available to such QSPE Affiliate under the terms of the related loan purchase contract providing for recourse by that QSPE Affiliate to the Loan Originator.

Section 2.07 Termination of Revolving Period.

Upon the occurrence of (i) an Event of Default or Default or (ii) a Rapid Amortization Trigger or (iii) the Unfunded Transfer Obligation Percentage equals 4% or less or (iv) Option One, Option One Capital or any of their Affiliates default under, or fail to perform as requested under, or shall otherwise materially breach the terms of any repurchase agreement, loan and security agreement or similar credit facility or agreement entered into by Option One, Option One Capital or any of their Affiliates, including without limitation, the Sale and Servicing Agreement, dated as of April 1, 2001, among the Option One Owner Trust 2001-1 A, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of April 1, 2001, among the Option One Owner Trust 2001-2, the Depositor, Option One and the Indenture Trustee, the Second Amended and Restated Sale and Servicing Agreement, dated as of January 1, 2007, among Option One Owner Trust 2002-3, the Depositor, Option One, Option One Capital and the Indenture Trustee, the Sale and Servicing Agreement, dated as of August 8, 2003, among the Option One Owner Trust 2003-4, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of November 1, 2003, among the Option One Owner Trust 2003-5, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of June 1, 2005, among Option One Owner Trust 2005-6, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of September 1, 2005, among the Option One Owner Trust 2005-7, the Depositor, Option One and the Indenture Trustee, the Sale and Servicing Agreement, dated as of October 1, 2005 among Option One Owner Trust 2005-8, the Depositor, Option One and the Indenture Trustee and the Sale and Servicing Agreement, dated as of December 30, 2005 among Option One Owner Trust 2005-9, the Depositor, Option One and the Indenture Trustee, in each case as such agreement is amended, supplemented or modified and effective from time to time pursuant to the terms thereof, and such default, failure or breach shall entitle any counterparty to declare the Indebtedness thereunder to be due and payable prior to the maturity thereof.

Section 2.08 Correction of Errors.

The parties hereto who have relevant information shall cooperate to reconcile any errors in calculating the Sales Price from and after the Closing Date. In the event that an error in the Sales Price is discovered by either party, including without limitation, any error due to miscalculations of Market Value where insufficient information has been provided with respect to a Loan to make an accurate determination of Market Value as of any applicable Transfer Date, any miscalculations of Principal Balance, accrued interest, Overcollateralization Shortfall or aggregate unreimbursed Servicing Advances attributable to the applicable Loan, or any prepayments not properly credited, such party shall give prompt notice to the other parties

hereto, and the party that shall have benefited from such error shall promptly remit to the other, by wire transfer of immediately available funds, the amount of such error with no interest thereon.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.01 Representations and Warranties of the Depositor.

The Depositor hereby represents, warrants and covenants to the other parties hereto and the Securityholders that as of the Closing Date and as of each Transfer Date:

(a) The Depositor is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has, and had at all relevant times, full power to own its property, to carry on its business as currently conducted, to enter into and perform its obligations under each Basic Document to which it is a party;

(b) The execution and delivery by the Depositor of each Basic Document to which the Depositor is a party and its performance of and compliance with all of the terms thereof will not violate the Depositor's organizational documents or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in the breach or acceleration of, any material contract, agreement or other instrument to which the Depositor is a party or which are applicable to the Depositor or any of its assets;

(c) The Depositor has the full power and authority to enter into and consummate the transactions contemplated by each Basic Document to which the Depositor is a party, has duly authorized the execution, delivery and performance of each Basic Document to which it is a party and has duly executed and delivered each Basic Document to which it is a party; each Basic Document to which it is a party, assuming due authorization, execution and delivery by the other party or parties thereto, constitutes a valid, legal and binding obligation of the Depositor, enforceable against it in accordance with the terms thereof, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the rights of creditors generally, and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law);

(d) The Depositor is not in violation of, and the execution and delivery by the Depositor of each Basic Document to which the Depositor is a party and its performance and compliance with the terms of each Basic Document to which the Depositor is a party will not constitute a violation with respect to, any order or decree of any court or any order or regulation of any federal, state, municipal or governmental agency having jurisdiction, which violation would materially and adversely affect the condition (financial or otherwise) or operations of the Depositor or any of its properties or materially and adversely affect the performance of any of its duties hereunder;

(e) There are no actions or proceedings against, or investigations of, the Depositor currently pending with regard to which the Depositor has received service of process and no action or proceeding against, or investigation of, the Depositor is, to the knowledge of the Depositor, threatened or otherwise pending before any court, administrative agency or other tribunal that (A) if determined adversely to the Depositor, has a reasonable possibility of prohibiting or preventing its entering into any of the Basic Documents to which it is a party or render the Securities invalid, (B) seek to prevent the issuance of the Securities or the consummation of any of the transactions contemplated by any of the Basic Documents to which it is a party or (C) if determined adversely to the Depositor, would prohibit or materially and adversely affect the performance by the Depositor of its obligations under, or the validity or enforceability of, any of the Basic Documents to which it is a party or the Securities, provided, however, that, insofar as this representation relates to a Loan Originator's satisfaction of its financial covenants, there is also a reasonable possibility of an adverse determination of such action, proceeding or investigation having such effect;

(f) No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by the Depositor of, or compliance by the Depositor with, any of the Basic Documents to which the Depositor is a party or the Securities, or for the consummation of the transactions contemplated by any of the Basic Documents to which the Depositor is a party, except for such consents, approvals, authorizations and orders, if any, that have been obtained prior to such date;

(g) The Depositor is solvent, is able to pay its debts as they become due and has capital sufficient to carry on its business and its obligations hereunder; it will not be rendered insolvent by the execution and delivery of any of the Basic Documents to which it is a party or the assumption of any of its obligations thereunder; no petition of bankruptcy (or similar insolvency proceeding) has been filed by or against the Depositor;

(h) The Depositor did not transfer the Loans sold thereon by the Depositor to the Trust with any intent to hinder, delay or defraud any of its creditors; nor will the Depositor be rendered insolvent as a result of such sale;

(i) The Depositor had good title to, and was the sole owner of, each Loan sold thereon by the Depositor free and clear of any lien other than any such lien released simultaneously with the sale contemplated herein, and, immediately upon each transfer and assignment herein contemplated, the Depositor will have delivered to the Trust good title to, and the Trust will be the sole owner of, each Loan transferred by the Depositor thereon free and clear of any lien;

(j) The Depositor acquired title to each of the Loans sold thereon by the Depositor in good faith, without notice of any adverse claim;

(k) None of the Basic Documents to which the Depositor is a party, nor any Officer's Certificate, statement, report or other document prepared by the Depositor and furnished or to be furnished by it pursuant to any of the Basic Documents to which it is a party or in connection with the transactions contemplated thereby contains any untrue statement of

material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading;

(l) The Depositor is not required to be registered as an "investment company," under the Investment Company Act of 1940, as amended;

(m) The transfer, assignment and conveyance of the Loans by the Depositor thereon pursuant to this Agreement is not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction;

(n) The Depositor's principal place of business and chief executive offices are located at Irvine, California or at such other address as shall be designated by such party in a written notice to the other parties hereto;

(o) The Depositor covenants that during the continuance of this Agreement it will comply in all respects with the provisions of its organizational documents in effect from time to time; and

(p) The representations and warranties set forth in (h), (i), (j) and (m) above were true and correct (with respect to the applicable QSPE Affiliate) with respect to each Loan transferred to the Trust by any QSPE Affiliate at the time such Loan was transferred to a QSPE Affiliate.

Section 3.02 Representations and Warranties of the Loan Originator.

The Loan Originator hereby represents and warrants to the other parties hereto and the Securityholders that as of the Closing Date and as of each Transfer Date:

(a) The Loan Originator is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and (i) is duly qualified, in good standing and licensed to carry on its business in each state where any Mortgaged Property related to a Loan sold by it is located and (ii) is in compliance with the laws of any such jurisdiction, in both cases, to the extent necessary to ensure the enforceability of such Loans in accordance with the terms thereof and had at all relevant times, full corporate power to originate such Loans, to own its property, to carry on its business as currently conducted and to enter into and perform its obligations under each Basic Document to which it is a party;

(b) The execution and delivery by the Loan Originator of each Basic Document to which it is a party and its performance of and compliance with the terms thereof will not violate the Loan Originator's articles of organization or by-laws or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in the breach or acceleration of, any contract, agreement or other instrument to which the Loan Originator is a party or which may be applicable to the Loan Originator or any of its assets;

(c) The Loan Originator has the full power and authority to enter into and consummate all transactions contemplated by the Basic Documents to be consummated by it, has duly authorized the execution, delivery and performance of each Basic Document to which it is a

party and has duly executed and delivered each Basic Document to which it is a party; each Basic Document to which it is a party, assuming due authorization, execution and delivery by each of the other parties thereto, constitutes a valid, legal and binding obligation of the Loan Originator, enforceable against it in accordance with the terms hereof, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the rights of creditors generally, and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law);

(d) The Loan Originator is not in violation of, and the execution and delivery of each Basic Document to which it is a party by the Loan Originator and its performance and compliance with the terms of each Basic Document to which it is a party will not constitute a violation with respect to, any order or decree of any court or any order or regulation of any federal, state, municipal or governmental agency having jurisdiction, which violation would materially and adversely affect the condition (financial or otherwise) or operations of the Loan Originator or its properties or materially and adversely affect the performance of its duties under any Basic Document to which it is a party;

(e) There are no actions or proceedings against, or investigations of, the Loan Originator currently pending with regard to which the Loan Originator has received service of process and no action or proceeding against, or investigation of, the Loan Originator is, to the knowledge of the Loan Originator, threatened or otherwise pending before any court, administrative agency or other tribunal that (A) if determined adversely to the Loan Originator, would prohibit its entering into any Basic Document to which it is a party or render the Securities invalid, (B) seek to prevent the issuance of the Securities or the consummation of any of the transactions contemplated by any Basic Document to which it is a party or (C) if determined adversely to the Loan Originator, would have a reasonable probability of prohibiting or preventing or materially and adversely affecting the sale of the Loans to the Depositor, the performance by the Loan Originator of its obligations under, or the validity or enforceability of, any Basic Document to which it is a party or the Securities, provided, however, that, insofar as this representation relates to a Loan Originator's satisfaction of its financial covenants, there is also a reasonable possibility of such action, proceeding or investigation having such effect;

(f) No consent, approval, authorization or order of any court or governmental agency or body is required for: (1) the execution, delivery and performance by the Loan Originator of, or compliance by the Loan Originator with, any Basic Document to which it is a party, (2) the issuance of the Securities, (3) the sale and contribution of the Loans, or (4) the consummation of the transactions required of it by any Basic Document to which it is a party, except such as shall have been obtained before such date;

(g) Immediately prior to the sale of any Loan to the Depositor, the Loan Originator had good title to the Loans sold by it on such date without notice of any adverse claim;

(h) The information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of the Loan Originator to the Initial Noteholder in

connection with the negotiation, preparation or delivery of the Basic Documents to which it is a party or delivered pursuant thereto, when taken as a whole, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. All written information furnished after the date hereof by or on behalf of the Loan Originator to the Initial Noteholder in connection with the Basic Documents to which it is a party and the transactions contemplated thereby will be true, complete and accurate in every material respect, or (in the case of projections) based on reasonable estimates, on the date as of which such information is stated or certified.

(i) The Loan Originator is solvent, is able to pay its debts as they become due and has capital sufficient to carry on its business and its obligations under each Basic Document to which it is a party; it will not be rendered insolvent by the execution and delivery of this Agreement or by the performance of its obligations under each Basic Document to which it is a party; no petition of bankruptcy (or similar insolvency proceeding) has been filed by or against the Loan Originator prior to the date hereof;

(j) The Loan Originator has transferred the Loans transferred by it on or prior to such Transfer Date without any intent to hinder, delay or defraud any of its creditors;

(k) Option One has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it to Option One Capital and the Loan Originator has received fair consideration and reasonably equivalent value in exchange for the Loans sold by it on such Transfer Date to the Depositor;

(1) The Loan Originator has not dealt with any broker or agent or other Person who might be entitled to a fee, commission or compensation in connection with the transaction contemplated by this Agreement;

(m) Each of Option One and Option One Capital is in compliance with each of the financial covenants set forth in Section 7.02; and

(n) The Loan Originator’s principal place of business and chief executive offices are located at Irvine, California or at such other address as shall be designated by such party in a written notice to the other parties hereto.

It is understood and agreed that the representations and warranties set forth in this Section 3.02 shall survive delivery of the respective Custodial Loan Files to the Custodian (as the agent of the Indenture Trustee) and shall inure to the benefit of the Securityholders, the Depositor, the Servicer, the Indenture Trustee, the Owner Trustee and the Issuer. Upon discovery by the Loan Originator, the Depositor, the Servicer, the Indenture Trustee or the Trust of a breach of any of the foregoing representations and warranties that materially and adversely affects the value of any Loan or the interests of the Securityholders in any Loan or in the Securities, the party discovering such breach shall give prompt written notice (but in no event later than two Business Days following such discovery) to the other parties. The obligations of the Loan Originator set forth in Sections 2.05 and 3.06 hereof to cure any breach or to substitute for or repurchase an affected Loan shall constitute the sole remedies available hereunder to the

Securityholders, the Depositor, the Servicer, the Indenture Trustee or the Trust respecting a breach of the representations and warranties contained in this Section 3.02. The fact that the Initial Noteholder has conducted or has failed to conduct any partial or complete due diligence investigation of the Loan Files shall not affect the Securityholders rights to demand repurchase or substitution as provided under this Agreement.

Section 3.03 Representations, Warranties and Covenants of the Servicer.

The Servicer hereby represents and warrants to and covenants with the other parties hereto and the Securityholders that as of the Closing Date and as of each Transfer Date:

(a) The Servicer is a corporation duly organized, validly existing and in good standing under the laws of the State of California and (i) is duly qualified, in good standing and licensed to carry on its business in each state where any Mortgaged Property is located, and (ii) is in compliance with the laws of any such state, in both cases, to the extent necessary to ensure the enforceability of the Loans in accordance with the terms thereof and to perform its duties under each Basic Document to which it is a party and had at all relevant times, full corporate power to own its property, to carry on its business as currently conducted, to service the Loans and to enter into and perform its obligations under each Basic Document to which it is a party;

(b) The execution and delivery by the Servicer of each Basic Document to which it is a party and its performance of and compliance with the terms thereof will not violate the Servicer's articles of incorporation or by-laws or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in the breach or acceleration of, any material contract, agreement or other instrument to which the Servicer is a party or which are applicable to the Servicer or any of its assets;

(c) The Servicer has the full power and authority to enter into and consummate all transactions contemplated by each Basic Document to which it is a party, has duly authorized the execution, delivery and performance of each Basic Document to which it is a party and has duly executed and delivered each Basic Document to which it is a party. Each Basic Document to which it is a party, assuming due authorization, execution and delivery by each of the other parties thereto, constitutes a valid, legal and binding obligation of the Servicer, enforceable against it in accordance with the terms hereof, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the rights of creditors generally, and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law);

(d) The Servicer is not in violation of, and the execution and delivery of each Basic Document to which it is a party by the Servicer and its performance and compliance with the terms of each Basic Document to which it is a party will not constitute a violation with respect to, any order or decree of any court or any order or regulation of any federal, state, municipal or governmental agency having jurisdiction, which violation would materially and adversely affect the condition (financial or otherwise) or operations of the Servicer or materially and adversely affect the performance of its duties under any Basic Document to which it is a party;

(e) There are no actions or proceedings against, or investigations of, the Servicer currently pending with regard to which the Servicer has received service of process and no action or proceeding against, or investigation of, the Servicer is, to the knowledge of the Servicer, threatened or otherwise pending before any court, administrative agency or other tribunal that (A) if determined adversely to the Servicer, would prohibit its entering into any Basic Document to which it is a party, (B) seek to prevent the consummation of any of the transactions contemplated by any Basic Document to which it is a party or (C) if determined adversely to the Servicer, would have a reasonable probability of prohibiting or materially and adversely affecting the performance by the Servicer of its obligations under, or the validity or enforceability of, any Basic Document to which it is a party or the Securities, provided however, that, insofar as this representation relates to a Loan Originator's satisfaction of its financial covenants, there is also a reasonable possibility of an adverse determination of such action, proceeding or investigation having such effect or (D) allege that the Servicer has engaged in practices, with respect to any of the Loans, that are predatory, abusive, deceptive or otherwise wrongful under any applicable statute, regulation or ordinance or that are otherwise actionable and that have a reasonable possibility of adverse determination;

(f) No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by the Servicer of, or compliance by the Servicer with, any Basic Document to which it is a party or the Securities, or for the consummation of the transactions contemplated by any Basic Document to which it is a party, except for such consents, approvals, authorizations and orders, if any, that have been obtained prior to such date;

(g) The information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of the Servicer to the Initial Noteholder in connection with the negotiation, preparation or delivery of the Basic Documents to which it is a party or delivered pursuant thereto, when taken as a whole, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. All written information furnished after the date hereof by or on behalf of the Servicer to the Initial Noteholder in connection with the Basic Documents to which it is a party and the transactions contemplated thereby will be true, complete and accurate in every material respect, or (in the case of projections) based on reasonable estimates, on the date as of which such information is stated or certified.

(h) The Servicer is solvent and will not be rendered insolvent as a result of the performance of its obligations pursuant to under the Basic Documents to which it is a party;

(i) The Servicer acknowledges and agrees that the Servicing Compensation represents reasonable compensation for the performance of its services hereunder and that the entire Servicing Compensation shall be treated by the Servicer, for accounting purposes, as compensation for the servicing and administration of the Loans pursuant to this Agreement;

(j) The Servicer is in compliance with each of its financial covenants set forth in Section 7.02; and

(k) The Servicer is an Eligible Servicer and covenants to remain an Eligible Servicer or, if not an Eligible Servicer, each Subservicer is an Eligible Servicer and the Servicer covenants to cause each Subservicer to be an Eligible Servicer.

It is understood and agreed that the representations, warranties and covenants set forth in this Section 3.03 shall survive delivery of the respective Custodial Loan Files to the Indenture Trustee or the Custodian on its behalf and shall inure to the benefit of the Depositor, the Securityholders, the Indenture Trustee and the Issuer. Upon discovery by the Loan Originator, the Depositor, the Servicer, the Indenture Trustee, the Owner Trustee or the Issuer of a breach of any of the foregoing representations, warranties and covenants that materially and adversely affects the value of any Loan or the interests of the Securityholders therein or in the Securities, the party discovering such breach shall give prompt written notice (but in no event later than two Business Days following such discovery) to the other parties. The fact that the Initial Noteholder has conducted or has failed to conduct any partial or complete due diligence investigation shall not affect the Securityholders, rights to exercise their remedies as provided under this Agreement.

Section 3.04 Reserved.

Section 3.05 Representations and Warranties Regarding Loans.

The Loan Originator makes each of the representations and warranties set forth on Exhibit E hereto with respect to each Loan, provided, however, that with respect to each Loan transferred to the Issuer by a QSPE Affiliate, to the extent that the Loan Originator has at the time of such transfer actual knowledge of any facts or circumstances that would render any of such representations and warranties materially false, the Loan Originator shall notify the Initial Noteholder of such facts or circumstances and, in such event, shall have no obligation to make such materially false representation and warranty.

In addition, the Loan Originator represents and warrants with respect to each Loan sold by a QSPE Affiliate that the Loan Originator has not been required to pay any amount to or on behalf of such QSPE Affiliate that lowered the recourse to the Loan Originator available to such QSPE Affiliate below the maximum recourse to the Loan Originator available to such QSPE Affiliate under the terms of any loan purchase agreement providing for recourse by that QSPE Affiliate to the Loan Originator.

Section 3.06 Purchase and Substitution.

(a) It is understood and agreed that the representations and warranties set forth in Exhibit E hereto shall survive the conveyance of the Loans to the Indenture Trustee on behalf of the Issuer, and the delivery of the Securities to the Securityholders. Upon discovery by the Depositor, the Servicer, the Loan Originator, the Custodian, the Issuer, the Indenture Trustee or any Securityholder of a breach of any of such representations and warranties or the representations and warranties of the Loan Originator set forth in Section 3.02 which materially and adversely affects the value or enforceability of any Loan or the interests of the Securityholders in any Loan (notwithstanding that such representation and warranty was made to the Loan Originator’s best knowledge) or which constitutes a breach of the representations and

warranties set forth in Exhibit E, the party discovering such breach shall give prompt written notice to the others. The Loan Originator shall within 5 Business Days of the earlier of the Loan Originator's discovery or the Loan Originator's receiving notice of any breach of a representation or warranty, promptly cure such breach in all material respects. If within 5 Business Days after the earlier of the Loan Originator's discovery of such breach or the Loan Originator's receiving notice thereof such breach has not been remedied by the Loan Originator and such breach materially and adversely affects the interests of the Securityholders in the related Loan (an "Unqualified Loan"), the Loan Originator shall promptly upon receipt of written instructions from the Majority Noteholders either (i) remove such Unqualified Loan from the Trust (in which case it shall become a Deleted Loan) and substitute one or more Qualified Substitute Loans in the manner and subject to the conditions set forth in this Section 3.06 or (ii) purchase such Unqualified Loan at a purchase price equal to the Repurchase Price with respect to such Unqualified Loan by depositing or causing to be deposited such Repurchase Price in the Collection Account.

Any substitution of Loans pursuant to this Section 3.06(a) shall be accompanied by payment by the Loan Originator of the Substitution Adjustment, if any, (x) if no Overcollateralization Shortfall exists on the date of such substitution (after giving effect to such substitution), remitted to the Noteholders in accordance with Section 5.01(c)(4)(i) or (y) otherwise to be deposited in the Collection Account pursuant to Section 5.01(b)(l) hereof.

(b) As to any Deleted Loan for which the Loan Originator substitutes a Qualified Substitute Loan or Loans, the Loan Originator shall effect such substitution by delivering to the Indenture Trustee and Initial Noteholder a certification executed by a Responsible Officer of the Loan Originator to the effect that the Substitution Adjustment, if any, has been (x) if no Overcollateralization Shortfall exists on the date of such substitution (after giving effect to such substitution), remitted to the Noteholders in accordance with Section 5.01(c)(4)(i), or (y) otherwise deposited in the Collection Account. As to any Deleted Loan for which the Loan Originator substitutes a Qualified Substitute Loan or Loans, the Loan Originator shall effect such substitution by delivering to the Custodian the documents constituting the Custodial Loan File for such Qualified Substitute Loan or Loans.

The Servicer shall deposit in the Collection Account all payments received in connection with each Qualified Substitute Loan after the date of such substitution. Monthly Payments received with respect to Qualified Substitute Loans on or before the date of substitution will be retained by the Loan Originator. The Trust will be entitled to all payments received on the Deleted Loan on or before the date of substitution and the Loan Originator shall thereafter be entitled to retain all amounts subsequently received in respect of such Deleted Loan. The Loan Originator shall give written notice to the Issuer, the Servicer (if the Loan Originator is not then acting as such), the Indenture Trustee and Initial Noteholder that such substitution has taken place and the Servicer shall amend the Loan Schedule to reflect (i) the removal of such Deleted Loan from the terms of this Agreement and (ii) the substitution of the Qualified Substitute Loan. The Servicer shall promptly deliver to the Issuer, the Loan Originator, the Indenture Trustee and Initial Noteholder, a copy of the amended Loan Schedule. Upon such substitution, such Qualified Substitute Loan or Loans shall be subject to the terms of this Agreement in all respects, and the Loan Originator shall be deemed to have made with respect to

such Qualified Substitute Loan or Loans, as of the date of substitution, the covenants, representations and warranties set forth in Exhibit E hereto. On the date of such substitution, the Loan Originator will (x) if no Overcollateralization Shortfall exists as of the date of substitution (after giving effect to such substitution), remit to the Noteholders as provided in Section 5.01(c)(4)(i) or (y) otherwise deposit into the Collection Account, in each case an amount equal to the related Substitution Adjustment, if any. In addition, on the date of such substitution, the Servicer shall cause the Indenture Trustee to release the Deleted Loan from the lien of the Indenture and the Servicer will cause such Qualified Substitute Loan to be pledged to the Indenture Trustee under the Indenture as part of the Trust Estate.

(c) With respect to all Unqualified Loans or other Loans repurchased by the Loan Originator pursuant to this Agreement, upon the deposit of the Repurchase Price therefor into the Collection Account or the conveyance of one or more Qualified Substitute Loans and payment of any Substitution Adjustment, (i) the Issuer shall assign to the Loan Originator, without representation or warranty, all of the Issuer's right, title and interest in and to such Unqualified Loan, which right, title and interest were conveyed to the Issuer pursuant to Section 2.01 hereof and (ii) the Indenture Trustee shall assign to the Loan Originator, without recourse, representation or warranty, all the Indenture Trustee's right, title and interest in and to such Unqualified Loans or Loans, which right, title and interest were conveyed to the Indenture Trustee pursuant to Section 2.01 hereof and the Indenture. The Issuer and the Indenture Trustee shall, at the expense of the Loan Originator, take any actions as shall be reasonably requested by the Loan Originator to effect the repurchase of any such Loans and to have the Custodian return the Custodial Loan File of the deleted Loan to the Servicer.

(d) It is understood and agreed that the obligations of the Loan Originator set forth in this Section 3.06 to cure, purchase or substitute for a Unqualified Loan constitute the sole remedies hereunder of the Depositor, the Issuer, the Indenture Trustee, the Owner Trustee and the Securityholders respecting a breach of the representations and warranties contained in Sections 3.02 hereof and in Exhibit E hereto. Any cause of action against the Loan Originator relating to or arising out of a defect in a Custodial Loan File or against the Loan Originator relating to or arising out of a breach of any representations and warranties made in Sections 3.02 hereof and in Exhibit E hereto shall accrue as to any Loan upon (i) discovery of such defect or breach by any party and notice thereof to the Loan Originator or notice thereof by the Loan Originator to the Indenture Trustee, (ii) failure by the Loan Originator to cure such defect or breach or purchase or substitute such Loan as specified above, and (iii) demand upon the Loan Originator, as applicable, by the Issuer or the Majority Noteholders for all amounts payable in respect of such Loan.

(e) Neither the Issuer nor the Indenture Trustee shall have any duty to conduct any affirmative investigation other than as specifically set forth in this Agreement as to the occurrence of any condition requiring the repurchase or substitution of any Loan pursuant to this Section or the eligibility of any Loan for purposes of this Agreement.

Section 3.07 Dispositions.

(a) The Majority Noteholders may at any time, and from time to time, require that the Issuer redeem all or any portion of the Note Principal Balance of the Notes by paying the Note Redemption Amount with respect to the Note Principal Balance to be redeemed in accordance with Section 10.04. In connection with any such redemption, the Issuer shall effect Dispositions at the direction of the Majority Noteholders in accordance with this Agreement, including in accordance with this Section 3.07.

(b) (i) In consideration of the consideration received from the Depositor under the Loan Purchase and Contribution Agreement, the Loan Originator hereby agrees and covenants that in connection with each Disposition it shall effect the following:

(A) make such representations and warranties concerning the Loans as of the "cut-off date" of the related Disposition to the Disposition Participants as may be necessary to effect the Disposition and such additional representations and warranties as may be necessary, in the reasonable opinion of any of the Disposition Participants, to effect such Disposition; provided, that, to the extent that the Loan Originator has at the time of the Disposition actual knowledge of any facts or circumstances that would render any of such representations and warranties materially false, the Loan Originator may notify the Disposition Participants of such facts or circumstances and, in such event, shall have no obligation to make such materially false representation and warranty;

(B) supply such information, opinions of counsel, letters from law and/or accounting firms and other documentation and certificates regarding the origination of the Loans as any Disposition Participant shall reasonably request to effect a Disposition and enter into such indemnification agreements customary for such transaction relating to or in connection with the Disposition as the Disposition Participants may reasonably require;

(C) make itself available for and engage in good faith consultation with the Disposition Participants concerning information to be contained in any document, agreement, private placement memorandum, or filing with the Securities and Exchange Commission relating to the Loan Originator or the Loans in connection with a Disposition and shall use reasonable efforts to compile any information and prepare any reports and certificates, into a form, whether written or electronic, suitable for inclusion in such documentation;

(D) to implement the foregoing and to otherwise effect a Disposition, enter into, or arrange for its Affiliates to enter into insurance and indemnity agreements, underwriting or placement agreements, servicing agreements, purchase agreements and any other documentation which may reasonably be required of or reasonably deemed appropriate by the Disposition Participants in order to effect a Disposition; and

(E) take such further actions as may be reasonably necessary to effect the foregoing;

provided, that notwithstanding anything to the contrary, (a) the Loan Originator shall have no liability for the Loans arising from or relating to the ongoing ability of the related Borrowers to pay under the Loans; (b) none of the indemnities hereunder shall constitute an unconditional guarantee by the Loan Originator of collectability of the Loans; (c) the Loan Originator shall have no obligation with respect to the financial inability of any Borrower to pay principal, interest or other amount owing by such Borrower under a Loan; and (d) the Loan Originator shall only be required to enter into documentation in connection with Dispositions that is consistent with the prior public securitizations of affiliates of the Loan Originator, provided that to the extent an Affiliate of the Initial Noteholder acts as "depositor" or performs a similar function in a Securitization, additional indemnities and informational representations and warranties are provided which are consistent with those in the Basic Documents and may upon request of the Loan Originator be set forth in a separate agreement between an Affiliate of the Initial Noteholder and the Loan Originator.

(ii) In the event of any Disposition to the Loan Originator or any of its Affiliates (except in connection with a Securitization or a Disposition to a QSPE Affiliate), the purchase price paid by the Loan Originator or any such Affiliate shall be the "fair market value" of the Loans subject to such Disposition (as determined by the Market Value Agent based upon recent sales of comparable loans or such other objective criteria as may be approved for determining "fair market value" by a "Big Four" national accounting firm).

(iii) As long as no Event of Default or Default shall have occurred and be continuing under this Agreement or the Indenture, the Servicer may continue to service the Loans included in any Disposition subject to any applicable "term-to-term" servicing provisions in Section 9.0 l(c) and subject to any required amendments to the related servicing provisions as may be necessary to effect the related Disposition including but not limited to the obligation to make recoverable principal and interest advances on the Loans.

After the termination of the Revolving Period, the Loan Originator, the Issuer and the Depositor shall use commercially reasonable efforts to effect a Disposition at the direction of the Disposition Agent.

(c) The Issuer shall effect Dispositions at the direction of the Majority Noteholders in accordance with the terms of this Agreement and the Basic Documents. In connection therewith, the Trust agrees to assist the Loan Originator in such Dispositions and accordingly it shall, at the request and direction of the Majority Noteholders:

(i) transfer, deliver and sell all or a portion of the Loans, as of the "cut-off dates" of the related Dispositions, to such Disposition Participants as may be necessary to effect the Dispositions; provided, that any such sale shall be for "fair market value," as determined by the Market Value Agent in its reasonable discretion;

(ii) deposit the cash Disposition Proceeds into the Distribution Account pursuant to Section 5.01(c)(2)(D);

(iii) to the extent that a Securitization creates any Retained Securities, to accept such Retained Securities as a part of the Disposition Proceeds in accordance with the terms of this Agreement; and

(iv) take such further actions, including executing and delivering documents, certificates and agreements, as may be reasonably necessary to effect such Dispositions.

(d) The Servicer hereby covenants that it will take such actions as may be reasonably necessary to effect Dispositions as the Disposition Participants may request and direct, including without limitation providing the Loan Originator such information as may be required to make representations and warranties required hereunder, and covenants that it will make such representations and warranties regarding its servicing of the Loans hereunder as of the Cut-off Date of the related Disposition as reasonably required by the Disposition Participants.

(e) [reserved]

(f) The Majority Noteholders may effect Whole Loan Sales upon written notice to the Servicer of its intent to cause the Issuer to effect a Whole Loan Sale at least 5 Business Days in advance thereof. The Disposition Agent shall serve as agent for Whole Loan Sales and will receive a reasonable fee for such services provided that no such fee shall be payable if (i) the Loan Originator or its Affiliates purchase such Loans and (ii) no Event of Default or Default shall have occurred. The Loan Originator or its Affiliates may concurrently bid to purchase Loans in a Whole Loan Sale; provided, however, that neither the Loan Originator nor any such Affiliates shall pay a price in excess of the fair market value thereof (as determined by the Market Value Agent based upon recent sales of comparable loans or such other objective criteria as may be approved for determining “fair market value” by a “Big Four” national accounting firm). In the event that the Loan Originator does not bid in any such Whole Loan Sale, it shall have a right of first refusal to purchase the Loans offered for sale at the price offered by the highest bidder. The Disposition Agent shall conduct any Whole Loan Sale subject to the Loan Originator’s right of first refusal and shall promptly notify the Loan Originator of the amount of the highest bid. The Loan Originator shall have five (5) Business Days following its receipt of such notice to exercise its right of first refusal by notifying the Disposition Agent in writing.

(g) Except as otherwise expressly set forth under this Section 3.07, the parties’ rights and obligations under this Section 3.07 shall continue notwithstanding the occurrence of an Event of Default.

(h) The Disposition Participants (and the Majority Noteholders to the extent directing the Disposition Participants) shall be independent contractors to the Issuer and shall have no fiduciary obligations to the Issuer or any of its Affiliates. In that connection, the Disposition Participants shall not be liable for any error of judgment made in good faith and shall not be liable with respect to any action they take or omits to take in good faith in the performance of their duties.

Section 3.08 Servicer Put; Servicer Call.

(a) Servicer Put. The Servicer shall promptly purchase, upon the written demand of the Majority Noteholders, any Put/Call Loan; provided, however, that the Servicer may, upon receipt of such demand, elect to repurchase such Put/Call Loan pursuant to (b) below, in which case such repurchase shall be deemed a Servicer Call.

(b) Servicer Call. The Servicer may repurchase any Put/Call Loan at any time. Such Servicer Calls shall be solely at the option of the Servicer. Prior to exercising a Servicer Call, the Servicer shall deliver written notice to the Majority Noteholders and the Indenture Trustee which notice shall identify each Loan to be purchased and the Repurchase Price therefor; provided, however, that the Servicer may irrevocably waive its right to repurchase any Put/Call Loan as soon as reasonably practicable following its receipt of notice of the occurrence of any event or events giving rise to such Loan being a Put/Call Loan.

(c) In connection with each Servicer Put, the Servicer shall remit for deposit into the Collection Account the Repurchase Price for the Loans to be repurchased. In connection with each Servicer Call, the Servicer shall deposit into the Collection Account the Repurchase Price for the Loans to be purchased. The aggregate Repurchase Price of all Loans transferred pursuant to Section 3.08(a) shall in no event exceed the Unfunded Transfer Obligation at the time of any Servicer Put.

Section 3.09 Modification of Underwriting Guidelines.

The Loan Originator shall give the Initial Noteholder prompt written notification of any modification or change to the Underwriting Guidelines. If the Noteholder objects in writing to any modification or change to the Underwriting Guidelines within 15 days after receipt of such notice, no Loans may be conveyed to the Issuer pursuant to this Agreement unless such Loans have been originated pursuant to the Underwriting Guidelines without giving effect to such modification or change. Notwithstanding anything contained in this Agreement to the contrary, any Loan conveyed to the Issuer pursuant to this Agreement pursuant to a modification or change to the Underwriting Guidelines that has been rejected by the Initial Noteholder or which the Initial Noteholder did not receive notice of, such Loan shall be deemed an Unqualified Loan and be repurchased or substituted for in accordance with Section 3.06.

ARTICLE IV

ADMINISTRATION AND SERVICING OF THE LOANS

Section 4.01 Servicer's Servicing Obligations.

The Servicer, as independent contract servicer, shall service and administer the Loans in accordance with the terms and provisions set forth in the Servicing Addendum, which Servicing Addendum is incorporated herein by reference.

Section 4.02 Financial Statements.

(a) So long as the Notes remain outstanding, the Servicer shall furnish to the Initial Noteholder:

(i) annual consolidated audited financial statements of the Servicer and its Affiliates no later than 105 days after the Servicer's Fiscal Year;

(ii) quarterly unaudited statements of the Servicer no later than 60 days after quarter-end;

(iii) monthly unaudited statements of the Servicer no later than 45 days after month-end;

(iv) on a timely basis, (i) quarterly and annual consolidating financial statements reflecting material intercompany adjustments, (ii) all form 10-K, registration statements and other "corporate finance" filings made with the SEC (other than 8-K filings), *provided, however,* that the Servicer shall provide the Initial Noteholder a copy of the Servicer's annual SEC Form 10-K filing no later than 105 days after year-end, and (iii) any other financial information that the Initial Noteholder may reasonably request; and

(v) monthly portfolio performance data with respect to the mortgage loans the Servicer services, including, without limitation, any outstanding delinquencies, prepayments in whole or in part, and repurchases by the Servicer.

(b) Any and all financial statements set forth in Section 4.02(a)(i)-(iv) above shall be prepared in accordance with GAAP.

ARTICLE V

ESTABLISHMENT OF TRUST ACCOUNTS; TRANSFER OBLIGATION

Section 5.01 Collection Account and Distribution Account.

(a) (1) Establishment of Collection Account. The Servicer, for the benefit of the Noteholders, shall cause to be established and maintained one or more Collection Accounts (collectively, the "Collection Account"), which shall be separate Eligible Accounts entitled "Option One Owner Trust 2007-5A Collection Account, Wells Fargo Bank, N.A., as Indenture Trustee, for the benefit of the Option One Owner Trust 2007-5A Mortgage-Backed Notes." The Collection Account shall be maintained with a depository institution and shall satisfy the requirements set forth in the definition of Eligible Account. Funds in the Collection Account shall be invested in accordance with Section 5.03 hereof. Net investment earnings shall not be considered part of funds available in the Collection Account.

(2) Establishment of Distribution Account. The Servicer, for the benefit of the Noteholders, shall cause to be established and maintained, one or more Distribution Accounts (collectively, the "Distribution Account"), which shall be separate Eligible Accounts, entitled "Option One Owner Trust 2007-5A Distribution Account, Wells Fargo Bank, N.A., as Indenture Trustee, for the benefit of the Option One Owner Trust 2007-5A Mortgage-Backed Notes." The Distribution Account shall be maintained with a depository institution and shall satisfy the requirements set forth in the definition of Eligible Account. Funds in the Distribution Account shall be invested in accordance with Section 5.03 hereof. The

Servicer may, at its option, maintain one account to serve as both the Distribution Account and the Collection Account, in which case, the account shall be entitled "Option One Owner Trust 2007-5A Collection/Distribution Account, Wells Fargo Bank, N.A., as Indenture Trustee, for the benefit of the Option One Owner Trust 2007-5 A Mortgage-Backed Notes." If the Servicer makes such an election, all references herein or in any other Basic Document to either the Collection Account or the Distribution Account shall mean the Collection/Distribution Account described in the preceding sentence.

(3) The Servicer will inform the Indenture Trustee of the location of any accounts held in the Indenture Trustee's name, including any location to which an account is transferred.

(b) (1) Deposits to Collection Account. The Servicer shall deposit or cause to be deposited (without duplication):

(i) all payments on or in respect of each Loan collected on or after the related Transfer Cut- off Date (net, in each case, of any Servicing Compensation retained therefrom) within two (2) Business Days after receipt thereof;

(ii) all Net Liquidation Proceeds within two (2) Business Days after receipt thereof;

(iii) all Mortgage Insurance Proceeds within two (2) Business Days after receipt thereof;

(iv) all Released Mortgaged Property Proceeds within two (2) Business Days after receipt thereof;

(v) any amounts payable in connection with the repurchase of any Loan and the amount of any Substitution Adjustment pursuant to Sections 2.05 and 3.06 hereof concurrently with payment thereof;

(vi) any Repurchase Price payable in connection with a Servicer Call pursuant to Section 3.08 hereof concurrently with payment thereof;

(vii) the deposit of the Termination Price under Section 10.02 hereof concurrently with payment thereof;

(viii) Nonutilization Fees;

(ix) [reserved];

(x) any payments received under Hedging Instruments or the return of amounts by the Hedging Counterparty pledged pursuant to prior Hedge Funding Requirements in accordance with the last sentence of this Section 5.01(b)(l); and

(xi) any Repurchase Price payable in connection with a Servicer Put remitted by the Servicer pursuant to Section 3.08.

Except as otherwise expressly provided in Section 5.01(c)(4)(i), the Servicer agrees that it will cause the Loan Originator, Borrower or other appropriate Person paying such amounts, as the case may be, to remit directly to the Servicer for deposit into the Collection Account all amounts referenced in clauses (i) through (xi) to the extent such amounts are in excess of a Monthly Payment on the related Loan. To the extent the Servicer receives any such amounts, it will deposit them into the Collection Account on the same Business Day as receipt thereof.

(c) Withdrawals From Collection Account; Deposits to Distribution Account.

(1) Withdrawals From Collection Account — Reimbursement Items. The Paying Agent shall periodically but in any event on each Determination Date, make the following withdrawals from the Collection Account prior to any other withdrawals, in no particular order of priority:

(i) to withdraw any amount not required to be deposited in the Collection Account or deposited therein in error, including Servicing Compensation;

(ii) to withdraw the Servicing Advance Reimbursement Amount; and

(iii) to clear and terminate the Collection Account in connection with the termination of this Agreement.

(2) Deposits to Distribution Account — Payment Dates.

(A) On the Business Day prior to each Payment Date, the Paying Agent shall deposit into the Distribution Account such amounts as are required from the Transfer Obligation Account pursuant to Sections 5.05(e), 5.05(f), 5.05(g) and 5.05(h).

(B) After making all withdrawals specified in Section 5.01(c)(l) above, on each Remittance Date, the Paying Agent (based on information provided by the Servicer for such Payment Date), shall withdraw the Monthly Remittance Amount (or, with respect to an additional Payment Date pursuant to Section 5.01(c)(4)(ii), all amounts on deposit in the Collection Account on such date up to the amount necessary to make the payments due on the related Payment Date in accordance with Section 5.01(c)(3)) from the Collection Account not later than 5:00 P.M., New York City time and deposit such amount into the Distribution Account.

(C) [Reserved]

(D) The Servicer shall deposit or cause to be deposited in the Distribution Account any cash Disposition Proceeds pursuant to Section 3.07. To the extent the Servicer receives such amounts, it will deposit them into the Distribution Account on the same Business Day as receipt thereof.

(3) Withdrawals From Distribution Account — Payment Dates. On each Payment Date, to the extent funds are available in the Distribution Account, the Paying Agent (based on the information provided by the Servicer contained in the Servicer's Remittance Report for such Payment Date) shall make withdrawals therefrom for application in the following order of priority:

(i) to distribute on such Payment Date the following amounts in the following order: (a) to the Indenture Trustee, an amount equal to the Indenture Trustee Fee and all unpaid Indenture Trustee Fees from prior Payment Dates and all amounts owing to the Indenture Trustee pursuant to Section 6.07 of the Indenture and not paid by the Servicer or the Depositor up to an amount not to exceed $25,000 per annum, (b) to the Custodian, an amount equal to the Custodian Fee and all unpaid Custodian Fees from prior Payment Dates, (c) to the Servicer, an amount equal to the Servicing Compensation and all unpaid Servicing Compensation from prior Payment Dates (to the extent not retained from collections or remitted to the Servicer pursuant to Section 5.01(c)) and (d) to the Servicer, in trust for the Owner Trustee, an amount equal to the Owner Trustee Fee and all unpaid Owner Trustee Fees from prior Payment Dates;

(ii) to distribute on such Payment Date, the Hedge Funding Requirement to the appropriate Hedging Counterparties;

(iii) to the holders of the Notes *pro rata*, the sum of the Interest Payment Amount for such Payment Date and the Interest Carry-Forward Amount for the preceding Payment Date;

(iv) to the holders of the Notes *pro rata*, the sum of the Overcollateralization Shortfall for such Payment Date; provided, however, that if (a) a Rapid Amortization Trigger shall have occurred and not been Deemed Cured or (b) an Event of Default under the Indenture or Default shall have occurred, the holders of the Notes shall receive, in respect of principal, all remaining amounts on deposit in the Distribution Account;

(v) to the Initial Noteholder, the Nonutilization Fee for such Payment Date, to the extent payable, together with any Nonutilization Fees unpaid from any prior Payment Dates;

(vi) to the appropriate Person, amounts in respect of Issuer/Depositor Indemnities (as defined in the Trust Agreement) and Due Diligence Fees until such amounts are paid in full;

(vii) to the Transfer Obligation Account, all remaining amounts until the balance therein equals the Transfer Obligation Target Amount;

(viii) to the Indenture Trustee all amounts owing to the Indenture Trustee pursuant to Section 6.07 of the Indenture and not paid pursuant to clause (i) above;

(ix) all Nonrecoverable Servicing Advances not previously reimbursed; and

(x) to the holders of the Trust Certificates, subject to Section 5.2(b) of the Trust Agreement, all amounts remaining therein; provided, however, if the Owner Trustee has notified the Paying Agent that any amounts are due and owing to it and remain unpaid, then first to the Owner Trustee, such amounts.

(4) (i) If the Loan Originator or the Servicer, as applicable, repurchases, purchases or substitutes a Loan pursuant to Section 2.05, 3.06, 3.08(a), 3.08(b) or 3.08(c), then the Noteholders and the Issuer shall deem such date to be an additional Payment Date and the Issuer shall provide written notice to the Indenture Trustee and the Paying Agent of such additional Payment Date at least one Business Day prior to such Payment Date. On such additional Payment Date, the Loan Originator or the Servicer, in satisfaction of its obligations under 2.05, 3.06, 3.08(a) 3.08(b) or 3.08(c) and in satisfaction of the obligations of the Issuer and the Paying Agent to distribute such amounts to the Noteholders pursuant to Section 5.01(c), shall remit to the Noteholders, on behalf of the Issuer and the Paying Agent, an amount equal to the Repurchase Prices and any Substitution Adjustments (as applicable) to be paid by the Loan Originator or the Servicer by 12:00 p.m. New York City time, as applicable, under such Section, on such Payment Date, and the Note Principal Balance will be reduced accordingly. Such amounts shall be deemed deposited into the Collection Account and the Distribution Account, as applicable, and such amounts will be deemed distributed pursuant to the terms of Section 5.01(c). Upon notice of an additional Payment Date to the Paying Agent and the Indenture Trustee as provided above, the Paying Agent shall provide the Loan Originator or the Servicer (as applicable) information necessary so that remittances to the Noteholders pursuant to this clause (4)(i) may be made by the Loan Originator or the Servicer, as applicable, in compliance with Section 5.02(a) hereof.

(ii) To the extent that there is deposited in the Collection Account or the Distribution Account any amounts referenced in Section 5.01(b)(l)(vii) and 5.01(c)(2)(D), the Majority Noteholders and the Issuer may agree, upon reasonable written notice to the Paying Agent and the Indenture Trustee, to additional Payment Dates. The Issuer and the Majority Noteholder shall give the Paying Agent and the Indenture Trustee at least one (1) Business Day's written notice prior to such additional Payment Date and such notice shall specify each amount in Section 5.01(c) to be withdrawn from the Collection Account and Distribution Account on such day.

(iii) To the extent that there is deposited in the Distribution Account any amounts referenced in Section 5.05(f), the Majority Noteholders may, in their sole discretion, establish an additional Payment Date by written notice delivered to the Paying Agent and the Indenture Trustee at least one Business Day prior to

such additional Payment Date. On such additional Payment Date, the Paying Agent shall pay the sum of the Overcollateralization Shortfall to the Noteholders in respect of principal on the Notes.

Notwithstanding that the Notes have been paid in full, the Indenture Trustee, the Paying Agent and the Servicer shall continue to maintain the Distribution Account hereunder until this Agreement has been terminated.

(D) [Reserved]

Section 5.02 Payments to Securityholders.

(a) All distributions made on the Notes on each Payment Date or pursuant to Section 5.04(b) of the Indenture will be made on a *pro rata* basis among the Noteholders of record of the Notes on the next preceding Record Date based on the Percentage Interest represented by their respective Notes, without preference or priority of any kind, and, except as otherwise provided in the next succeeding sentence, shall be made by wire transfer of immediately available funds to the account of such Noteholder, if such Noteholder shall own of record Notes having a Percentage Interest (as defined in the Indenture) of at least 20% and shall have so notified the Paying Agent and the Indenture Trustee 5 Business Days prior to the related Record Date, and otherwise by check mailed to the address of such Noteholder appearing in the Notes Register. The final distribution on each Note will be made in like manner, but only upon presentment and surrender of such Note at the location specified in the notice to Noteholders of such final distribution.

(b) All distributions made on the Trust Certificates on each Payment Date or pursuant to Section 5.04(b) of the Indenture will be made in accordance with the Percentage Interest among the holders of the Trust Certificates of record on the next preceding Record Date based on their Percentage Interests (as defined in the Trust Agreement) on the date of distribution, without preference or priority of any kind, and, except as otherwise provided in the next succeeding sentence, shall be made by wire transfer of immediately available funds to the account of each such holder, if such holder shall own of record a Trust Certificate in an original denomination aggregating at least 25% of the Percentage Interests and shall have so notified the Paying Agent and the Indenture Trustee 5 Business Days prior to the related Record Date, and otherwise by check mailed to the address of such Certificateholder appearing in the Certificate Register. The final distribution on each Trust Certificate will be made in like manner, but only upon presentment and surrender of such Trust Certificate at the location specified in the notice to holders of the Trust Certificates of such final distribution. Any amount distributed to the holders of the Trust Certificates on any Payment Date shall not be subject to any claim or interest of the Noteholders. In the event that at any time there shall be more than one Certificateholder, the Indenture Trustee shall be entitled to reasonable additional compensation from the Servicer for any increase in its obligations hereunder.

Section 5.03 Trust Accounts: Trust Account Property.

(a) Control of Trust Accounts. Each of the Trust Accounts established hereunder has been pledged by the issuer to the Indenture Trustee under the Indenture and shall

be subject to the lien of the Indenture. Amounts distributed from each Trust Account in accordance with the terms of this Agreement shall be released for the benefit of the Securityholders from the Trust Estate upon such distribution thereunder or hereunder. The Indenture Trustee shall possess all right, title and interest in and to all funds on deposit from time to time in the Trust Accounts and in all proceeds thereof (including all income thereon) and all such funds, investments, proceeds and income shall be part of the Trust Account Property and the Trust Estate. If, at any time, any Trust Account ceases to be an Eligible Account, the Indenture Trustee shall, within ten Business Days (or such longer period, not to exceed 30 calendar days, with the prior written consent of the Majority Noteholders) (i) establish a new Trust Account as an Eligible Account, (ii) terminate the ineligible Trust Account, and (iii) transfer any cash and investments from such ineligible Trust Account to such new Trust Account.

With respect to the Trust Accounts, the Issuer and the Indenture Trustee agree, that each such Trust Account shall be subject to the "control" (in accordance with Section 9-104 of the Uniform Commercial Code) of the Indenture Trustee for the benefit of the Noteholders, and, except as may be consented to in writing by the Majority Noteholders, or provided in the related Blocked Account Agreement, the Indenture Trustee shall have sole signature and withdrawal authority with respect thereto.

The Servicer (unless it is also the Paying Agent) shall not be entitled to make any withdrawals or payments from the Trust Accounts.

(b) (1) Investment of Funds. Funds held in the Collection Account, the Distribution Account and the Transfer Obligation Account may be invested (to the extent practicable and consistent with any requirements of the Code) in Permitted Investments, as directed by the Servicer prior to the occurrence of an Event of Default and by the Majority Noteholders thereafter, in writing or facsimile transmission confirmed in writing by the Servicer or Majority Noteholders, as applicable. In the event the Indenture Trustee has not received such written direction, such Funds shall be invested in any Permitted Investment described in clause (i) of the definition of Permitted Investments. In any case, funds in the Collection Account, the Distribution Account and the Transfer Obligation Account must be available for withdrawal without penalty, and any Permitted Investments must mature or otherwise be available for withdrawal, one Business Day prior to the next Payment Date and shall not be sold or disposed of prior to its maturity subject to Subsection (b)(2) of this Section. All interest and any other investment earnings on amounts or investments held in the Collection Account, the Distribution Account and the Transfer Obligation Account shall be paid to the Servicer immediately upon receipt by the Indenture Trustee. All Permitted Investments in which funds in the Collection Account, the Distribution Account or the Transfer Obligation Account are invested must be held by or registered in the name of "Wells Fargo Bank, N.A., as Indenture Trustee, in trust for the Option One Owner Trust 2007-5A Mortgage-Backed Notes."

(2) Insufficiency and Losses in Trust Accounts. If any amounts are needed for disbursement from the Collection Account, the Distribution Account or the Transfer Obligation Account held by or on behalf of the Indenture Trustee and sufficient uninvested funds are not available to make such disbursement, the Indenture Trustee shall cause to be sold or

otherwise converted to cash a sufficient amount of the investments in the Collection Account, the Distribution Account or the Transfer Obligation Account, as the case may be. The Indenture Trustee shall not be liable for any investment loss or other charge resulting therefrom, unless such loss or charge is caused by the failure of the Indenture Trustee to perform in accordance with written directions provided pursuant to this Section 5.03.

If any losses are realized in connection with any investment in the Collection Account, the Distribution Account or the Transfer Obligation Account pursuant to this Agreement during a period in which the Servicer has the right to direct investments pursuant to Section 5.03(b), then the Servicer shall deposit the amount of such losses (to the extent not offset by income from other investments in the Collection Account, the Distribution Account or the Transfer Obligation Account, as the case may be) into the Collection Account, the Distribution Account or the Transfer Obligation Account, as the case may be, immediately upon the realization of such loss. All interest and any other investment earnings on amounts held in the Collection Account, the Distribution Account and the Transfer Obligation Account shall be taxed to the Issuer and for federal and state income tax purposes the Issuer shall be deemed to be the owner of the Collection Account, the Distribution Account and/or the Transfer Obligation Account, as the case may be.

(c) Subject to Section 6.01 of the Indenture, the Indenture Trustee shall not in any way be held liable by reason of any insufficiency in any Trust Account held by the Indenture Trustee resulting from any investment loss on any Permitted Investment included therein.

(d) With respect to the Trust Account Property, the Indenture Trustee acknowledges and agrees that:

(1) any Trust Account Property that is held in deposit accounts or securities accounts shall be held solely in the Eligible Accounts, subject to the last sentence of Subsection (a) of this Section 5.03; and each such Eligible Account shall be subject to the "control" (in accordance with Section 9-104 of the Uniform Commercial Code) of the Indenture Trustee as provided in the Blocked Account Agreement; and, without limitation on the foregoing, the Indenture Trustee shall have sole signature authority with respect thereto;

(2) any Trust Account Property that constitutes Physical Property shall be delivered to the Indenture Trustee in accordance with paragraphs (a) and (b) of the definition of "Delivery" in Section 1.01 hereof and shall be held, pending maturity or disposition, solely by the Indenture Trustee or a securities intermediary (as such term is defined in Section 8-102(a)(14) of the UCC) acting solely for the Indenture Trustee;

(3) any Trust Account Property that is a book-entry security held through the Federal Reserve System pursuant to federal book-entry regulations shall be delivered in accordance with paragraph (c) of the definition of "Delivery" in Section 1.01 hereof and shall be maintained by the Indenture Trustee, pending maturity or disposition, through continued book-entry registration of such Trust Account Property as described in such paragraph; and

(4) any Trust Account Property that is an "uncertificated security" under Article 8 of the UCC and that is not governed by clause (3) above shall be delivered to the Indenture Trustee in accordance with paragraph (d) of the definition of "Delivery" in Section 1.01 hereof and shall be maintained by the Indenture Trustee, pending maturity or disposition, through continued registration of the Indenture Trustee's (or its nominee's) ownership of such security.

Section 5.04 Advance Account.

(a) The Servicer shall cause to be established and maintained in its name, an Advance Account (the "Advance Account"), which need not be a segregated account. The Advance Account shall be maintained with any financial institution the Servicer elects.

(b) Deposits and Withdrawals. Amounts in respect of the transfer of Additional Note Principal Balances and Loans shall be deposited in and withdrawn from the Advance Account as provided in Sections 2.0l(c) and 2.06 hereof and Section 3.01 of the Note Purchase Agreement.

Section 5.05 Transfer Obligation Account.

(a) The Servicer, for the benefit of the Noteholders, shall cause to be established and maintained in the name of the Indenture Trustee a Transfer Obligation Account (the "Transfer Obligation Account"), which shall be a separate Eligible Account and may be interest-bearing, entitled "Option One Owner Trust 2007-5A Transfer Obligation Account, Wells Fargo Bank, N.A., as Indenture Trustee, in trust for the Option One Owner Trust 2007-5A Mortgage-Backed Notes." The Indenture Trustee shall have no monitoring or calculation obligation with respect to withdrawals from the Transfer Obligation Account. Amounts in the Transfer Obligation Account shall be invested in accordance with Section 5.03.

(b) In accordance with Section 5.06, the Loan Originator shall deposit into the Transfer Obligation Account any amounts as may be required thereby.

(c) On each Payment Date, the Paying Agent will deposit in the Transfer Obligation Account any amounts required to be deposited therein pursuant to Section 5.01(c)(3)(vii).

(d) On the date of each Disposition, the Paying Agent shall withdraw from the Transfer Obligation Account such amount on deposit therein in respect of the payment of Transfer Obligations as may be requested by the Disposition Agent in writing to effect such Disposition.

(e) On each Payment Date, the Paying Agent shall withdraw from the Transfer Obligation Account and deposit into the Distribution Account on such Payment Date the lesser of (x) the amount then on deposit in the Transfer Obligation Account and (y) the Interest Carry-Forward Amount as of such date.

(f) If with respect to any Business Day there exists an Overcollateralization Shortfall, the Paying Agent, upon the written direction of the Initial Noteholder, shall withdraw from the Transfer Obligation Account and deposit into the Distribution Account on such Business Day the lesser of (x) the amount then on deposit in the Transfer Obligation Account and (y) the amount of such Overcollateralization Shortfall as of such date.

(g) If with respect to any Payment Date there shall exist a Hedge Funding Requirement, the Paying Agent, upon the written direction of the Servicer or the Initial Noteholder, shall withdraw from the Transfer Obligation Account and deposit into the Distribution Account on the Business Day prior to such Payment Date the lesser of (x) the amount then on deposit in the Transfer Obligation Account (after making all other required withdrawals therefrom with respect to such Payment Date) and (y) the amount of such Hedge Funding Requirement as of such date.

(h) In the event of the occurrence of an Event of Default under the Indenture, the Paying Agent shall withdraw all remaining funds from the Transfer Obligation Account and apply such funds in satisfaction of the Notes as provided in Section 5.04(b) of the Indenture.

(i) (i) The Paying Agent shall return to the Loan Originator all amounts on deposit in the Transfer Obligation Account (after making all other withdrawals pursuant to this Section 5.05) until the Majority Noteholders provide written notice to the Indenture Trustee (with a copy to the Loan Originator and the Servicer) of the occurrence of a default or event of default (however defined) under any Basic Document with respect to the Issuer, the Depositor, the Loan Originator or any of their Affiliates and (ii) upon the date of the termination of this Agreement pursuant to Article X, the Paying Agent shall withdraw any remaining amounts from the Transfer Obligation Account and remit all such amounts to the Loan Originator.

Section 5.06 Transfer Obligation.

(a) In consideration of the transactions contemplated by the Basic Documents, the Loan Originator agrees and covenants with the Depositor that:

(i) In connection with each Disposition it shall fund, or cause to be funded, reserve funds, pay credit enhancer fees, pay, or cause to be paid, underwriting fees, fund any negative difference between the cash Disposition Proceeds and the aggregate Note Principal Balance at the time of such Disposition, and make, or cause to be made, such other payments as may be, in the reasonable opinion of the Disposition Agent, commercially reasonably necessary to effect Dispositions, in each case to the extent that Disposition Proceeds are insufficient to pay such amounts;

(ii) In connection with Hedging Instruments, on the Business Day prior to each Payment Date, it shall deliver to the Servicer for deposit into the Transfer Obligation Account any Hedge Funding Requirement (to the extent amounts available on the related Payment Date pursuant to Section 5.01 are insufficient to make such payment), when, as and if due to any Hedging Counterparty;

(iii) If any Interest Carry-Forward Amount shall occur, it shall deposit into the Transfer Obligation Account any such Interest Carry-Forward Amount on or before the Business Day preceding such related Payment Date;

(iv) If on any Business Day there exists an Overcollateralization Shortfall, upon the written direction of the Initial Noteholder, it shall on such Business Day deposit into the Transfer Obligation Account the full amount of the Overcollateralization Shortfall as of such date, provided, that in the event that notice of such Overcollateralization Shortfall is provided to the Loan Originator after 3:00 p.m. New York City time, the Loan Originator shall make such deposit on the following Business Day; and

(v) Notwithstanding anything to the contrary herein, in the event of the occurrence of an Event of Default under the Indenture, the Loan Originator shall promptly deposit into the Transfer Obligation Account the entire amount of the Unfunded Transfer Obligation;

provided, that notwithstanding anything to the contrary contained herein, the Loan Originator's cumulative payments under or in respect of the Transfer Obligations (after subtracting therefrom any amounts returned to the Loan Originator pursuant to Section 5.05(i)(i)) together with the Servicer's payments in respect of any Servicer Puts shall not in the aggregate exceed the Unfunded Transfer Obligation.

(b) The Loan Originator agrees that the Noteholders, as ultimate assignee of the rights of the Depositor under this Agreement and the other Basic Documents, may enforce the rights of the Depositor directly against the Loan Originator.

(c) With respect to the obligations of the Loan Originator pursuant to this Section 5.06, Option One shall be obligated to make payments hereunder only if Option One Capital does not make such payments prior to the time any such payment is required to be made. If Option One Capital does not make any such payment prior to the time such payment is required to be made, Option One shall be required to make such payment not later than the time such payment is required to be made.

5.07 Monthly Payment Information.

The Servicer shall provide to Citigroup Global Markets Realty Corp. within one (1) Business Day of any request, updated payment information regarding any of the Loans, including current paid-through information.

ARTICLE VI

STATEMENTS AND REPORTS; SPECIFICATION OF TAX MATTERS

Section 6.01 Statements.

(a) No later than 12:00 noon (New York City time) on each Remittance Date, the Servicer shall deliver to the Indenture Trustee and the Initial Noteholder by electronic

transmission, the receipt and legibility of which shall be confirmed by telephone, and with hard copy thereof to be delivered no later than one (1) Business Day after such Remittance Date, the Servicer's Remittance Report, setting forth the date of such Report (day, month and year), the name of the Issuer (i.e., "Option One Owner Trust 2007-5A"), and the date of this Agreement, all in substantially the form set out in Exhibit B hereto. Furthermore, on each Remittance Date, the Servicer shall deliver to the Indenture Trustee and the Initial Noteholder a data file providing, with respect to each Loan in the Loan Pool as of the last day of the related Remittance Period (i) if such Loan is an ARM, the current Loan Interest Rate; (ii) the Principal Balance with respect to such Loan; (iii) the date of the last Monthly Payment paid in full; and (iv) such other information as may be reasonably requested by the Initial Noteholder and the Indenture Trustee. In addition, no later than 12:00 noon (New York City time) on the 15th day of each calendar month (or if such day is not a Business Day, the preceding Business Day), the Custodian shall prepare and provide to the Servicer and the Indenture Trustee by facsimile, the Custodian Fee Notice for the Payment Date falling in such calendar month.

(b) No later than 12:00 noon (New York City time) on each Remittance Date, the Servicer shall prepare (or cause to be prepared) and provide to the Indenture Trustee electronically or via fax, receipt confirmed by telephone, the Initial Noteholder and each Noteholder, a statement (the "Payment Statement"), stating each date and amount of a purchase of Additional Note Principal Balance (day, month and year), the name of the Issuer (i.e., "Option One Owner Trust 2007-5A"), the date of this Agreement and the following information:

(1) the aggregate amount of collections in respect of principal of the Loans received by the Servicer during the preceding Remittance Period;

(2) the aggregate amount of collections in respect of interest on the Loans received by the Servicer during the preceding Remittance Period;

(3) all Mortgage Insurance Proceeds received by the Servicer during the preceding Remittance Period and not required to be applied to restoration or repair of the related Mortgaged Property or returned to the Borrower under applicable law or pursuant to the terms of the applicable Mortgage Insurance Policy;

(4) all Net Liquidation Proceeds deposited by the Servicer into the Collection Account during the preceding Remittance Period;

(5) all Released Mortgaged Property Proceeds deposited by the Servicer into the Collection Account during the preceding Remittance Period;

(6) the aggregate amount of all Servicing Advances made by the Servicer during the preceding Remittance Period;

(7) the aggregate of all amounts deposited into the Distribution Account in respect of the repurchase of Unqualified Loans and the repurchase of Loans pursuant to Section 2.05 hereof during the preceding Remittance Period;

(8) the aggregate Principal Balance of all Loans for which a Servicer Call was exercised during the preceding Remittance Period;

(9) the aggregate Principal Balance of all Loans for which a Servicer Put was exercised during the preceding Remittance Period;

(10) the aggregate amount of all payments received under Hedging Instruments during the preceding Remittance Period;

(11) the aggregate amount of all withdrawals from the Distribution Account pursuant to Section 5.01(c)(l)(i) hereof during the preceding Remittance Period;

(12) the aggregate amount of cash Disposition Proceeds received during the preceding Remittance Period;

(13) withdrawals from the Collection Account in respect of the Servicing Advance Reimbursement Amount with respect to the related Payment Date;

(14) [reserved];

(15) the number and aggregate Principal Balance of all Loans that are (i) 30-59 days Delinquent, (ii) 60- 89 days Delinquent, (iii) 90 or more days Delinquent as of the end of the related Remittance Period;

(16) the aggregate amount of Liquidated Loan Losses incurred (i) during the preceding Remittance Period, and (ii) during the preceding three Remittance Periods;

(17) the aggregate of the Principal Balances of all Loans in the Loan Pool as of the end of the related Remittance Period;

(18) the aggregate amount of all deposits into the Distribution Account from the Transfer Obligation Account pursuant to Sections 5.05(e), 5.05(f), 5.05(g), and 5.05(h) on the related Payment Date;

(19) the aggregate amount of distributions in respect of Servicing Compensation to the Servicer, and unpaid Servicing Compensation from prior Payment Dates for the related Payment Date;

(20) the aggregate amount of distributions in respect of Indenture Trustee Fees and unpaid Indenture Trustee Fees from prior Payment Dates for the related Payment Date;

(21) the aggregate amount of distributions in respect of the Custodian Fee and unpaid Custodian Fees from prior Payment Dates for the related Payment Date;

(22) the aggregate amount of distributions in respect of the Owner Trustee Fees and unpaid Owner Trustee Fees from prior Payment Dates and for the related Payment Date;

(23) the Unfunded Transfer Obligation and Overcollateralization Shortfall on such Payment Date for the related Payment Date;

(24) the aggregate amount of distributions to the Transfer Obligation Account for the related Payment Date;

(25) the aggregate amount of distributions in respect of Trust/Depositor Indemnities for the related Payment Date;

(26) the aggregate amount of distributions to the holders of the Trust Certificates for the related Payment Date;

(27) the Note Principal Balance of the Notes as of the last day of the related Remittance Period (without taking into account any Additional Note Principal Balance between the last day of such Remittance Period and the related Payment Date) before and after giving effect to distributions made to the holders of the Notes for such Payment Date;

(28) the Pool Principal Balance as of the end of the preceding Remittance Period; and

(29) whether a Rapid Amortization Trigger shall exist with respect to such Payment Date.

Such Payment Statement shall also be provided on the Remittance Date to the Initial Noteholder and Indenture Trustee in the form of a data file in a form mutually agreed to by and between the Initial Noteholder, the Indenture Trustee and the Servicer. The Indenture Trustee shall have no duty to monitor the occurrence of a Rapid Amortization Trigger or any events resulting in withdrawals from the Transfer Obligation Account.

Section 6.02 Specification of Certain Tax Matters.

The Paying Agent shall comply with all requirements of the Code and applicable state and local law with respect to the withholding from any distributions made to any Securityholder of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith, giving due effect to any applicable exemptions from such withholding and effective certifications or forms provided by the recipient. Any amounts withheld pursuant to this Section 6.02 shall be deemed to have been distributed to the Securityholders, as the case may be, for all purposes of this Agreement. The Indenture Trustee shall have no responsibility for preparing or filing any tax returns.

Section 6.03 Valuation of Loans, Hedge Value and Retained Securities Value; Market Value Agent.

(a) The Initial Noteholder hereby irrevocably appoints, and the Issuer hereby consents to the appointment of, the Market Value Agent as agent on behalf of the Noteholders to determine the Market Value of each Loan, the Hedge Value of each Hedging Instrument and the Retained Securities Value of all Retained Securities.

(b) Except as otherwise set forth in Section 3.07, the Market Value Agent shall determine the Market Value of each Loan, for the purposes of the Basic Documents, in its sole and reasonable discretion. In determining the Market Value of each Loan, the Market Value Agent may consider any information that it may deem relevant, including, without limitation, the expected proceeds of the sale of such Loan following the occurrence and continuation of an Event of Default. The Market Value Agent's determination, in its sole and reasonable discretion, of Market Value shall be conclusive and binding upon the parties hereto, absent manifest error (including without limitation, any error contemplated in Section 2.08).

(c) On each Business Day the Market Value Agent shall determine in its sole judgment the Hedge Value of each Hedging Instrument as of such Business Day. In making such determination the Market Value Agent may rely exclusively on quotations provided by the Hedging Counterparty, by leading dealers in instruments similar to such Hedging Instrument, which leading dealers may include the Market Value Agent and its Affiliates and such other sources of information as the Market Value Agent may deem appropriate.

(d) On each Business Day, the Market Value Agent shall determine in its sole judgment the Retained Securities Value of the Retained Securities, if any, expected to be issued pursuant to such Securitization as of the closing date of such Securitization. In making such determination the Market Value Agent may rely exclusively on quotations provided by leading dealers in instruments similar to such Retained Securities, which leading dealers may include the Market Value Agent and its Affiliates and such other sources of information as the Market Value Agent may deem appropriate.

ARTICLE VII

HEDGING; FINANCIAL COVENANTS

Section 7.01 Hedging Instruments.

(a) On each Transfer Date, the Trust shall enter into such Hedging Instruments as the Market Value Agent, on behalf of the Majority Noteholders, shall determine are necessary in order to hedge the interest rate risk with respect to the Collateral Value of the Loans being purchased on such Transfer Date. The Market Value Agent shall determine, in its sole discretion, whether any Hedging Instrument conforms to the requirements of Section 7.01(b),(c)and(d).

(b) Each Hedging Instrument shall expressly provide that in the event of a Disposition or other removal of the Loan from the Trust, such portion of the Hedging Instrument shall terminate as the Disposition Agent deems appropriate to facilitate the hedging of the risks specified in Section 7.01(a). In the event that the Hedging Instrument is not otherwise terminated, it shall contain provisions that allow the position of the Trust to be assumed by an Affiliate of the Trust upon the liquidation of the Trust. The terms of the assignment documentation and the credit quality of the successor to the Trust shall be subject to the Hedging Counterparty's approval.

(c) Any Hedging Instrument that provides for any payment obligation on the part of the Issuer must (i) be without recourse to the assets of the Issuer, (ii) contain a non-petition covenant provision in the form of Section 11.13, (iii) limit payment dates thereunder to Payment Dates and (iv) contain a provision limiting any cash payments due on any day under such Hedging Instrument solely to funds available therefor in the Collection Account on such day pursuant to Section 5.01(c)(3)(ii) hereof and funds available therefor in the Transfer Obligation Account.

(d) Each Hedging Instrument must (i) provide for the direct payment of any amounts thereunder to the Collection Account pursuant to Section 5.01(b)(l)(x), (ii) contain an assignment of all of the Issuer's rights (but none of its obligations) under such Hedging Instrument to the Indenture Trustee and shall include an express consent to the Hedging Counterparty to such assignment, (iii) provide that in the event of the occurrence of an Event of Default, such Hedging Instrument shall terminate upon the direction of the Majority Noteholders, (iv) prohibit the Hedging Counterparty from "setting-off" or "netting" other obligations of the Issuer or its Affiliates against such Hedging Counterparty's payment obligations thereunder, (v) provide that the appropriate portion of the Hedging Instrument will terminate upon the removal of the related Loans from the Trust Estate and (vi) have economic terms that are fixed and not subject to alteration after the date of assumption or execution.

(e) If agreed to by the Majority Noteholders, the Issuer may pledge its assets in order to secure its obligations in respect of Hedge Funding Requirements, provided that such right shall be limited solely to Hedging Instruments for which an Affiliate of the Initial Noteholder is a Hedging Counterparty.

(f) The aggregate notional amount of all Hedging Instruments shall not exceed the Note Principal Balance as of the date on which each Hedging Instrument is entered into by the Issuer and a Hedging Counterparty.

Section 7.02 Financial Covenants.

(a) Each of Option One and the Servicer shall maintain a minimum Tangible Net Worth of $425 million as of any day.

(b) Each of Option One and the Servicer shall maintain a ratio of 1.0 or greater at any time pursuant to the Capital Adequacy Test, attached as Exhibit G hereto.

(c) Neither Option One nor the Servicer may exceed a maximum non- warehouse leverage ratio (the ratio of (i) the sum of (A) all funded debt (excluding debt from H&R Block, Inc. or any of its Affiliates and all non-recourse debt) less (B) 91% of its mortgage loan inventory held for sale less (C) 90% of servicing advance receivables (determined and valued in accordance with GAAP) to (ii) Tangible Net Worth) of 0.50x at any time.

(d) Each of Option One and the Servicer shall maintain a minimum liquidity facility (defined as a committed, unsecured, non-amortizing liquidity facility from H&R Block, Inc. not to mature (scheduled or accelerated) prior to the Maturity Date) in an amount no less than $150 million. Such facility from H&R Block, Inc. cannot contain covenants or termination

events more restrictive than the covenants or termination events contained in the Basic Documents.

(e) Beginning with the quarter ending April 30, 2007, each of Option One, Option One Capital and the Servicer shall maintain a minimum "Net Income" (defined and determined in accordance with GAAP) of at least $1, based on the total of the current quarter combined with the previous three quarters.

(f) Each of Option One and the Servicer, on a quarterly basis, shall provide the Noteholder Agent with an Officer's Certificate stating that Option One or the Servicer, as the case may be, is in compliance with the financial covenants set forth in this Section 7.02 and the details of such compliance.

ARTICLE VIII

THE SERVICER

Section 8.01 Indemnification; Third Party Claims.

(a) The Servicer shall indemnify the Loan Originator, the Owner Trustee, the Trust, the Depositor, the Indenture Trustee and the Noteholders, their respective officers, directors, employees, agents and "control persons," as such term is used under the Act and under the Securities Exchange Act of 1934 as amended (each a "Servicer Indemnified Party") and hold harmless each of them against any and all claims, losses, damages, penalties, fines, forfeitures, reasonable legal fees and related costs, judgments, and other costs and expenses resulting from any claim, demand, defense or assertion based on or grounded upon, or resulting from, a breach of any of the Servicer's representations and warranties and covenants contained in this Agreement or in any way relating to the failure of the Servicer to perform its duties and service the Loans in compliance with the terms of this Agreement except to the extent such loss arises out of such Servicer Indemnified Party's gross negligence or willful misconduct; provided, however, that if the Servicer is not liable pursuant to the provisions of Section 8.01(b) hereof for its failure to perform its duties and service the Loans in compliance with the terms of this Agreement, then the provisions of this Section 8.01 shall have no force and effect with respect to such failure.

(b) None of the Loan Originator, the Depositor or the Servicer or any of their respective Affiliates, directors, officers, employees or agents shall be under any liability to the Owner Trustee, the Issuer, the Indenture Trustee or the Securityholders for any action taken, or for refraining from the taking of any action, in good faith pursuant to this Agreement, or for errors in judgment; provided, however, that this provision shall not protect the Loan Originator, the Depositor, the Servicer or any of their respective Affiliates, directors, officers, employees, agents against the remedies provided herein for the breach of any warranties, representations or covenants made herein, or against any expense or liability specifically required to be borne by such party without right of reimbursement pursuant to the terms hereof, or against any expense or liability which would otherwise be imposed by reason of misfeasance, bad faith or negligence

in the performance of the respective duties of the Servicer, the Depositor or the Loan Originator, as the case may be. The Loan Originator, the Depositor, the Servicer and any of their respective Affiliates, directors, officers, employees, agents may rely in good faith on any document of any kind which, prima facie, is properly executed and submitted by any Person respecting any matters arising hereunder.

(c) The Loan Originator agrees to indemnify and hold harmless the Depositor and the Noteholders, as the ultimate assignees from the Depositor (each an "Originator Indemnified Party," together with the Servicer Indemnified Parties, the "Indemnified Parties"), from and against any loss, liability, expense, damage, claim or injury arising out of or based on (i) any breach of any representation, warranty or covenant of the Loan Originator, the Servicer or their Affiliates, in any Basic Document, including, without limitation, the origination or prior servicing of the Loans by reason of any acts, omissions, or alleged acts or omissions arising out of activities of the Loan Originator, the Servicer or their Affiliates, and (ii) any untrue statement by the Loan Originator, the Servicer or its Affiliates of any material fact or any such Person's failure to state a material fact necessary to make such statements not misleading with respect to any such Person's statements contained in any Basic Document, including, without limitation, any Officer's Certificate, statement, report or other document or information prepared by any such Person and furnished or to be furnished by it pursuant to or in connection with the transactions contemplated thereby and not corrected prior to completion of the relevant transaction including, without limitation, such written information as may have been and may be furnished in connection with any due diligence investigation with respect to the Loans or any such Person's business, operations or financial condition, including reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim; provided that the Loan Originator shall not indemnify an Originator Indemnified Party to the extent such loss, liability, expense, damage or injury is due to either an Originator Indemnified Party's willful misfeasance, bad faith or negligence or by reason of an Originator Indemnified Party's reckless disregard of its obligations hereunder; provided, further, that the Loan Originator shall not be so required to indemnify an Originator Indemnified Party or to otherwise be liable hereunder or under any provision of the Basic Documents to an Originator Indemnified Party for any losses in respect of the performance of the Loans, the insolvency, bankruptcy, delinquency, creditworthiness and similar characteristics of the Borrowers under the Loans, the uncollectability of any principal, interest, and any other charges (including late fees) under such loans, changes in the market value of the Loans or other similar investment risks associated with the Loans arising from a breach of any representation or warranty set forth in Exhibit E hereto, the sole remedy for the breach of which is provided in Section 3.06 hereof. The provisions of this indemnity shall run directly to and be enforceable by an Originator Indemnified Party subject to the limitations hereof.

(d) With respect to a claim subject to indemnity hereunder made by any Person against an Indemnified Party (a "Third Party Claim"), such Indemnified Party shall notify the related indemnifying parties (each an "Indemnifying Party") in writing of the Third Party Claim within a reasonable time after receipt by such Indemnified Party of written notice of the Third Party Claim unless the Indemnifying Parties shall have previously obtained actual knowledge thereof. Thereafter, the Indemnified Party shall deliver to the Indemnifying Parties, within a reasonable time after the Indemnified Party's receipt thereof, copies of all notices and

documents (including court papers) received by the Indemnified Party relating to the Third Party Claim. No failure to give such notice or deliver such documents shall effect the rights to indemnity hereunder. Each Indemnifying Party shall promptly notify the Indenture Trustee and the Indemnified Party (if other than the Indenture Trustee) of any claim of which it has been notified and shall promptly notify the Indenture Trustee and the Indemnified Party (if applicable) of its intended course of action with respect to any claim.

(e) If a Third Party Claim is made against an Indemnified Party, while maintaining control over its own defense, the Indemnified Party shall cooperate and consult fully with the Indemnifying Party in preparing such defense, and the Indemnified Party may defend the same in such manner as it may deem appropriate, including settling such claim or litigation after giving notice to the Indemnifying Party of such terms and the Indemnifying Party will promptly reimburse the Indemnified Party upon written request; provided, however, that the Indemnified Party may not settle any claim or litigation without the consent of the Indemnifying Party; provided, further, that the Indemnifying Party shall have the right to reject the selection of counsel by the Indemnified Party if the Indemnifying Party reasonably determines that such counsel is inappropriate in light of the nature of the claim or litigation and shall have the right to assume the defense of such claim or litigation if the Indemnifying Party determines that the manner of defense of such claim or litigation is unreasonable.

Section 8.02 Merger or Consolidation of the Servicer.

The Servicer shall keep in full effect its existence, rights and franchises as a corporation, and will obtain and preserve its qualification to do business as a foreign corporation and maintain such other licenses and permits in each jurisdiction necessary to protect the validity and enforceability of each Basic Document to which it is a party and each of the Loans and to perform its duties under each Basic Document to which it is a party; provided, however, that the Servicer may merge or consolidate with any other corporation upon the satisfaction of the conditions set forth in the following paragraph.

Any Person into which the Servicer may be merged or consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Servicer shall be a party, or any Person succeeding to the business of the Servicer, shall be an Eligible Servicer and shall be the successor of the Servicer, as applicable hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. The Servicer shall send notice of any such merger, conversion, consolidation or succession to the Indenture Trustee and the issuer.

Section 8.03 Limitation on Liability of the Servicer and Others.

The Servicer and any director, officer, employee or agent of the Servicer may rely on any document of any kind which it in good faith reasonably believes to be genuine and to have been adopted or signed by the proper authorities respecting any matters arising hereunder. Subject to the terms of Section 8.01 hereof, the Servicer shall have no obligation to appear with respect to, prosecute or defend any legal action which is not incidental to the Servicer’s duty to service the Loans in accordance with this Agreement.

Section 8.04 Servicer Not to Resign; Assignment.

The Servicer shall not resign from the obligations and duties hereby imposed on it except (a) with the consent of the Majority Noteholders or (b) upon determination that its duties hereunder are no longer permissible under applicable law. Any such determination pursuant to clause (b) of the preceding sentence permitting the resignation of the Servicer shall be evidenced by an Independent opinion of counsel to such effect delivered (at the expense of the Servicer) to the Indenture Trustee and the Majority Noteholders. No resignation of the Servicer shall become effective until a successor servicer, appointed pursuant to the provisions of Section 9.02 hereof shall have assumed the Servicer's responsibilities, duties, liabilities (other than those liabilities arising prior to the appointment of such successor) and obligations under this Agreement.

Except as expressly provided herein, the Servicer shall not assign or transfer any of its rights, benefits or privileges hereunder to any other Person, or delegate to or subcontract with, or authorize or appoint any other Person to perform any of the duties, covenants or obligations to be performed by the Servicer hereunder and any agreement, instrument or act purporting to effect any such assignment, transfer, delegation or appointment shall be void.

The Servicer agrees to cooperate with any successor Servicer in effecting the transfer of the Servicer's servicing responsibilities and rights hereunder pursuant to the first paragraph of this Section 8.04, including, without limitation, the transfer to such successor of all relevant records and documents (including any Loan Files in the possession of the Servicer) and all amounts received with respect to the Loans and not otherwise permitted to be retained by the Servicer pursuant to this Agreement. In addition, the Servicer, at its sole cost and expense, shall prepare, execute and deliver any and all documents and instruments to the successor Servicer including all Loan Files in its possession and do or accomplish all other acts necessary or appropriate to effect such termination and transfer of servicing responsibilities.

Section 8.05 Relationship of Servicer to Issuer and the Indenture Trustee.

The relationship of the Servicer (and of any successor to the Servicer as servicer under this Agreement) to the Issuer, the Owner Trustee and the Indenture Trustee under this Agreement is intended by the parties hereto to be that of an independent contractor and not of a joint venturer, agent or partner of the issuer, the Owner Trustee or the Indenture Trustee.

Section 8.06 Servicer May Own Securities.

Each of the Servicer and any Affiliate of the Servicer may in its individual or any other capacity become the owner or pledgee of Securities with the same rights as it would have if it were not the Servicer or an Affiliate thereof except as otherwise specifically provided herein; provided, however, that at any time that Option One or any of its Affiliates is the Servicer, neither the Servicer nor any of its Affiliates (other than an Affiliate which is a corporation whose purpose is limited to holding securities and related activities and which cannot incur recourse debt) may be a Noteholder. Securities so owned by or pledged to the Servicer or such Affiliate shall have an equal and proportionate benefit under the provisions of this Agreement, without preference, priority, or distinction as among all of the Securities; provided, however, that any Securities owned by the Servicer or any Affiliate thereof, during the time such Securities are

owned by them, shall be without voting rights for any purpose set forth in this Agreement unless the Servicer or such Affiliate owns all outstanding Securities of the related class. The Servicer shall notify the Indenture Trustee promptly after it or any of its Affiliates becomes the owner or pledgee of a Security.

Section 8.07 Indemnification of the Indenture Trustee and Initial Noteholder.

The Servicer agrees to indemnify the Indenture Trustee and its employees, officers, directors and agents, and reimburse its reasonable out-of-pocket expenses in accordance with Section 6.07 of the Indenture as if it was a signatory thereto. The Servicer agrees to indemnify the Initial Noteholder in accordance with Section 9.01 of the Note Purchase Agreement as if it were signatory thereto.

ARTICLE IX

SERVICER EVENTS OF DEFAULT

Section 9.01 Servicer Events of Default.

(a) In case one or more of the following Servicer Events of Default shall occur and be continuing, that is to say:

(1) any failure by the Servicer to deposit into the Collection Account or the Distribution Account any amounts required to be deposited therein or any failure by the Servicer to make any of the required payments therefrom; or

(2) any failure on the part of the Servicer duly to observe or perform in any material respect any other of the material covenants or agreements on the part of the Servicer, contained in any Basic Document to which it is a party, which continues unremedied for a period of 30 days (or, in the case of payment of insurance premiums, for a period of 15 days) after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by any other party hereto or to the Servicer (with copy to each other party hereto), by Holders of 25% of the Percentage Interests of the Notes or the Trust Certificates; or

(3) any breach on the part of the Servicer of any representation or warranty contained in any Basic Document to which it is a party that materially and adversely affects the interests of any of the parties hereto or any Securityholder and which continues unremedied for a period of 30 days after the date on which notice of such breach, requiring the same to be remedied, shall have been given to the Servicer by any other party hereto or to the Servicer (with copy to each other party hereto), by the Initial Noteholder or Holders of 25% of the Percentage Interests (as defined in the Indenture) of the Notes; or

(4) there shall have been commenced before a court or agency or supervisory authority having jurisdiction in the premises an involuntary proceeding against the

Servicer under any present or future federal or state bankruptcy, insolvency or similar law for the appointment of a conservator, receiver, liquidator, trustee or similar official in any bankruptcy, insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, which action shall not have been dismissed for a period of 60 days; or

(5) the Servicer shall consent to the appointment of a conservator, receiver, liquidator, trustee or similar official in any bankruptcy, insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings of or relating to it or of or relating to all or substantially all of its property; or

(6) the Servicer shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable bankruptcy, insolvency or reorganization statute, make an assignment for the benefit of its creditors, voluntarily suspend payment of its obligations, or take any corporate action in furtherance of the foregoing; or

(7) Reserved; or

(8) Option One fails to comply with any of its financial covenants set forth in Section 7.02; or

(9) a Change of Control of the Servicer; or

(10) so long as the Servicer or the Loan Originator is an Affiliate of the Issuer, the occurrence of an Event of Default under the Indenture as a result of the action or inaction of the Issuer.

(b) Then, and in each and every such case, so long as a Servicer Event of Default shall not have been remedied, the Indenture Trustee or the Majority Noteholders, by notice in writing to the Servicer may, in addition to whatever rights such Person may have at law or in equity to damages, including injunctive relief and specific performance, may terminate all the rights and obligations of the Servicer under this Agreement and in and to the Loans and the proceeds thereof, as servicer under this Agreement. Upon receipt by the Servicer of such written notice, all authority and power of the Servicer under this Agreement, whether with respect to the Loans or otherwise, shall, subject to Section 9.02 hereof, pass to and be vested in a successor servicer, and the successor servicer is hereby authorized and empowered to execute and deliver, on behalf of the Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments and do or cause to be done all other acts or things necessary or appropriate to effect the purposes of such notice of termination, including, but not limited to, the transfer and endorsement or assignment of the Loans and related documents. The Servicer agrees to cooperate with the successor servicer in effecting the termination of the Servicer’s responsibilities and rights hereunder, including, without limitation, the transfer to the successor servicer for administration by it of all amounts which shall at the time be credited by the Servicer to each Collection Account or thereafter received with respect to the Loans.

(c) Upon the occurrence of (i) an Event of Default or Default under any of the Basic Documents, (ii) a Servicer Event of Default under this Agreement or (iii) a Rapid Amortization Trigger (each, a "Term Event"), the Servicer's right to service the Loans pursuant to the terms of this Agreement shall be in effect for an initial period commencing on the date on which such Term Event occurred and shall automatically terminate at 5:00 p.m. (New York City time), on the last Business Day of the calendar month in which such Term Event occurred (the "Initial Term"). Thereafter, the Initial Term shall be extendible in the sole discretion of the Initial Noteholder by written notice (each, a "Servicer Extension Notice") of the Initial Noteholder for successive one-month terms (each such term ending at 5:00 p.m. (New York City time), on the last Business Day of the related month). Following a Term Event, the Servicer hereby agrees that the Servicer shall be bound for the duration of the Initial Term and the term covered by any such Servicer Extension Notice to act as the Servicer pursuant to this Agreement. Following a Term Event, the Servicer agrees that if, as of 3:00 p.m. (New York City time) on the last Business Day of any month, the Servicer shall not have received a Servicer Extension Notice from the Initial Noteholder, the Servicer shall give written notice of such non-receipt to the Initial Noteholder by 4:00 p.m. (New York City time). Following a Term Event, the failure of the Initial Noteholder to deliver a Servicer Extension Notice by 5:00 p.m. (New York City time) shall result in the automatic and immediate termination of the Servicer (the "Termination Date"). Notwithstanding these time frames, the Servicer and the Initial Noteholder shall comply with all applicable laws in connection with such transfer and the Servicer shall continue to service the Loans until completion of such transfer.

Section 9.02 Appointment of Successor.

On and after the date the Servicer receives a notice of termination pursuant to Section 9.01 hereof or is automatically terminated pursuant to Section 9.0 l(c) hereof, or the Owner Trustee receives the resignation of the Servicer evidenced by an Opinion of Counsel or accompanied by the consents required by Section 8.04 hereof, or the Servicer is removed as servicer pursuant to this Article EX or Section 4.01 of the Servicing Addendum, then, the Majority Noteholders shall appoint a successor servicer to be the successor in all respects to the Servicer in its capacity as Servicer under this Agreement and the transactions set forth or provided for herein and shall be subject to all the responsibilities, duties and liabilities relating thereto placed on the Servicer by the terms and provisions hereof; provided, however, that the successor servicer shall not be liable for any actions of any servicer prior to it.

The successor servicer shall be obligated to make Servicing Advances hereunder. As compensation therefor, the successor servicer appointed pursuant to the following paragraph, shall be entitled to all funds relating to the Loans which the Servicer would have been entitled to receive from the Collection Account pursuant to Section 5.01 hereof as if the Servicer had continued to act as servicer hereunder, together with other Servicing Compensation in the form of assumption fees, late payment charges or otherwise as provided in Section 4.15 of the Servicing Addendum. The Servicer shall not be entitled to any termination fee if it is terminated pursuant to Section 9.01 hereof but shall be entitled to any accrued and unpaid Servicing Compensation to the date of termination.

Any collections received by the Servicer after removal or resignation shall be endorsed by it to the Indenture Trustee and remitted directly to the successor servicer. The compensation of any successor servicer appointed shall be the Servicing Fee, together with other Servicing Compensation provided for herein. The Indenture Trustee, the Issuer, any Custodian, the Servicer and any such successor servicer shall take such action, consistent with this Agreement, as shall be reasonably necessary to effect any such succession. Any costs or expenses incurred by the Indenture Trustee in connection with the termination of the Servicer and the succession of a successor servicer shall be an expense of the outgoing Servicer and, to the extent not paid thereby, an expense of such successor servicer. The Servicer agrees to cooperate with the Indenture Trustee and any successor servicer in effecting the termination of the Servicer's servicing responsibilities and rights hereunder and shall promptly provide the successor servicer all documents and records reasonably requested by it to enable it to assume the Servicer's functions hereunder and shall promptly also transfer to the successor servicer all amounts which then have been or should have been deposited in any Trust Account maintained by the Servicer or which are thereafter received with respect to the Loans. Upon the occurrence of an Event of Default, the Majority Noteholders shall have the right to order the Servicer's Loan Files and all other files of the Servicer relating to the Loans and all other records of the Servicer and all documents relating to the Loans which are then or may thereafter come into the possession of the Servicer or any third party acting for the Servicer to be delivered to such custodian or servicer as it selects and the Servicer shall deliver to such custodian or servicer such assignments as the Majority Noteholders shall request. No successor servicer shall be held liable by reason of any failure to make, or any delay in making, any distribution hereunder or any portion thereof caused by (i) the failure of the Servicer to deliver, or any delay in delivering, cash, documents or records to it or (ii) restrictions imposed by any regulatory authority having jurisdiction over the Servicer hereunder. No appointment of a successor to the Servicer hereunder shall be effective until written notice of such proposed appointment shall have been provided to the Initial Noteholder, the Indenture Trustee, the Issuer and the Depositor, the Majority Noteholders and the Issuer shall have consented in writing thereto.

In connection with such appointment and assumption, the Majority Noteholder may make such arrangements for the compensation of such successor servicer out of payments on the Loans as they and such successor servicer shall agree.

Section 9.03 Waiver of Defaults.

The Majority Noteholders may waive any events permitting removal of the Servicer as servicer pursuant to this Article IX. Upon any waiver of a past default, such default shall cease to exist and any Servicer Event of Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto except to the extent expressly so waived.

Section 9.04 Accounting Upon Termination of Servicer.

Upon termination of the Servicer under this Article IX, the Servicer shall, at its own expense:

(a) deliver to its successor or, if none shall yet have been appointed, to the Indenture Trustee the funds in any Trust Account maintained by the Servicer;

(b) deliver to its successor or, if none shall yet have been appointed, to the Custodian all Loan Files and related documents and statements held by it hereunder and a Loan portfolio computer tape;

(c) deliver to its successor or, if none shall yet have been appointed, to the Indenture Trustee and to the Issuer and the Securityholders a full accounting of all funds, including a statement showing the Monthly Payments collected by it and a statement of monies held in trust by it for payments or charges with respect to the Loans; and

(d) execute and deliver such instruments and perform all acts reasonably requested in order to effect the orderly and efficient transfer of servicing of the Loans to its successor and to more fully and definitively vest in such successor all rights, powers, duties, responsibilities, obligations and liabilities of the Servicer under this Agreement.

ARTICLE X

TERMINATION; PUT OPTION

Section 10.01 Termination.

(a) This Agreement shall terminate upon either: (A) the later of (i) the satisfaction and discharge of the Indenture and the provisions thereof, to the Noteholders of all amounts due and owing in accordance with the provisions hereof or (ii) the disposition of all funds with respect to the last Loan and the remittance of all funds due hereunder and the payment of all amounts due and payable, including, in both cases, without limitation, indemnification payments payable pursuant to any Basic Document to the Indenture Trustee, the Owner Trustee, the Issuer, the Servicer and the Custodian, written notice of the occurrence of either of which shall be provided to the Indenture Trustee by the Servicer; or (B) the mutual consent of the Servicer, the Depositor and all Securityholders in writing and delivered to the Indenture Trustee by the Servicer.

(b) The Securities shall be subject to an early redemption or termination at the option of the Servicer and the Majority Noteholders in the manner and subject to the provisions of Section 10.02 and 10.04 of this Agreement.

(c) Except as provided in this Article X, none of the Depositor, the Servicer nor any Certificateholder or Noteholder shall be entitled to revoke or terminate the Trust.

Section 10.02 Optional Termination.

(a) The Servicer may, at its option, effect an early termination of the Trust on any Payment Date on or after the Clean-up Call Date. The Servicer shall effect such early termination by providing notice thereof to the Indenture Trustee and Owner Trustee and by purchasing all of the Loans at a purchase price, payable in cash, equal to or greater than the

Termination Price. The expense of any Independent appraiser required in connection with the calculation and payment of the Termination Price under this Section 10.02 shall be a nonreimbursable expense of the Servicer.

Any such early termination by the Servicer shall be accomplished by depositing into the Collection Account on the third Business Day prior to the Payment Date on which the purchase is to occur the amount of the Termination Price to be paid. The Termination Price and any amounts then on deposit in the Collection Account (other than any amounts withdrawable pursuant to Section 5.01(c)(l) hereof) shall be deposited in the Distribution Account and distributed by the Indenture Trustee pursuant to Section 5.01(c)(3) of this Agreement and Section 9.1 of the Trust Agreement on the next succeeding Payment Date; and any amounts received with respect to the Loans and Foreclosure Properties subsequent to the final Payment Date shall belong to the purchaser thereof.

Section 10.03 Notice of Termination.

Notice of termination of this Agreement or of early redemption and termination of the Issuer pursuant to Section 10.01 shall be sent by the Indenture Trustee to the Noteholders in accordance with Section 10.02 of the Indenture.

Section 10.04 Put Option.

The Majority Noteholders may, at their option, effect a put of the entire outstanding Note Principal Balance, or any portion thereof, to the Trust on any date by exercise of the Put Option. The Majority Noteholders shall effect such put by providing notice thereof in accordance with Section 10.05 of the Indenture.

Unless otherwise agreed by the Majority Noteholders, on the third Business Day prior to the Put Date, the Issuer shall deposit the Note Redemption Amount into the Distribution Account and, if the Put Date occurs after the termination of the Revolving Period and constitutes a put of the entire outstanding Note Principal Balance, any amounts then on deposit in the Collection Account (other than any amounts withdrawable pursuant to Section 5.01(c)(l) hereof) shall be deposited in the Distribution Account and distributed by the Paying Agent pursuant to section 5.01(c)(3) of this Agreement on the Put Date; and any amounts received with respect to the Loans and Foreclosure Properties subsequent to the Put Date shall belong to the Issuer.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.01 Acts of Securityholders.

Except as otherwise specifically provided herein and except with respect to Section 11.02(b), whenever action, consent or approval of the Securityholders is required under this Agreement, such action, consent or approval shall be deemed to have been taken or given on behalf of, and shall be binding upon, all Securityholders if the Majority Noteholders agree to take such action or give such consent or approval.

Section 11.02 Amendment.

(a) This Agreement may be amended from time to time by the Depositor, the Servicer, the Loan Originator, the Indenture Trustee and the Issuer by written agreement with notice thereof to the Securityholders, without the consent of any of the Securityholders, to cure any error or ambiguity, to correct or supplement any provisions hereof which may be defective or inconsistent with any other provisions hereof or to add any other provisions with respect to matters or questions arising under this Agreement; provided, however, that such action will not adversely affect in any material respect the interests of the Securityholders, as evidenced by an Opinion of Counsel to such effect provided at the expense of the party requesting such Amendment.

(b) This Agreement may also be amended from time to time by the Depositor, the Servicer, the Loan Originator, the Indenture Trustee and the Issuer by written agreement, with the prior written consent of the Majority Noteholders, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement, or of modifying in any manner the rights of the Securityholders; provided, however, that no such amendment shall (i) reduce in any manner the amount of, or delay the timing of, collections of payments on Loans or distributions which are required to be made on any Security, without the consent of the holders of 100% of the Securities, (ii) adversely affect in any material respect the interests of any of the holders of the Securities in any manner other than as described in clause (i), without the consent of the holders of 100% of the Securities, or (iii) reduce the percentage of the Securities, the consent of which is required for any such amendment, without the consent of the holders of 100% of the Securities.

(c) It shall not be necessary for the consent of Securityholders under this Section to approve the particular form of any proposed amendment, but it shall be sufficient if such consent shall approve the substance thereof.

Prior to the execution of any amendment to this Agreement, the Issuer and the Indenture Trustee shall be entitled to receive and rely upon an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Agreement. The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment which affects the Issuer's own rights, duties or immunities of the Issuer or the Indenture Trustee, as the case may be, under this Agreement.

Section 11.03 Recordation of Agreement.

To the extent permitted by applicable law, this Agreement, or a memorandum thereof if permitted under applicable law, is subject to recordation in all appropriate public offices for real property records in all of the counties or other comparable jurisdictions in which any or all of the Mortgaged Property is situated, and in any other appropriate public recording office or elsewhere, such recordation to be effected by the Servicer at the Securityholders' expense on direction of the Majority Noteholders but only when accompanied by an Opinion of Counsel to the effect that such recordation materially and beneficially affects the interests of the Securityholders or is necessary for the administration or servicing of the Loans.

Section 11.04 Duration of Agreement.

This Agreement shall continue in existence and effect until terminated as herein provided.

Section 11.05 Governing Law.

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS (INCLUDING SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW BUT OTHERWISE WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW).

Section 11.06 Notices.

All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered personally, mailed by overnight mail, certified mail or registered mail, postage prepaid, or (ii) transmitted by telecopy, upon telephone confirmation of receipt thereof, as follows: (I) in the case of the Depositor, to Option One Loan Warehouse Corporation, 3 Ada, Irvine, California 92618, or such other addresses or telecopy or telephone numbers as may hereafter be furnished to the Securityholders and the other parties hereto in writing by the Depositor; (II) in the case of the Trust, to Option One Owner Trust 2007-5A, c/o Wilmington Trust Company, One Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, Attention: Corporate Trust Administration, telecopy number: (302) 636-4144, telephone number: (302) 636-1000, or such other address or telecopy or telephone numbers as may hereafter be furnished to the Noteholders and the other parties hereto in writing by the Trust; (III) in the case of the Loan Originator, (A) if to Option One, to Option One Mortgage Corporation, 3 Ada, Irvine, California 92618, Attention: Matthew Engel, telecopy number: (866) 715-8329, telephone number: (949) 790-8128 or (B) if to Option One Capital, to Option One Mortgage Capital Corporation, 3 Ada Road, Irvine, California 92618, Attention: Chief Financial Officer, telecopy number: (949) 790-7514, telephone number: (949) 790-3600 ext 35524 or, in either case, to such other addresses or telecopy or telephone numbers as may hereafter be furnished to the Securityholders and the other parties hereto in writing by Option One or Option One Capital; (IV) in the case of the Servicer, to Option One Mortgage Corporation 3 Ada, Irvine, California 92618, Attention: William O'Neill, telecopy number: (949) 790-7540, telephone number: (949) 790-7504 or such other addresses or telecopy or telephone numbers as may hereafter be furnished to the Securityholders and the other parties hereto in writing by the Servicer; and (V) in the case of the Indenture Trustee, at P.O. Box 98, Columbia, Maryland 21046, Attention: Option One Owner Trust 2007-5A, with a copy to it at the Corporate Trust Office, as defined in the Indenture, any such notices shall be deemed to be effective with respect to any party hereto upon the receipt of such notice or telephone confirmation thereof by such party, except; provided, that notices to the Securityholders shall be effective upon mailing or personal delivery.

Section 11.07 Severability of Provisions.

If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be held invalid for any reason whatsoever, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other covenants, agreements, provisions or terms of this Agreement.

Section 11.08 No Partnership.

Nothing herein contained shall be deemed or construed to create any partnership or joint venture between the parties hereto and the services of the Servicer shall be rendered as an independent contractor.

Section 11.09 Counterparts.

This Agreement may be executed in one or more counterparts and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed to be an original; such counterparts, together, shall constitute one and the same Agreement.

Section 11.10 Successors and Assigns.

This Agreement shall inure to the benefit of and be binding upon the Servicer, the Loan Originator, the Depositor, the Indenture Trustee, the Issuer and the Securityholders and their respective successors and permitted assigns.

Section 11.11 Headings.

The headings of the various Sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be part of this Agreement.

Section 11.12 Actions of Securityholders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Agreement to be given or taken by Securityholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Securityholders in person or by an agent duly appointed in writing; and except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Depositor, the Servicer, the Loan Originator or the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Agreement and conclusive in favor of the Depositor, the Servicer, the Loan Originator and the Issuer if made in the manner provided in this Section 11.12.

(b) The fact and date of the execution by any Securityholder of any such instrument or writing may be proved in any reasonable manner which the Depositor, the Servicer, the Loan Originator or the Issuer may deem sufficient.

(c) Any request, demand, authorization, direction, notice, consent, waiver or other act by a Securityholder shall bind every holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done, or omitted to be done, by the Depositor, the Servicer, the Loan Originator or the Issuer in reliance thereon, whether or not notation of such action is made upon such Security.

(d) The Depositor, the Servicer, the Loan Originator or the Issuer may require additional proof of any matter referred to in this Section 11.12 as it shall deem necessary.

Section 11.13 Non-Petition Agreement.

Notwithstanding any prior termination of any Basic Document, the Loan Originator, the Servicer, the Depositor and the Indenture Trustee each severally and not jointly covenants that it shall not, prior to the date which is one year and one day after the payment in full of the all of the Notes, acquiesce, petition or otherwise, directly or indirectly, invoke or cause the Trust or the Depositor to invoke the process of any governmental authority for the purpose of commencing or sustaining a case against the Issuer or Depositor under any Federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or Depositor or any substantial part of their respective property or ordering the winding up or liquidation of the affairs of the Issuer or the Depositor.

Section 11.14 Holders of the Securities.

(a) Any sums to be distributed or otherwise paid hereunder or under this Agreement to the holders of the Securities shall be paid to such holders *pro rata* based on their Percentage Interests;

(b) Where any act or event hereunder is expressed to be subject to the consent or approval of the holders of the Securities, such consent or approval shall be capable of being given by the holder or holders evidencing in the aggregate not less than 51% of the Percentage Interests.

Section 11.15 Due Diligence Fees. Due Diligence.

The Loan Originator acknowledges that the Initial Noteholder has the right to perform continuing due diligence reviews with respect to the Loans, for purposes of verifying compliance with the representations, warranties and specifications made hereunder, or otherwise, and the Loan Originator agrees that upon reasonable prior notice (with no notice being required upon the occurrence of an Event of Default) to the Loan Originator, the Initial Noteholder, the Indenture Trustee and Custodian or its authorized representatives will be permitted during normal business hours to examine, inspect, and make copies and extracts of, the Loan Files and any and all documents, records, agreements, instruments or information relating to such Loans in the possession or under the control of the Servicer and the Indenture Trustee. The Loan Originator also shall make available to the Initial Noteholder a knowledgeable financial or accounting officer for the purpose of answering questions respecting the Loan Files and the Loans and the financial condition of the Loan Originator. Without limiting the generality of the

foregoing, the Loan Originator acknowledges that the Initial Noteholder may purchase Notes based solely upon the information provided by the Loan Originator to the Initial Noteholder in the Loan Schedule and the representations, warranties and covenants contained herein, and that the Initial Noteholder, at its option, has the right at any time to conduct a partial or complete due diligence review on some or all of the Loans securing such purchase, including without limitation ordering new credit reports and new appraisals on the related Mortgaged Properties and otherwise re-generating the information used to originate such Loan. The Initial Noteholder may underwrite such Loans itself or engage a mutually agreed upon third party underwriter to perform such underwriting. The Loan Originator agrees to cooperate with the Initial Noteholder and any third party underwriter in connection with such underwriting, including, but not limited to, providing the Initial Noteholder and any third party underwriter with access to any and all documents, records, agreements, instruments or information relating to such Loans in the possession, or under the control, of the Servicer. The Loan Originator further agrees that the Loan Originator shall reimburse the Initial Noteholder for any and all reasonable out-of-pocket costs and expenses incurred by the Initial Noteholder in connection with the Initial Noteholder's activities pursuant to this Section 11.15 hereof, not to exceed $15,000 per quarter (the "Due Diligence Fees"). In addition to the obligations set forth in Section 11.17 of this Agreement, the Initial Noteholder agrees (on behalf of itself and its Affiliates, directors, officers, employees and representatives) to use reasonable precaution to keep confidential, in accordance with its customary procedures for handling confidential information and in accordance with safe and sound practices, and not to disclose to any third party, any non-public information supplied to it or otherwise obtained by it hereunder with respect to the Loan Originator or any of its Affiliates (including, but not limited to, the Loan File); provided, however, that nothing herein shall prohibit the disclosure of any such information to the extent required by statute, rule, regulation or judicial process; provided, further that, unless specifically prohibited by applicable law or court order, the Initial Noteholder shall, prior to disclosure thereof, notify the Loan Originator of any request for disclosure of any such non-public information. The Initial Noteholder further agrees not to use any such non-public information for any purpose unrelated to this Agreement and that the Initial Noteholder shall not disclose such non-public information to any third party underwriter in connection with a potential Disposition without obtaining a written agreement from such third party underwriter to comply with the confidentiality provisions of this Section 11.15.

Section 11.16 No Reliance.

Each of the Loan Originator, the Depositor, the Servicer and the Issuer hereby acknowledges that it has not relied on the Initial Noteholder or any of its officers, directors, employees, agents and "control persons" as such term is used under the Act and under the Securities Exchange Act of 1934, as amended, for any tax, accounting, legal or other professional advice in connection with the transactions contemplated by the Basic Documents, that each of the Loan Originator, the Depositor, the Servicer and the Issuer has retained and been advised by such tax, accounting, legal and other professionals as it has deemed necessary in connection with the transactions contemplated by the Basic Documents and that the Initial Noteholder makes no representation or warranty, and shall have no liability with respect to, the tax, accounting or legal treatment or implications relating to the transactions contemplated by the Basic Documents.

Section 11.17 Confidential Information.

In addition to the confidentiality requirements set forth in Section 11.15 of the Agreement, each Noteholder, as well as the Indenture Trustee and the Disposition Agent (each of said parties singularly referred to herein as a "Receiving Party" and collectively referred to herein as the "Receiving Parties"), agrees to hold and treat all Confidential Information (as defined below) in confidence and in accordance with this Section. Such Confidential Information will not, without the prior written consent of the Servicer and the Loan Originator, be disclosed or used by such Receiving Parties or its subsidiaries, Affiliates, directors, officers, members, employees, agents or controlling persons (collectively, the "Information Recipients") other than for the purpose of making a decision to purchase or sell Notes or taking any other permitted action under this Agreement and or any other Basic Document. Each Receiving Party agrees to disclose Confidential Information only to its Information Recipients who need to know it for the purpose of making a decision to purchase or sell Notes or the taking of any other permitted action under this Agreement and or any other Basic Document (including in connection with the servicing of the Loans and in connection with any servicing transfers) and who are informed by such Receiving Party of its confidential nature and who agree to be bound by the terms of this Section 11.17. Disclosure that is not in violation of the Right to Financial Privacy Act, the Gramm-Leach-Bliley Act or other applicable law by such Receiving Party of any Confidential Information at the request of its outside auditors or governmental regulatory authorities in connection with an examination of a Receiving Party by any such authority shall not constitute a breach of its obligations under this Section 11.17 and shall not require the prior consent of the Servicer and the Loan Originator.

Each Receiving Party shall be responsible for any breach of this Section 11.17 by its Information Recipients. The Initial Noteholder may use Confidential Information for internal due diligence purposes in connection with its analysis of the transactions contemplated by the Basic Documents. The Disposition Agent may disclose Confidential Information to the Disposition Participants as required to effect Dispositions. This Section 11.17 shall terminate upon the occurrence of an Event of Default; provided, however, that such termination shall not relieve the Receiving Parties or their respective Information Recipients from the obligation to comply with the Gramm-Leach-Bliley Act or other applicable law with respect to their use or disclosure of Confidential Information following the occurrence of an Event of Default.

As used herein, "Confidential Information" means non-public personal information (as defined in the Gramm-Leach-Bliley Act and its enabling regulations issued by the Federal Trade Commission) regarding Borrowers. Confidential information shall not include information which (i) is or becomes generally available to the public other than as a result of a disclosure by a Receiving Party or any Information Recipients; (ii) was available to a Receiving Party on a non-confidential basis prior to its disclosure to Receiving Party by the Servicer or the Loan Originator; (iii) is required to be disclosed by a governmental authority or related governmental agencies or as otherwise required by law; or (iv) becomes available to a Receiving Party on a non-confidential basis from a person other than the Servicer or the Loan Originator who, to the best knowledge of such Receiving Party, is not otherwise bound by a confidentiality agreement with the Servicer or the Loan Originator and is not otherwise prohibited from transmitting the information to such Receiving Party.

Section 11.18 Conflicts.

Notwithstanding anything contained in the Basic Documents to the contrary, in the event of the conflict between the terms of this Agreement and any other Basic Document, the terms of this Agreement shall control.

Section 11.19 Limitation on Liability.

It is expressly understood and agreed by the parties hereto that (a) this Agreement is executed and delivered by Wilmington Trust Company, not individually or personally, but solely as Owner Trustee of Option One Owner Trust 2007-5A, in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose for binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Agreement or any other related documents.

Section 11.20 No Agency.

Nothing contained herein or in the Basic Documents shall be construed to create an agency or fiduciary relationship between the Initial Noteholder or the Majority Noteholders or any of their Affiliates and the Issuer, the Depositor, the Loan Originator or the Servicer. None of the Initial Noteholder, the Majority Noteholders or any of their Affiliates shall be liable for any acts or actions affected in connection with a disposition of Loans, including without limitation, any Securitization pursuant to Section 3.06, any Servicer Put or Servicer Call pursuant to Section 3.08 hereof nor any Whole Loan Sale pursuant to Section 3.10 hereof.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the Issuer, the Depositor, the Servicer, the Indenture Trustee Option One and Option One Capital have caused their names to be signed by their respective officers thereunto duly authorized, as of the day and year first above written, to this SALE AND SERVICING AGREEMENT.

OPTION ONE OWNER TRUST 2007-5A,
By: Wilmington Trust Company
not in its individual capacity
but solely as Owner Trustee

By: /s/ Michele C. Harra
Name: Michele C. Harra
Title: Financial Services Officer

OPTION ONE LOAN WAREHOUSE CORPORATION, as Depositor

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

OPTION ONE MORTGAGE CORPORATION, as Loan Originator and Servicer

By: /s/ Philip Laren
Name: Philip Laren
Title: Senior Vice President

OPTION ONE MORTGAGE CAPITAL CORPORATION, as Loan Originator

By: /s/ Philip Laren
Name: Philip Laren
Title: Vice President

WELLS FARGO BANK, N.A., as Indenture Trustee

By: /s/ Darron C. Woodus
Name: Darron C.Woodus
Title: Assistant Vice President

Exhibit 10.23

NOTE PURCHASE AGREEMENT

among

OPTION ONE OWNER TRUST 2007-5A
as Issuer

and

OPTION ONE LOAN WAREHOUSE CORPORATION
as Depositor

and

CITIGROUP GLOBAL MARKETS REALTY CORP.
as purchaser

Dated as of January 1, 2007

OPTION ONE OWNER TRUST 2007-5A
MORTGAGE-BACKED NOTES

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NOTE PURCHASE AGREEMENT

NOTE PURCHASE AGREEMENT dated as of January 1, 2007 (the "Note Purchase Agreement"), among OPTION ONE OWNER TRUST 2007-5A (the "Issuer"), OPTION ONE LOAN WAREHOUSE CORPORATION (the "Depositor"), and CITIGROUP GLOBAL MARKETS REALTY CORP. ("Citigroup." and in its capacity as Purchaser hereunder, the "Purchaser").

The parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Certain Defined Terms. Capitalized terms used herein without definition shall have the meanings set forth in the Indenture and the Sale and Servicing Agreement (as defined below). Additionally, the following terms shall have the following meanings:

"Closing" shall have the meaning set forth in Section 2.02.

"Closing Date" shall have the meaning set forth in Section 2.02.

" Commitment" means the commitment of the Purchaser to purchase Additional Note Principal Balances pursuant to Section 2.01.

" Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Governmental Actions" means any and all consents, approvals, permits, orders, authorizations, waivers, exceptions, variances, exemptions or licenses of, or registrations, declarations or filings with, any Governmental Authority required under any Governmental Rules.

"Governmental Authority" means the United States of America, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and having jurisdiction over the applicable Person.

"Governmental Rules" means any and all laws, statutes, codes, rules, regulations, ordinances, orders, writs, decrees and injunctions, of any Governmental Authority and any and all legally binding conditions, standards, prohibitions, requirements and judgments of any Governmental Authority.

"Indemnified Party" means the Purchaser and any of its officers, directors, employees, agents, representatives, assignees and Affiliates and any Person who controls the Purchaser or its Affiliates within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act.

" Indenture" means the Indenture dated as of January 1, 2007 between the Issuer as Issuer and Wells Fargo Bank, N.A. as Indenture Trustee.

" Investment Company Act" shall have the meaning provided in Section 5.01(i).

" Lien" means, with respect to any asset, (a) any mortgage, lien, pledge, charge, security interest, hypothecation, option or encumbrance of any kind in respect of such asset or (b) the interest of a vendor or lessor under any conditional sale agreement, financing lease or other title retention agreement relating to such asset.

" Loan Originator" means each of Option One Mortgage Corporation, a California corporation and Option One Mortgage Capital Corporation, a Delaware corporation, and their respective successors and assigns, jointly and severally.

" Maximum Note Principal Balance" means an amount equal to $1,000,000,000.

"Purchaser" means the Purchaser and its permitted successors and assigns.

" Purchased Note" means the Option One Owner Trust 2007-5A Mortgage-Backed Note issued by the Issuer pursuant to the Indenture.

" Sale and Servicing Agreement" means the Sale and Servicing Agreement dated as of January 1, 2007, among the Issuer, the Depositor, the Loan Originator, the Servicer and Wells Fargo Bank, N.A. as the Indenture Trustee, as the same may be amended, modified or supplemented from time to time.

"Servicer" means Option One Mortgage Corporation or its permitted successors and assigns.

SECTION 1.02. Other Definitional Provisions.

(a) All terms defined in this Note Purchase Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(b) As used herein and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in Section 1.01, and accounting terms partially defined in Section 1.01 to the extent not defined, shall have the respective meanings given to them under generally accepted accounting principles. To the extent that the definitions of accounting terms herein are inconsistent with the meanings of such terms under generally accepted accounting principles, the definitions contained herein shall control.

(c) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Note Purchase Agreement shall refer to this Note Purchase Agreement as a whole and not to any particular provision of this Note Purchase Agreement; and Section, subsection, Schedule and Exhibit references contained in this Note Purchase Agreement are

references to Sections, subsections, schedules and Exhibits in or to this Note Purchase Agreement unless otherwise specified.

ARTICLE II

COMMITMENT; CLOSING AND PURCHASES OF ADDITIONAL NOTE PRINCIPAL BALANCES

SECTION 2.01. Commitment; Collateral Value Increase Dates.

(a) At any time during the Revolving Period at least two Business Days prior to a proposed Transfer Date, to the extent that the aggregate outstanding Note Principal Balance (after giving effect to the proposed purchase) is less than the Maximum Note Principal Balance, and subject to the terms and conditions hereof and in accordance with the other Basic Documents, the Issuer may request that the Purchaser purchase Additional Note Principal Balances (each such request, a "Purchase Request"). Each Purchase Request shall identify the proposed Transfer Date and an estimate of the number of Loans and aggregate Principal Balance of such Loans to be purchased by the Issuer on such Transfer Date. On the identified Transfer Date, the Purchaser agrees to purchase the Additional Note Principal Balances requested in the Purchase Request, subject to the terms and conditions and in reliance upon the covenants, representations and warranties set forth herein and in the other Basic Documents.

(b) On any Collateral Value Increase Date during the Revolving Period, to the extent that the Note Principal Balance (after giving effect to the proposed increase in the Note Principal Balance) is less than the Maximum Note Principal Balance, and subject to the terms and conditions hereof and in accordance with the other Basic Documents, the Issuer may request that the Purchaser purchase Additional Note Principal Balances equal to the related increase in the Collateral Percentage of the related Loans. The Purchaser may in its sole discretion agree to purchase such Additional Note Principal Balances.

SECTION 2.02. Closing. The closing (the "Closing") of the execution of the Basic Documents and Purchased Note shall take place at 10:00 a.m. at the offices of Thacher Proffitt & Wood, Two World Financial Center, New York, New York 10281 on January 31, 2007, or if the conditions to closing set forth in Article IV of this Note Purchase Agreement shall not have been satisfied or waived by such date, as soon as practicable after such conditions shall have been satisfied or waived, or at such other time, date and place as the parties shall agree upon (the date of the Closing being referred to herein as the "Closing Date").

ARTICLE III

TRANSFER DATES

SECTION 3.01. Transfer Dates.

(a) Subject to the conditions and terms set forth herein and in Section 2.06 of the Sale and Servicing Agreement with respect to each Transfer Date, the Issuer may request,

and the Purchaser agrees to purchase Additional Note Principal Balances from the Issuer from time to time in accordance with, and upon the satisfaction, as of the applicable Transfer Date, of each of the following additional conditions:

(i) With respect to each Transfer Date, each condition set forth in Section 2.06 of the Sale and Servicing Agreement shall have been satisfied;

(ii) Each of the representations and warranties of the Issuer, the Servicer, the Loan Originator and the Depositor made in the Basic Documents shall be true and correct in all material respects as of such date (except to the extent they expressly relate to an earlier or later time);

(iii) The Issuer, the Servicer, the Loan Originator and the Depositor shall be in material compliance with all of their respective covenants contained in the Basic Documents and the Purchased Note;

(iv) No Event of Default and no Default shall have occurred or shall be occurring;

(v) With respect to each Transfer Date, the Purchaser shall have received evidence reasonably satisfactory to it of the completion of all recordings, registrations, and filings as may be necessary or, in the reasonable opinion of the Purchaser, desirable to perfect or evidence the assignments required to be effected on such Transfer Date in accordance with the Sale and Servicing Agreement including, without limitation, the assignment of the Loans and the proceeds thereof required to be assigned pursuant to the related LPA Assignment, S&SA Assignment and the Indenture;

(vi) Each Loan (i) has been originated in accordance with the Underwriting Guidelines and (ii) is not “abusive” or “predatory”; and

(b) The Purchaser shall determine in its reasonable discretion whether each of the above conditions have been met in accordance with the Sale and Servicing Agreement and its determination shall be binding on the parties hereto.

(c) The price paid by the Purchaser on each Transfer Date for the Additional Note Principal Balance purchased on such Transfer Date shall be equal to the amount of such Additional Note Principal Balance and shall be remitted not later than 4:00 p.m. New York City time on the Transfer Date by wire transfer of immediately available funds to the Advance Account.

(d) The Purchaser shall record on the schedule attached to the Purchased Note, the date and amount of any Additional Note Principal Balance purchased by it; provided, that failure to make such recordation on such schedule or any error in such schedule shall not adversely affect the Purchaser’s rights with respect to its Note Principal Balance and its right to receive interest payments in respect of the Note Principal Balance actually held. Absent manifest error, the Note Principal Balance of the Purchased Note as set forth in the Purchaser’s records

shall be binding upon the parties hereto, notwithstanding any notation or record made or kept by any other party hereto.

ARTICLE IV

CONDITIONS PRECEDENT TO EFFECTIVENESS OF COMMITMENT

SECTION 4.01. Closing Subject to Conditions Precedent. The effectiveness of the Commitment hereunder is subject to the satisfaction at the time of the Closing of the following conditions (any or all of which may be waived by the Purchaser in its sole discretion):

(a) Performance by the Issuer, the Depositor, the Servicer and the Loan Originator. All the terms, covenants, agreements and conditions of the Basic Documents to be complied with and performed by the Issuer, the Depositor, the Servicer and the Loan Originator on or before the Closing Date shall have been complied with and performed in all material respects.

(b) Representations and Warranties. Each of the representations and warranties of the Issuer, the Depositor, the Servicer and the Loan Originator made in the Basic Documents shall be true and correct in all material respects as of the Closing Date (except to the extent they expressly relate to an earlier or later time).

(c) Officer's Certificate. The Purchaser shall have received in form and substance reasonably satisfactory to the Purchaser an Officer's Certificate from the Loan Originator, the Depositor and the Servicer and a certificate of an Authorized Officer of the Issuer, dated the Closing Date, certifying to the satisfaction of the conditions set forth in the preceding paragraphs (a) and (b).

(d) Opinions of Counsel to the Issuer, the Loan Originator, the Servicer and the Depositor. Counsel to the Issuer, the Loan Originator, the Servicer and the Depositor shall have delivered to the Purchaser favorable opinions, dated as of the Closing Date and reasonably satisfactory in form and substance to the Purchaser and its counsel. In addition to the foregoing, the Loan Originator shall have caused its counsel to deliver to the Purchaser a favorable opinion to the effect that the Issuer will not be treated as an association (or publicly traded partnership) taxable as a corporation or as a taxable mortgage pool, for federal income tax purposes.

(e) Opinions of Counsel to the Indenture Trustee. Counsel to the Indenture Trustee shall have delivered to the Purchaser a favorable opinion, dated as of the Closing Date and reasonably satisfactory in form and substance to the Purchaser and its counsel.

(f) Opinions of Counsel to the Owner Trustee. Delaware counsel to the Owner Trustee of the Issuer and the Depositor shall have delivered to the Purchaser favorable opinions regarding the formation, existence and standing of the Issuer and the Depositor and of the Issuer's and the Depositor's execution, authorization and delivery of each of the Basic Documents to which it is a party and such other matters as the Purchaser may reasonably request,

dated as of the Closing Date and reasonably satisfactory in form and substance to the Purchaser and its counsel.

(g) Filings and Recordations. The Purchaser shall have received evidence reasonably satisfactory to it of (i) the completion of all recordings, registrations, and filings as may be necessary or, in the reasonable opinion of the Purchaser, desirable to perfect or evidence the assignment by the Loan Originator to the Depositor of the Loan Originator's ownership interest in the Trust Estate including, without limitation, the Loans conveyed pursuant to the Loan Purchase Agreement and the proceeds thereof, (ii) the completion of all recordings, registrations and filings as may be necessary or, in the reasonable opinion of the Purchaser, desirable to perfect or evidence the assignment by the Depositor to the Issuer of the Depositor's ownership interest in the Trust Estate including, without limitation, the Loans and the proceeds thereof and (iii) the completion of all recordings, registrations, and filings as may be necessary or, in the reasonable opinion of the Purchaser, desirable to perfect or evidence the grant of a first priority perfected security interest in the Issuer's ownership interest in the Trust Estate including, without limitation, the Loans, in favor of the Indenture Trustee, subject to no Liens prior to the Lien of the Indenture.

(h) Documents. The Purchaser shall have received a duly executed counterpart of each of the Basic Documents, in form acceptable to the Purchaser, the Purchased Note and each and every document or certification delivered by any party in connection with any of the Basic Documents or the Purchased Note, and each such document shall be in full force and effect.

(i) Actions or Proceedings. No action, suit, proceeding or investigation by or before any Governmental Authority shall have been instituted to restrain or prohibit the consummation of, or to invalidate, any of the transactions contemplated by the Basic Documents, the Purchased Note and the documents related thereto in any material respect.

(j) Approvals and Consents. All Governmental Actions of all Governmental Authorities required with respect to the transactions contemplated by the Basic Documents, the Purchased Note and the documents related thereto shall have been obtained or made.

(k) Accounts. The Purchaser shall have received evidence reasonably satisfactory to it that each Trust Account has each been established in accordance with the terms of the Sale and Servicing Agreement.

(1) Fees and Expenses. The fees and expenses payable by the Issuer and the Depositor pursuant to Section 8.02(b) shall have been paid.

(m) Other Documents. The Issuer, the Loan Originator, the Depositor and the Servicer shall have furnished to the Purchaser such other opinions, information, certificates and documents as the Purchaser may reasonably request.

(n) Proceedings in Contemplation of Sale of Purchased Note. All actions and proceedings undertaken by the Issuer, the Loan Originator, the Depositor and the Servicer in

connection with the issuance and sale of the Purchased Note as herein contemplated shall be reasonably satisfactory in all respects to the Purchaser and its counsel.

(o) Financial Covenants. The Loan Originator and the Servicer shall be in compliance with the financial covenants set forth in Section 7.02 of the Sale and Servicing Agreement.

(p) Trust Accounts Control Agreements. The Purchaser shall have received control agreements relating to the Trust Accounts reasonably satisfactory to the Purchaser.

(q) Wet Funding Agreement. The Issuer, the Depositor, the Loan Originator and such other appropriate parties shall have entered into an agreement concerning the terms, conditions and procedures applicable to the sale of Wet Funded Loans to the Issuer and the pledge of such Loans to the Indenture Trustee reasonably satisfactory to the Purchaser.

(r) Underwriting Guidelines. The Purchaser shall have received a copy of the current Underwriting Guidelines.

If any condition specified in this Section 4.01 shall not have been fulfilled when and as required to be fulfilled through no fault of the Purchaser, this Agreement may be terminated by the Purchaser by notice to the Loan Originator at any time at or prior to the Closing Date, and the Purchaser shall incur no liability as a result of such termination.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE ISSUER AND THE DEPOSITOR

The Issuer and the Depositor hereby jointly and severally make the following representations and warranties to the Purchaser, as of the Closing Date, and as of each Transfer Date and the Purchaser shall be deemed to have relied on such representations and warranties in making (or committing to make) purchases of Additional Note Principal Balances on each Transfer Date:

SECTION 5.01. Issuer.

(a) The Issuer has been duly organized and is validly existing and in good standing as a statutory trust under the laws of the State of Delaware, with requisite trust power and authority to own its properties and to transact the business in which it is now engaged, and is duly qualified to do business and is in good standing (or is exempt from such requirements) in each State of the United States where the nature of its business requires it to be so qualified and the failure to be so qualified and in good standing would have a material adverse effect on the Issuer or any adverse effect on the interests of the Purchaser.

(b) The issuance, sale, assignment and conveyance of the Purchased Note and the Additional Note Principal Balances, the performance of the Issuer's obligations under each

Basic Document to which it is a party and the consummation of the transactions therein contemplated will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any Lien (other than any Lien created by the Basic Documents), charge or encumbrance upon any of the property or assets of the Issuer or any of its Affiliates pursuant to the terms of, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it or any of its Affiliates is bound or to which any of its property or assets is subject, nor will such action result in any violation of the provisions of its organizational documents or any Governmental Rule applicable to the Issuer, in each case which could be expected to have a material adverse effect on the transactions contemplated therein.

(c) No Governmental Action which has not been obtained is required by or with respect to the Issuer in connection with the execution and delivery to the Purchaser of the Purchased Note. No Governmental Action which has not been obtained is required by or with respect to the Issuer in connection with the execution and delivery of any of the Basic Documents to which the Issuer is a party or the consummation by the Issuer of the transactions contemplated thereby except for any requirements under state securities or “blue sky” laws in connection with any transfer of the Purchased Note.

(d) The Issuer possesses all material licenses, certificates, authorities or permits issued by the appropriate state, federal or foreign regulatory agencies or bodies necessary to conduct the business now operated by it, and has not received any notice of proceedings relating to the revocation or modification of any such license, certificate, authority or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would materially and adversely affect its condition, financial or otherwise, or its earnings, business affairs or business prospects.

(e) Each of the Basic Documents to which the Issuer is a party has been duly authorized, executed and delivered by the Issuer and is a valid and legally binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, subject to enforcement of bankruptcy, insolvency, reorganization, moratorium and other similar laws of general applicability relating to or affecting creditors’ rights and to general principles of equity.

(f) The execution, delivery and performance by the Issuer of each of its obligations under each of the Basic Documents to which it is a party will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, any agreement or instrument to which the Issuer is a party or by which the Issuer is bound or to which any of its properties are subject or of any statute, order or regulation applicable to the Issuer of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Issuer or any of its properties, in each case which could be expected to have a material adverse effect on any of the transactions contemplated therein.

(g) The Issuer is not in violation of its organizational documents or in default under any agreement, indenture or instrument the effect of which violation or default would be material to the Issuer or the transactions contemplated by the Basic Documents. The Issuer is not a party to, bound by or in breach or violation of any indenture or other agreement or instrument,

or subject to or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Issuer that materially and adversely affects, or may in the future materially and adversely affect (i) the ability of the Issuer to perform its obligations under any of the Basic Documents to which it is a party or (ii) the business, operations, financial condition, properties, assets or prospects of the Issuer.

(h) There are no actions or proceedings against, or investigations of, the Issuer pending, or, to the knowledge of the Issuer threatened, before any Governmental Authority, court, arbitrator, administrative agency or other tribunal (i) asserting the invalidity of any of the Basic Documents, or (ii) seeking to prevent the issuance of the Purchased Note or the consummation of any of the transactions contemplated by the Basic Documents or the Purchased Note, or (iii) that, if adversely determined, could materially and adversely affect the business, operations, financial condition, properties, assets or prospects of the Issuer or the validity or enforceability of, or the performance by the Issuer of its respective obligations under, any of the Basic Documents to which it is a party or (iv) seeking to affect adversely the income tax attributes of the Purchased Note.

(i) The Issuer is not, and neither the issuance and sale of the Purchased Note to the Purchaser nor the activities of the Issuer pursuant to the Basic Documents, shall render the Issuer an "investment company" or under the "control" of an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended (the "Investment Company Act").

(j) It is not necessary to qualify the Indenture under the Trust Indenture Act of 1939, as amended.

(k) The Issuer is solvent and has adequate capital for its business and undertakings.

(l) The chief executive offices of the Issuer are located at Option One Owner Trust 2007-5A, c/o Wilmington Trust Company, as Owner Trustee, One Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, or, with the consent of the Purchaser, such other address as shall be designated by the Issuer in a written notice to the other parties hereto.

(m) There are no contracts, agreements or understandings between the Issuer and any Person granting such Person the right to require the filing at any time of a registration statement under the Act with respect to the Purchased Note.

SECTION 5.02. Securities Act. Assuming the accuracy of the representations and warranties of and compliance with the covenants of the Purchaser, contained herein, the sale of the Purchased Note and the sale of Additional Note Principal Balances pursuant to this Agreement are each exempt from the registration and prospectus delivery requirements of the Act. In the case of the offer or sale of the Purchased Note, no form of general solicitation or general advertising was used by the Issuer, any Affiliates of the Issuer or any person acting on its or their behalf, including, but not limited to, advertisements, articles, notices

or other communications published in any newspaper, magazine or similar medium or broadcast over television or radio, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising. Neither the Issuer, any Affiliates of the Issuer nor any Person acting on its or their behalf has offered or sold, nor will the Issuer or any Person acting on its behalf offer or sell directly or indirectly, the Purchased Note or any other security in any manner that, assuming the accuracy of the representations and warranties and the performance of the covenants given by the Purchaser and compliance with the applicable provisions of the Indenture with respect to each transfer of the Purchased Note, would render the issuance and sale of the Purchased Note as contemplated hereby a violation of Section 5 of the Securities Act or the registration or qualification requirements of any state securities laws, nor has any such Person authorized, nor will it authorize, any Person to act in such manner.

SECTION 5.03. No Fee. Neither the Issuer, nor the Depositor, nor any of their Affiliates has paid or agreed to pay to any Person any compensation for soliciting another to purchase the Purchased Note.

SECTION 5.04. Information. The information provided pursuant to Section 7.01(a) hereof will, at the date thereof, be true and correct in all material respects.

SECTION 5.05. The Purchased Note. The Purchased Note has been duly and validly authorized, and, when executed and authenticated in accordance with the terms of the Indenture, and delivered to and paid for in accordance with this Note Purchase Agreement, will be duly and validly issued and outstanding and will be entitled to the benefits of the Indenture.

SECTION 5.06. Use of Proceeds. No proceeds of a purchase hereunder will be used (i) for a purpose that violates or would be inconsistent with Regulations T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time or (ii) to acquire any security in any transaction in violation of Section 13 or 14 of the Exchange Act.

SECTION 5.07. The Depositor. The Depositor hereby makes to the Purchaser each of the representations, warranties and covenants set forth in Section 3.01 of the Sale and Servicing Agreement as of the Closing Date and as of each Transfer Date (except to the extent that any such representation, warranty or covenant is expressly made as of another date).

SECTION 5.08. Taxes, etc. Any taxes, fees and other charges of Governmental Authorities applicable to the Issuer and the Depositor, except for franchise or income taxes, in connection with the execution, delivery and performance by the Issuer and the Depositor of each Basic Document to which they are parties, the issuance of the Purchased Note or otherwise applicable to the Issuer or the Depositor in connection with the Trust Estate have been paid or will be paid by the Issuer or the Depositor, as applicable, at or prior to the Closing Date or Transfer Date, to the extent then due.

SECTION 5.09. Financial Condition. On the date hereof and on each Transfer Date, neither the Issuer nor the Depositor is or will be insolvent or the subject of any voluntary or involuntary bankruptcy proceeding.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES
WITH RESPECT TO THE PURCHASER

The Purchaser hereby makes the following representations and warranties, as to itself, to the Issuer and the Depositor on which the same are relying in entering into this Note Purchase Agreement.

SECTION 6.01. Organization. The Purchaser has been duly organized and is validly existing and in good standing under the laws of the jurisdiction of its organization with power and authority to own its properties and to transact the business in which it is now engaged.

SECTION 6.02. Authority, etc. The Purchaser has all requisite power and authority to enter into and perform its obligations under this Note Purchase Agreement and to consummate the transactions herein contemplated. The execution and delivery by the Purchaser of this Note Purchase Agreement and the consummation by the Purchaser of the transactions contemplated hereby have been duly and validly authorized by all necessary organizational action on the part of the Purchaser. This Note Purchase Agreement has been duly and validly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, subject as to enforcement to bankruptcy, reorganization, insolvency, moratorium and other similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity. Neither the execution and delivery by the Purchaser of this Note Purchase Agreement nor the consummation by the Purchaser of any of the transactions contemplated hereby, nor the fulfillment by the Purchaser of the terms hereof, will conflict with, or violate, result in a breach of or constitute a default under any term or provision of the Purchaser's organizational documents or any Governmental Rule applicable to the Purchaser.

SECTION 6.03. Securities Act. The Purchaser hereby represents and warrants to the Issuer, the Depositor and the Servicer as of the date of this Agreement, as follows:

(a) The Purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the purchase of an interest in the Note. The Purchaser (i) is (A) a "qualified institutional buyer" as defined under Rule 144A promulgated under the Securities Act of 1933, as amended (the "1933 Act"), acting for its own account or the accounts of other "qualified institutional buyers" as defined under Rule 144A, or (B) an "accredited investor" within the meaning of Regulation D promulgated under the 1933 Act, and (ii) is aware that the Issuer intends to rely on the exemption from registration requirements under the 1933 Act provided by Rule 144A or Regulation D, as applicable.

(b) The Purchaser understands that neither the Note nor interests in the Note have been registered or qualified under the 1933 Act, nor under the securities laws of any state, and therefore neither the Note nor interests in the Note can be resold unless they are registered or qualified thereunder or unless an exemption from registration or qualification is available.

(c) It is the intention of the Purchaser to acquire interests in the Note (a) for investment for its own account, or (b) for resale to "qualified institutional buyers" in transactions under Rule 144A, and not in any event with the view to, or for resale in connection with, any distribution thereof. The Purchaser understands that the Note and interests therein have not been registered under the 1933 Act by reason of a specific exemption from the registration provisions of the 1933 Act which depends upon, among other things, the bona fide nature of the Purchaser's investment intent (or intent to resell only in Rule 144A transactions) as expressed herein.

SECTION 6.04. Conflicts With Law. The execution, delivery and performance by the Purchaser of its obligations under this Note Purchase Agreement will not result in a breach or violation of any of the terms or provisions of, or constitute a default under, any agreement or instrument to which the Purchaser is a party or by which the Purchaser is bound or of any statute, order or regulation applicable to the Purchaser of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Purchaser, in each case which could be expected to have a material adverse effect on the transactions contemplated therein.

SECTION 6.05. Conflicts With Agreements, etc. The Purchaser is not in violation of its organizational documents or in default under any agreement, indenture or instrument the effect of which violation or default would be materially adverse to the Purchaser in the performance of its obligations or duties under any of the Basic Documents to which it is a party. The Purchaser is not a party to, bound by or in breach or violation of any indenture or other agreement or instrument, or subject to or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Purchaser that materially and adversely affects, or which could be expected in the future to materially and adversely affect the ability of the Purchaser to perform its obligations under this Note Purchase Agreement.

ARTICLE VII

COVENANTS OF THE ISSUER AND THE DEPOSITOR

SECTION 7.01. Information from the Issuer. So long as the Purchased Note remains outstanding, the Issuer and the Depositor shall each furnish to the Purchaser:

(a) the financial information required to be delivered by the Servicer under Section 4.02(a) of the Sale and Servicing Agreement;

(b) such information (including financial information), documents, records or reports with respect to the Trust Estate, the Loans, the Issuer, the Loan Originator, the Servicer or the Depositor as the Purchaser may from time to time reasonably request;

(c) as soon as possible and in any event within five (5) Business Days after the occurrence thereof, notice of each Event of Default under the Sale and Servicing Agreement or the Indenture, and each Default; and

(d) promptly and in any event within 30 days after the occurrence thereof, written notice of a change in address of the chief executive office of the Issuer, the Loan Originator or the Depositor.

SECTION 7.02. Access to Information. So long as the Purchased Note remains outstanding, each of the Issuer and the Depositor shall, at any time and from time to time during regular business hours, or at such other reasonable times upon reasonable notice to the Issuer or the Depositor, as applicable, permit the Purchaser, or their agents or representatives to:

(a) examine all books, records and documents (including computer tapes and disks) in the possession or under the control of the Issuer or the Depositor relating to the Loans or the Basic Documents as may be requested, and

(b) visit the offices and property of the Issuer and the Depositor for the purpose of examining such materials described in clause (a) above.

Except as provided in Section 10.05, information obtained by the Purchaser pursuant to this Section 7.02 and Section 7.01 herein shall be held in confidence in accordance with and to the extent provided in Sections 11.15 and 11.17 of the Sale and Servicing Agreement as if it constituted "Confidential Information" (as defined therein).

SECTION 7.03. Ownership and Security Interests; Further Assurances. The Depositor will take all action necessary to maintain the Issuer's ownership interest in the Loans and the other items sold pursuant to Article II of the Sale and Servicing Agreement. The Issuer will take all action necessary to maintain the Indenture Trustee's security interest in the Loans and the other items pledged to the Indenture Trustee pursuant to the Indenture.

The Issuer and the Depositor agree to take any and all acts and to execute any and all further instruments reasonably necessary or requested by the Purchaser to more fully effect the purposes of this Note Purchase Agreement.

SECTION 7.04. Covenants. The Issuer and the Depositor shall each duly observe and perform each of their respective covenants set forth in each of the Basic Documents to which they are parties.

SECTION 7.05. Amendments. Neither the Issuer nor the Depositor shall make, or permit any Person to make, any amendment, modification or change to, or provide any waiver under any Basic Document to which the Issuer or the Depositor, as applicable, is a party without the prior written consent of the Purchaser.

SECTION 7.06. With Respect to the Exempt Status of the Purchased Note.

(a) Neither the Issuer nor the Depositor, nor any of their respective Affiliates, nor any Person acting on their behalf will, directly or indirectly, make offers or sales of any security, or solicit offers to buy any security, under circumstances that would require the

registration of the Purchased Note under the Securities Act.

(b) Neither the Issuer nor the Depositor, nor any of their Affiliates, nor any Person acting on their behalf will engage in any form of general solicitation or general advertising (within the meaning of Regulation D promulgated under the Securities Act) in connection with any offer or sale of the Purchased Note.

(c) On or prior to any Transfer Date, the Issuer and the Depositor will furnish or cause to be furnished to the Purchaser and any subsequent purchaser therefrom of Additional Note Principal Balance, if the Purchaser or such subsequent purchaser so requests, a letter from each Person furnishing a certificate or opinion on the Closing Date as described in Section 4.01 hereof or on or before any such Transfer Date in which such Person shall state that such subsequent purchaser may rely upon such original certificate or opinion as though delivered and addressed to such subsequent purchaser and made on and as of the Closing Date or such Transfer Date, as the case may be, except for such exceptions set forth in such letter as are attributable to events occurring after the Closing Date or such Transfer Date.

ARTICLE VIII

ADDITIONAL COVENANTS

SECTION 8.01. Legal Conditions to Closing. The parties hereto will take all reasonable action necessary to obtain (and will cooperate with one another in obtaining) any consent, authorization, permit, license, franchise, order or approval of, or any exemption by, any Governmental Authority or any other Person, required to be obtained or made by it in connection with any of the transactions contemplated by this Note Purchase Agreement.

SECTION 8.02. Expenses.

(a) The Issuer and the Depositor jointly and severally covenant that, whether or not the Closing takes place, except as otherwise expressly provided herein, all reasonable costs and expenses incurred in connection with this Note Purchase Agreement and the transactions contemplated hereby shall be paid by the Issuer or the Depositor.

(b) The Issuer and the Depositor jointly and severally covenant to pay as and when billed by the Purchaser all of the reasonable out-of-pocket costs and expenses incurred in connection with the consummation and administration of the transactions contemplated hereby and in the other Basic Documents including, without limitation, (i) all reasonable fees, disbursements and expenses of counsel to the Purchaser, (ii) all reasonable fees and expenses of the Indenture Trustee and the Owner Trustee and their counsel and (iii) all reasonable fees and expenses of the Custodian and its counsel.

SECTION 8.03. Mutual Obligations. On and after the Closing, each party hereto will do, execute and perform all such other acts, deeds and documents as the other party may from time to time reasonably require in order to carry out the intent of this Note Purchase Agreement.

SECTION 8.04. Restrictions on Transfer. The Purchaser agrees that it will comply with the restrictions on transfer of the Purchased Note set forth in the Indenture and resell the Purchased Note only in compliance with such restrictions.

SECTION 8.05. [Reserved].

SECTION 8.06. Information Provided by the Purchaser. The Purchaser hereby covenants to determine One-Month LIBOR in accordance with the definition thereof in the Basic Documents and shall give notice to the Indenture Trustee, the Issuer and the Depositor of the Interest Payment Amount on each Determination Date. The Purchaser shall cause the Market Value Agent to give notice to the Indenture Trustee, the Issuer and the Depositor of any Hedge Funding Requirement on or before the Determination Date related to any Payment Date. In addition, on each Determination Date, the Purchaser hereby covenants to give notice to the Indenture Trustee, the Issuer and the Depositor of (i) the Issuer/Depositor Indemnities (as defined in the Trust Agreement), (ii) Due Diligence Fees and (iii) the Collateral Value for each Loan for the related Payment Date.

ARTICLE IX

INDEMNIFICATION

SECTION 9.01. Indemnification of Purchaser. Each of the Issuer and the Depositor hereby agree to, jointly and severally, indemnify and hold harmless each Indemnified Party against any and all losses, claims, damages, liabilities, reasonable expenses or judgments (including reasonable accounting fees and reasonable legal fees and other reasonable expenses incurred in connection with this Note Purchase Agreement or any other Basic Document and any action, suit or proceeding or any claim asserted) (collectively, "Losses"), as incurred (payable promptly upon written request), for or on account of or arising from or in connection with any information prepared by and furnished or to be furnished by any of the Issuer, the Loan Originator or the Depositor pursuant to or in connection with the transactions contemplated hereby including, without limitation, such written information as may have been and may be furnished in connection with any due diligence investigation with respect to the business, operations, financial condition of the Issuer, the Loan Originator, the Depositor or with respect to the Loans, to the extent such information contains any untrue statement of material fact or omits to state a material fact necessary to make the statements contained therein in the light of the circumstances under which such statements were made not misleading, except with respect to any such information used by such Indemnified Party in violation of the Basic Documents or as a result of an Indemnified Party's gross negligence or willful misconduct which results in such Losses. The indemnities contained in this Section 9.01 will be in addition to any liability which the Issuer or the Depositor may otherwise have pursuant to this Note Purchase Agreement and any other Basic Document.

SECTION 9.02. Procedure and Defense. In case any action or proceeding (including any governmental or regulatory investigation or proceeding) shall be instituted involving any Indemnified Party in respect of which indemnity may be sought pursuant to Section 9.01, such Indemnified Party shall promptly notify the Issuer and the Depositor in

writing and, upon request of the Indemnified Party, the Issuer and the Depositor shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Party to represent such Indemnified Party and any others the indemnifying party may designate and shall pay the reasonable fees and disbursements of such counsel related to such proceeding; provided that failure to give such notice or deliver such documents shall not affect the rights to indemnity hereunder unless such failure materially prejudices the rights of the Indemnified Party. The Indemnified Party will have the right to employ its own counsel in any such action in addition to the counsel of the Issuer and/or the Depositor, but the reasonable fees and expenses of such counsel will be at the expense of such Indemnified Party, unless (i) the employment of counsel by the Indemnified Party at its expense has been authorized in writing by the Depositor or the Issuer, (ii) the Depositor or the Issuer has not in fact employed counsel to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action or (iii) the named parties to any such action or proceeding (including any impleaded parties) include the Depositor or the Issuer and one or more Indemnified Parties, and the Indemnified Parties shall have been advised by counsel that there may be one or more legal defenses available to them which are different from or additional to those available to the Depositor or the Issuer. Reasonable expenses of counsel to any Indemnified Party for which the Issuer and the Depositor are responsible hereunder shall be reimbursed by the Issuer and the Depositor as they are incurred. The Issuer and the Depositor shall not be liable for any settlement of any proceeding affected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the Indemnified Party from and against any loss or liability by reason of such settlement or judgment. Neither the Issuer nor the Depositor will, without the prior written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such proceeding.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Amendments. No amendment or waiver of any provision of this Note Purchase Agreement shall in any event be effective unless the same shall be in writing and signed by all of the parties hereto, and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 10.02. Notices. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including telecopies) and mailed, telecopied (with a copy delivered by overnight courier) or delivered, as to each party hereto, at its address as set forth in Schedule I hereto or at such other address as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be deemed effective upon receipt thereof, and in the case of telecopies, when receipt is confirmed by telephone.

SECTION 10.03. No Waiver; Remedies. No failure on the part of any party hereto to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 10.04. Binding Effect; Assignability.

(a) This Note Purchase Agreement shall be binding upon and inure to the benefit of the Issuer, the Depositor and the Purchaser and their respective permitted successors and assigns (including any subsequent holders of the Purchased Note); provided, however, neither the Issuer nor the Depositor shall have any right to assign their respective rights hereunder or interest herein (by operation of law or otherwise) without the prior written consent of the Purchaser.

(b) The Purchaser may, in the ordinary course of its business and in accordance with the Basic Documents and applicable law, including applicable securities laws, at any time sell to one or more Persons (each, a "Participant"), participating interests in all or a portion of its rights and obligations under this Note Purchase Agreement. Notwithstanding any such sale by the Purchaser of participating interests to a Participant, the Purchaser's rights and obligations under this Note Purchase Agreement shall remain unchanged, the Purchaser shall remain solely responsible for the performance thereof, and the Issuer and the Depositor shall continue to deal solely and directly with the Purchaser and shall have no obligations to deal with any Participant in connection with the Purchaser's rights and obligations under this Note Purchase Agreement.

(c) This Note Purchase Agreement shall create and constitute the continuing obligation of the parties hereto in accordance with its terms, and shall remain in full force and effect until such time as all amounts payable with respect to the Purchased Note shall have been paid in full.

SECTION 10.05. Provision of Documents and Information. Each of the Issuer and the Depositor acknowledges and agrees that the Purchaser is permitted to provide to any subsequent Purchaser, permitted assignees and Participants, opinions, certificates, documents and other information relating to the Issuer, the Depositor and the Loans delivered to the Purchaser pursuant to this Note Purchase Agreement provided that with respect to Confidential Information, such subsequent Purchaser, permitted assignees and Participants agree to be bound by Section 8.05 hereof.

SECTION 10.06. GOVERNING LAW; JURISDICTION. THIS NOTE PURCHASE AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW. EACH OF THE PARTIES TO THIS NOTE PURCHASE AGREEMENT HEREBY AGREES TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF

NEW YORK AND ANY APPELLATE COURT HAVING JURISDICTION TO REVIEW THE JUDGMENTS THEREOF. EACH OF THE PARTIES HEREBY WAIVES ANY OBJECTION BASED ON FORUM *NON CONVENIENS* AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

SECTION 10.07. No Proceedings. Until the date that is one year and one day after the last day on which any amount is outstanding under this Note Purchase Agreement, the Depositor and the Purchaser hereby covenant and agree that they will not institute against the Issuer or the Depositor, or join in any institution against the Issuer or the Depositor of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States federal or state bankruptcy or similar law.

SECTION 10.08. Execution in Counterparts. This Note Purchase Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

SECTION 10.09. No Recourse — Purchaser and Depositor.

(a) The obligations of the Purchaser under this Note Purchase Agreement, or any other agreement, instrument, document or certificate executed and delivered by or issued by the Purchaser or any officer thereof are solely the partnership or corporate obligations of the Purchaser, as the case may be. No recourse shall be had for payment of any fee or other obligation or claim arising out of or relating to this Note Purchase Agreement or any other agreement, instrument, document or certificate executed and delivered or issued by the Purchaser or any officer thereof in connection therewith, against any stockholder, limited partner, employee, officer, director or incorporator of the Purchaser.

(b) The obligations of the Depositor under this Note Purchase Agreement, or any other agreement, instrument, document or certificate executed and delivered by or issued by the Depositor or any officer thereof are solely the partnership or corporate obligations of the Depositor, as the case may be. No recourse shall be had for payment of any fee or other obligation or claim arising out of or relating to this Note Purchase Agreement or any other agreement, instrument, document or certificate executed and delivered or issued by the Purchaser or any officer thereof in connection therewith, against any stockholder, limited partner, employee, officer, director or incorporator of the Depositor.

(c) The Purchaser, by accepting the Purchased Note, acknowledges that such Purchased Note represents an obligation of the Issuer and does not represent an interest in or an obligation of the Loan Originator, the Servicer, the Depositor, the Administrator, the Owner Trustee, the Indenture Trustee or any Affiliate thereof and no recourse may be had against such parties or their assets, except as may be expressly set forth or contemplated in this Agreement, the Purchased Note or the Basic Documents.

SECTION 10.10. Survival. All representations, warranties, covenants, guaranties and indemnifications contained in this Note Purchase Agreement and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the sale, transfer or repayment of the Purchased Note.

SECTION 10.11. Tax Characterization. Each party to this Note Purchase Agreement (a) acknowledges and agrees that it is the intent of the parties to this Note Purchase Agreement that for all purposes, including federal, state and local income, single business and franchise tax purposes, the Purchased Note will be treated as evidence of indebtedness secured by the Loans and proceeds thereof and the trust created under the Indenture will not be characterized as an association (or publicly traded partnership) taxable as a corporation, (b) agrees to treat the Purchased Note for federal, state and local income and franchise tax purposes as indebtedness and (c) agrees that the provisions of all Basic Documents shall be construed to further these intentions of the parties.

SECTION 10.12. Conflicts. Notwithstanding anything contained herein to the contrary, in the event of the conflict between the terms of the Sale and Servicing Agreement and this Note Purchase Agreement, the terms of the Sale and Servicing Agreement shall control.

SECTION 10.13. Limitation on Liability. It is expressly understood and agreed by the parties hereto that (a) this Note Purchase Agreement is executed and delivered by Wilmington Trust Company, not individually or personally, but solely as Owner Trustee of Option One Owner Trust 2007-5A, in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose for binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Note Purchase Agreement or any other related documents.

IN WITNESS WHEREOF, the parties have caused this Note Purchase Agreement to be executed by their respective officers hereunto duly authorized, as of the date first above written.

OPTION ONE OWNER TRUST 2007-5A

By: Wilmington Trust Company not in its individual capacity but solely as owner trustee

By: /s/ Michele C. Harra
Name: Michele C. Harra
Title: Financial Services Officer

OPTION ONE LOAN WAREHOUSE CORPORATION

By: /s/ Charles R. Fulton
Name: Charles R. Fulton
Title: Assistant Secretary

CITIGROUP GLOBAL MARKETS REALTY CORP.

By: /s/ Bobbie Theivakumaran
Name: Bobbie Theivakumaran
Title: Authorized Agent

Schedule I
Information for Notices

1. if to the Issuer:

Option One Owner Trust 2007-5A
c/o Wilmington Trust Company
as Owner Trustee
One Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890
Attention: Corporate Trust Administration
Telecopy: (302) 636-4144
Telephone: (302) 636-1000

with a copy to:

Option One Mortgage Corporation
3 Ada Road
Irvine, California 92618
Attention: Matthew Engel
Telecopy number: (866) 715-8329
Telephone number: (949) 790-8128

2. if to the Depositor:

Option One Loan Warehouse Corporation
3 Ada Road
Irvine, California 92618
Attention: Matthew Engel
Telecopy number: (866) 715-8329
Telephone number: (949) 790-8128

3. if to the Purchaser:

Citigroup Global Markets Realty Corp.
390 Greenwich Street
New York, New York 10013
Attention: Randy Appleyard
Telecopy: (212) 723-8603
Telephone: (212) 723-6394

Exhibit 10.24

INDENTURE

between

OPTION ONE OWNER TRUST 2007-5A
as Issuer

and

WELLS FARGO BANK, N.A.
as Indenture Trustee

Dated as of January 1, 2007

OPTION ONE OWNER TRUST 2007-5A
MORTGAGE-BACKED NOTES

ARTICLE I

DEFINITIONS

ARTICLE II

GENERAL PROVISIONS WITH RESPECT TO THE NOTES

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ARTICLE XI

MISCELLANEOUS

INDENTURE

INDENTURE dated as of January 1, 2007 (the "Indenture"), between OPTION ONE OWNER TRUST 2007-5A, a Delaware statutory trust, as Issuer (the "Issuer"), and WELLS FARGO BANK, N.A., as Indenture Trustee (the "Indenture Trustee").

W I T N E S S E T H T H A T:

In consideration of the mutual covenants herein contained, the Issuer has duly authorized the execution and delivery of this Indenture to provide for the issuance of Notes, issuable as provided in this Indenture. All covenants and agreements made by the Issuer herein are for the benefit and security of the Noteholders.

GRANTING CLAUSE

Subject to the terms of this Indenture, the Issuer hereby Grants on the Closing Date, to the Indenture Trustee, as Indenture Trustee for the benefit of the Noteholders, all of the Issuer's right, title and interest, whether now owned or hereafter acquired, in and to: (i) such Loans as from time to time are subject to the Sale and Servicing Agreement as listed in the Loan Schedule, as the same may be amended or supplemented on each Transfer Date and by the removal of Deleted Loans and Unqualified Loans and by the addition of Qualified Substitute Loans, together with the Servicer's Loan Files and the Custodial Loan Files relating thereto and all proceeds thereof, (ii) the Mortgages and security interests in the Mortgaged Properties, (iii) all payments in respect of interest and principal with respect to each Loan received on or after the related Transfer Cut-off Date, (iv) such assets as from time to time are identified as Foreclosure Property, (v) such assets and funds as are from time to time deposited in or credited to the Distribution Account, Collection Account and the Transfer Obligation Account, including, without limitation, amounts on deposit in or credited to such accounts that are invested in Permitted Investments (including, without limitation, all security entitlements (as defined in Section 8-102(17) of the UCC) of the Issuer therein), (vi) lenders' rights under all Mortgage Insurance Policies and to any Mortgage Insurance Proceeds, (vii) Net Liquidation Proceeds and Released Mortgaged Property Proceeds, (viii) all right, title and interest of the Trust (but none of the obligations) in and to the obligations of Hedging Counterparties under Hedging Instruments; (ix) all right, title and interest of each of the Depositor, the Loan Originators and the Trust in and under the Basic Documents including, without limitation, the obligations of the Loan Originators under the Loan Purchase and Contribution Agreement and/or the Master Disposition Confirmation Agreement, and all proceeds of any of the foregoing, (x) all right, title and interest of the Issuer in and to the Sale and Servicing Agreement, including the Issuer's right to cause either Loan Originator to repurchase related Loans from the Issuer under certain circumstances described therein, (xi) all other Property of the Trust from time to time and (xii) all present and future claims, demands, causes of action and choses in action in respect of any or all of the foregoing and all payments on or under and all proceeds of every kind and nature whatsoever in respect of any or all of the foregoing, including all proceeds of the conversion thereof, voluntary or involuntary, into cash or other liquid property, all cash and noncash proceeds (each as defined in Section 9-102(a) of the UCC), accounts, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, insurance proceeds, payment intangibles, securities accounts, condemnation awards, rights to payment of any and every kind and other forms of

obligations and receivables, instruments and other property which at any time constitute all or part of or are included in the proceeds of any of the foregoing (collectively, the "Collateral").

The foregoing Grant is made in trust to secure the payment of principal of and interest on, and any other amounts owing in respect of, the Notes, and to secure compliance with the provisions of this Indenture, all as provided in this Indenture.

The Indenture Trustee, as Indenture Trustee on behalf of the Noteholders, acknowledges such Grant, accepts the trusts hereunder and agrees to perform its duties required in this Indenture to the best of its ability to the end that the interests of the Noteholders may adequately and effectively be protected.

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. (a) Except as otherwise specified herein, the following terms have the respective meanings set forth below for all purposes of this Indenture.

"Act" has the meaning specified in Section 11.03(a) hereof.

"Additional Note Principal Balance" As defined in the Sale and Servicing Agreement.

"Administration Agreement" means the Administration Agreement dated as of January 1, 2007, between the Issuer and the Administrator.

"Administrator" means Option One Mortgage Corporation, or any successor Administrator under the Administration Agreement.

"Authorized Officer" means, with respect to the Issuer, any officer of the Owner Trustee who is authorized to act for the Owner Trustee in matters relating to the Issuer and who is identified on the list of Authorized Officers delivered by the Owner Trustee to the Indenture Trustee on the Closing Date (as such list may be modified or supplemented from time to time thereafter) and, so long as the Administration Agreement is in effect, any Vice President or more senior officer of the Administrator who is authorized to act for the Administrator in matters relating to the Issuer and to be acted upon by the Administrator pursuant to the Administration Agreement and who is identified on the list of Authorized Officers delivered by the Administrator to the Indenture Trustee on the Closing Date (as such list may be modified or supplemented from time to time thereafter).

"Basic Documents" As defined in the Sale and Servicing Agreement.

"Certificate of Trust" means the certificate of trust of the Issuer substantially in the form of Exhibit C to the Trust Agreement.

"Change of Control" means the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities

and Exchange Commission under the Securities Exchange Act of 1934) of outstanding shares of voting stock of either Loan Originator at any time if after giving effect to such acquisition (i) such Person or Persons owns twenty percent (20%) or more of such outstanding voting stock or (ii) H&R Block, Inc. does not own more than fifty percent (50%) of such outstanding shares of voting stock.

"Clean-up Call Date" As defined in the Sale and Servicing Agreement.

"Closing" means January 31, 2007.

"Collateral" has the meaning specified in the Granting Clause of this Indenture.

"Commission" means the Securities and Exchange Commission.

"Corporate Trust Office" means the principal office of the Indenture Trustee at which at any particular time its corporate trust business shall be administered, which office at date of execution of this Indenture is located, for note transfer purposes, at Sixth Street and Marquette Avenue, Minneapolis, Minnesota 55479, Attention: Option One Owner Trust 2007-5A, telecopy number: (612) 667-6282, telephone number: (800) 344-5128, and for all other purposes, at 9062 Old Annapolis Road, Columbia, Maryland 21045, Attention: Option One Owner Trust 2007-5A, telecopy number: (410) 715-2380, telephone number: (410) 884-2000, or at such other address as the Indenture Trustee may designate from time to time by notice to the Noteholders and the Issuer, or the principal corporate trust office of any successor Indenture Trustee at the address designated by such successor Indenture Trustee by notice to the Noteholders and the Issuer.

"Default" means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

"Depositor" shall mean Option One Loan Warehouse Corporation, a Delaware corporation; in its capacity as depositor under the Sale and Servicing Agreement, or any successor in interest thereto.

"Depository Institution" means any depository institution or trust company, including the Indenture Trustee, that (a) is incorporated under the laws of the United States of America or any State thereof, (b) is subject to supervision and examination by federal or state banking authorities and (c) has outstanding unsecured commercial paper or other short-term unsecured debt obligations that are rated at a rating to which the Majority Noteholders consent in writing.

"Event of Default" has the meaning specified in Section 5.01 hereof.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Executive Officer" means, with respect to (i) the Depositor, the Servicer, the Loan Originators or any Affiliate of any of the foregoing, the President, any Vice President or the Treasurer of such corporation; and with respect to any partnership, any general partner thereof, (ii) the Note Registrar, any Responsible Officer of the Indenture Trustee, (iii) any other

corporation, the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Executive Vice President, any Vice President, the Secretary or the Treasurer of such entity and (iv) any partnership, any general partner thereof.

"Grant" means mortgage, pledge, bargain, sell, warrant, alienate, remise, release, convey, assign, transfer, create and grant a lien upon and a security interest in and right of set-off against, deposit, set over and confirm pursuant to this Indenture. A Grant of the Collateral or of any other agreement or instrument shall include all rights, powers and options (but none of the obligations) of the granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for principal and interest payments in respect of the Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the granting party or otherwise, and generally to do and receive anything that the granting party is or may be entitled to do or receive thereunder or with respect thereto.

"Holder" means the Person in whose name a Note is registered on the Note Register.

"ICA Owner" means "beneficial owner" as such term is used in Section 3(c)(1) of the Investment Company Act of 1940, as amended (other than any persons who are excluded from such term or from the 100-beneficial owner test of Section 3(c)(1) by law or regulations adopted by the Securities and Exchange Commission).

"Indenture" means this Indenture and any amendments hereto.

"Indenture Trustee" means Wells Fargo Bank, N.A., a national banking association, as Indenture Trustee under this Indenture, or any successor Indenture Trustee hereunder.

"Issuer" means Option One Owner Trust 2007-5A.

"Issuer Order" and "Issuer Request" mean a written order or request signed in the name of the Issuer by any one of its Authorized Officers and delivered to the Indenture Trustee.

"Loan Originator" has the meaning given to such term in the Sale and Servicing Agreement.

"Majority Certificateholders" As defined in the Sale and Servicing Agreement.

"Maturity Date" means, with respect to the Notes, 364 days after the commencement of the Revolving Period.

"Maximum Note Principal Balance" As defined in the Note Purchase Agreement.

"Note" means any Note authorized by and authenticated and delivered under this Indenture.

"Note Interest Rate" means for each Accrual Period, a per annum interest rate equal to One-Month LIBOR for the related LIBOR Determination Date plus the LIBOR Margin and, if applicable, the Default LIBOR Margin for such Accrual Period.

"Note Principal Balance" As defined in the Sale and Servicing Agreement.

"Note Purchase Agreement" means the Note Purchase Agreement dated as of January 1, 2007, among the Issuer, the Depositor and Citigroup Global Markets Realty Corp.

"Note Redemption Amount" As defined in the Sale and Servicing Agreement.

"Note Register" and "Note Registrar" have the respective meanings specified in Section 2.03 hereof.

"Noteholder" means the Person in whose name a Note is registered on the Note Register.

"Officer's Certificate" means a certificate signed by any Authorized Officer of the Issuer or the Administrator, under the circumstances described in, and otherwise complying with, the applicable requirements of Section 11.01 hereof, and delivered to the Indenture Trustee. Unless otherwise specified, any reference in this Indenture to an Officer's Certificate shall be to an Officer's Certificate of any Authorized Officer of the Issuer or the Administrator.

"Opinion of Counsel" means one or more written opinions of counsel who may, except as otherwise expressly provided in this Indenture, be an employee of or counsel to the Issuer, and which opinion or opinions shall be addressed to the Indenture Trustee, as Indenture Trustee, and shall comply with any applicable requirements of Section 11.01 hereof and shall be in form and substance satisfactory to the Initial Noteholder.

"Outstanding" means, with respect to any Note and as of the date of determination, any Note theretofore authenticated and delivered under this Indenture except:

(i) Notes theretofore canceled by the Note Registrar or delivered to the Note Registrar for cancellation;

(ii) Notes or portions thereof the payment for which money in the necessary amount has theretofore been deposited with the Indenture Trustee or any Paying Agent in trust for the Noteholders (provided, however, that if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision for such notice satisfactory to the Indenture Trustee has been made); and

(iii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture unless proof satisfactory to the Indenture Trustee is presented that any such Notes are held by a bona fide purchaser; provided, however, that in determining whether the Noteholders representing the requisite Percentage Interests of the Outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any Basic Document, Notes owned by the Issuer, any other obligor upon the Notes, the Depositor or

any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes that the Indenture Trustee actually knows to be owned in such manner shall be disregarded. Notes owned in such manner that have been pledged in good faith may be regarded as Outstanding if the pledgee certifies to the Indenture Trustee (y) that the pledgee has the right so to act with respect to such Notes and (z) that the pledgee is not the Issuer, any other obligor upon the Notes, the Depositor or any Affiliate of any of the foregoing Persons.

"Owner Trustee" means Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee under the Trust Agreement, or any successor Owner Trustee under the Trust Agreement.

"Paying Agent" means (unless the Paying Agent is the Servicer) a Person that meets the eligibility standards for the Indenture Trustee specified in Section 6.11 hereof and is authorized by the Issuer to make payments to and distributions from the Collection Account and the Distribution Account, including payment of principal of or interest on the Notes on behalf of the Issuer. The initial Paying Agent shall be the Servicer; provided that if the Servicer is terminated as Paying Agent for any reason, the Indenture Trustee shall be the Paying Agent until another Paying Agent is appointed by the Initial Noteholder pursuant to Section 8.04 herein. The Indenture Trustee shall be entitled to reasonable additional compensation for assuming the role of Paying Agent.

"Payment Date" As defined in the Sale and Servicing Agreement.

"Percentage Interest" means, with respect to any Note and as of any date of determination, the percentage equal to a fraction, the numerator of which is the principal balance of such Note as of such date of determination and the denominator of which is the Note Principal Balance.

"Person" As defined in the Sale and Servicing Agreement.

"Predecessor Note" means, with respect to any particular Note, every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purpose of this definition, any Note authenticated and delivered under Section 2.04 hereof in lieu of a mutilated, lost, destroyed or stolen Note shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Record Date" As defined in the Sale and Servicing Agreement.

"Redemption Date" means in the case of a redemption of the Notes pursuant to Section 10.01 hereof, the Payment Date specified by the Servicer pursuant to such Section 10.01.

"Registered Holder" means the Person in the name of which a Note is registered on the Note Register on the applicable Record Date.

"Revolving Period" As defined in the Sale and Servicing Agreement.

"Sale Agent" has the meaning assigned to such term in Section 5.11 hereof.

"Sale and Servicing Agreement" means the Sale and Servicing Agreement dated as of January 1, 2007, among the Issuer, the Depositor, the Servicer, the Loan Originators and the Indenture Trustee on behalf of the Noteholders.

"Servicer" shall mean Option One Mortgage Corporation, in its capacity as servicer under the Sale and Servicing Agreement, and any successor servicer thereunder.

"State" means any one of the States of the United States of America or the District of Columbia.

"Termination Price" As defined in the Sale and Servicing Agreement.

"Transfer Date" As defined in the Sale and Servicing Agreement.

"Trust Agreement" means the Trust Agreement dated as of January 1, 2007, between the Depositor and the Owner Trustee.

"Trust Certificate" has the meaning assigned to such term in Section 1.1 of the Trust Agreement.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force on the date hereof, unless otherwise specifically provided.

(b) Except as otherwise specified herein or as the context may otherwise require, capitalized terms used but not otherwise defined herein have the respective meanings set forth in the Sale and Servicing Agreement for all purposes of this Indenture.

Section 1.02 Rules of Construction. Unless the context otherwise requires:

(i) a term has the meaning assigned to it;

(ii) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(iii) "or" is not exclusive;

(iv) "including" means including without limitation;

(v) words in the singular include the plural and words in the plural include the singular; and

(vi) any agreement, instrument or statute defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as from time to time amended, modified or supplemented (as provided in such agreements) and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; references to a Person are also to its permitted successors and assigns.

ARTICLE II

GENERAL PROVISIONS WITH RESPECT TO THE NOTES

Section 2.01 Method of Issuance and Form of Notes.

(a) The Notes shall be designated generally as the "Option One Owner Trust 2007-5A Mortgage-Backed Notes" of the Issuer. Each Note shall bear upon its face the designation so selected for the Notes. All Notes shall be identical in all respects except for the denominations thereof. All Notes issued under this Indenture shall be in all respects equally and ratably entitled to the benefits thereof without preference, priority or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of this Indenture.

The Notes may be typewritten, printed, lithographed or engraved or produced by any combination of these methods, all as determined by the officers executing such Notes, as evidenced by their execution of such Notes.

Each Note shall be dated the date of its authentication.

The terms of the Notes shall be set forth in this Indenture.

The Notes shall be in definitive form and shall bear a legend substantially in the form of Exhibit C attached hereto.

Section 2.02 Execution, Authentication, Delivery and Dating. The Notes shall be executed on behalf of the Issuer by an Authorized Officer of the Owner Trustee or the Administrator. The signature of any such Authorized Officer on the Notes may be manual or facsimile.

Notes bearing the manual or facsimile signature of individuals who were at any time Authorized Officers of the Owner Trustee or the Administrator shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Notes or did not hold such offices at the date of such Notes.

Subject to the satisfaction of the conditions set forth in Section 2.08 hereof, the Indenture Trustee shall upon Issuer Order authenticate and deliver the Notes.

The Notes that are authenticated and delivered by the Indenture Trustee to or upon the order of the Issuer on the Closing Date shall be dated as of such Closing Date. All other Notes that are authenticated after the Closing Date for any other purpose under the Indenture shall be dated the date of their authentication. The Notes shall be issued in such denominations as may be agreed by the Issuer and the Initial Noteholder.

No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on such Note a certificate of authentication substantially in the form provided for herein executed by the Indenture Trustee by the manual

signature of one of its authorized signatories, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

Section 2.03 Registration; Registration of Transfer and Exchange. The Issuer shall cause to be kept a register (the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Notes and the registration of transfers of Notes. The Indenture Trustee initially shall be the "Note Registrar" for the purpose of registering Notes and transfers of Notes as herein provided. Upon any resignation of any Note Registrar, the Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of the Note Registrar.

If a Person other than the Indenture Trustee is appointed by the Issuer as Note Registrar, the Issuer will give the Indenture Trustee prompt written notice of the appointment of such Note Registrar and of the location, and any change in the location, of the Note Register, and the Indenture Trustee shall have the right to inspect the Note Register at all reasonable times and to obtain copies thereof, and the Indenture Trustee shall have the right to rely upon a certificate executed on behalf of the Note Registrar by an Executive Officer thereof as to the names and addresses of the Noteholders and the principal amounts and number of the Notes.

Upon surrender for registration of transfer of any Note at the office or agency of the Issuer to be maintained as provided in Section 3.02 hereof, the Issuer shall execute, and the Indenture Trustee shall authenticate and the Noteholder shall obtain from the Indenture Trustee, in the name of the designated transferee or transferees, one or more new Notes in any authorized denominations, of a like aggregate Note Principal Balance.

At the option of the Holder, Notes may be exchanged for other Notes in any authorized denominations, of a like aggregate principal amount, upon surrender of the Notes to be exchanged at such office or agency. Whenever any Notes are so surrendered for exchange, the Issuer shall execute, and the Indenture Trustee shall authenticate and the Noteholder shall obtain from the Indenture Trustee, the Notes which the Noteholder making the exchange is entitled to receive.

All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Every Note presented or surrendered for registration of transfer or exchange shall be duly endorsed by, or be accompanied by a written instrument of transfer in the form attached to the form of Note attached as Exhibit A hereto duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by an "eligible guarantor institution" meeting the requirements of the Securities Transfer Agents' Medallion Program ("STAMP").

No service charge shall be made to a Noteholder for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or

exchange of Notes, other than exchanges pursuant to Section 9.05 hereof not involving any transfer.

The preceding provisions of this Section 2.03 notwithstanding, the Issuer shall not be required to make, and the Note Registrar need not register, transfers or exchanges of Notes selected for redemption or of any Note for a period of 15 days preceding the due date for any payment with respect to such Note.

Section 2.04 Mutilated, Destroyed, Lost or Stolen Notes. If (i) any mutilated Note is surrendered to the Indenture Trustee, or the Indenture Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer and Indenture Trustee such security or indemnity as may reasonably be required by it to hold the Issuer and the Indenture Trustee, as applicable, harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a bona fide purchaser, an Authorized Officer of the Owner Trustee or the Administrator on behalf of the Issuer shall execute, and upon its written request the Indenture Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a replacement Note; provided, however, that if any such destroyed, lost or stolen Note, but not a mutilated Note, shall have become or within seven days shall be due and payable, or shall have been called for redemption, instead of issuing a replacement Note, the Issuer may pay such destroyed, lost or stolen Note when so due or payable or upon the Redemption Date without surrender thereof. If, after the delivery of such replacement Note or payment of a destroyed, lost or stolen Note pursuant to the proviso to the preceding sentence, a bona fide purchaser of the original Note in lieu of which such replacement Note was issued presents for payment such original Note, the Issuer shall be entitled to recover such replacement Note (or such payment) from the Person to which it was delivered or any Person taking such replacement Note from such Person to which such replacement Note was delivered or any assignee of such Person, except a bona fide purchaser, and the Issuer and the Indenture Trustee shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Indenture Trustee in connection therewith.

Upon the issuance of any replacement Note under this Section 2.04, the Issuer may require the payment by the Holder of such Note of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

Every replacement Note issued pursuant to this Section 2.04 in replacement of any mutilated, destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section 2.04 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 2.05 Persons Deemed Noteholders. Prior to due presentment for registration of transfer of any Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in the name of which any Note is registered (as of the day of determination) as the Noteholder for the purpose of receiving payments of principal of and interest, if any, on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee or any agent of the Issuer or the Indenture Trustee shall be affected by notice to the contrary.

Section 2.06 Payment of Principal and/or Interest; Defaulted Interest.

(a) The Notes shall accrue interest at the Note Interest Rate, and such interest shall be payable on each Payment Date, subject to Section 3.01 hereof. Any installment of interest or principal, if any, payable on any Note that is punctually paid or duly provided for by the Issuer on the applicable Payment Date shall be paid to the Person in the name of which such Note (or one or more Predecessor Notes) is registered on the next preceding Record Date based on the Percentage Interest represented by its respective Note, without preference or priority of any kind, and, except as otherwise provided in the next succeeding sentence, shall be made by wire transfer of immediately available funds to the account of such Noteholder, if such Noteholder shall own of record Notes having a Percentage Interest of at least 20% and shall have so notified the Paying Agent and the Indenture Trustee, and otherwise by check mailed to the address of such Noteholder appearing in the Note Register no less than five days preceding the related Record Date. The final installment of principal payable with respect to such Note shall be payable as provided in Section 2.06(b) below. The funds represented by any such checks returned undelivered shall be held in accordance with Section 3.03 hereof.

(b) The principal of each Note shall be payable in installments on each Payment Date as provided in Sections 5.01 and 5.02 of the Sale and Servicing Agreement and Section 5.04(b) hereof. Notwithstanding the foregoing, the entire unpaid principal amount of the Notes shall be due and payable, if not previously paid, on the earlier of (i) the Maturity Date, (ii) the Redemption Date, (iii) the Final Put Date and (iv) the date on which an Event of Default shall have occurred and be continuing, if the Indenture Trustee or the Majority Noteholders shall have declared the Notes to be immediately due and payable in the manner provided in Section 5.02 hereof.

All principal payments on the Notes shall be made pro rata to the Noteholders based on their respective Percentage Interests. The Paying Agent shall notify the Person in the name of which a Note is registered at the close of business on the Record Date preceding the Payment Date on which the Issuer expects that the final installment of principal of and interest on such Note will be paid. Such notice shall be mailed or transmitted by facsimile prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of such Note and shall specify the place where such Note may be presented and surrendered for payment of such installment. Notices in connection with redemptions of Notes shall be provided to Noteholders as set forth in Section 10.02 hereof.

Section 2.07 Cancellation. All Notes surrendered for payment, registration of transfer, exchange or redemption shall, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and shall promptly be canceled by the Indenture

Trustee. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered shall promptly be canceled by the Indenture Trustee. No Notes shall be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 2.07, except as expressly permitted by this Indenture. All canceled Notes may be held or disposed of by the Indenture Trustee in accordance with its standard retention or disposal policy as in effect at the time unless the Issuer shall direct by an Issuer Order that they be destroyed or returned to it; provided, however, that such Issuer Order is timely and the Notes have not been previously disposed of by the Indenture Trustee.

Section 2.08 Conditions Precedent to the Authentication of the Notes. The Notes may be authenticated by the Indenture Trustee upon receipt by the Indenture Trustee of the following:

(a) An Issuer Order authorizing authentication of such Notes by the Indenture Trustee;

(b) All of the items of Collateral which are to be delivered pursuant to the Basic Documents to the Indenture Trustee or its designee by the related Closing Date shall have been delivered;

(c) An executed counterpart of each Basic Document;

(d) One or more Opinions of Counsel addressed to the Indenture Trustee to the effect that:

(i) all conditions precedent provided for in this Indenture relating to the authentication of the Notes have been complied with;

(ii) the Owner Trustee has power and authority to execute, deliver and perform its obligations under the Trust Agreement;

(iii) the Issuer has been duly formed, is validly existing as a statutory trust under the laws of the State of Delaware, 12 Del. C. Section 3801 et seq., and has power, authority and legal right to execute and deliver this Indenture, the Note Purchase Agreement, the Custodial Agreement, the Administration Agreement and the Sale and Servicing Agreement;

(iv) assuming due authorization, execution and delivery hereof by the Indenture Trustee, the Indenture is a valid, legal and binding obligation of the Issuer, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent or preferential conveyance and other similar laws of general application affecting the rights of creditors generally and to general principles of equity (regardless of whether such enforcement is considered in a Proceeding in equity or at law);

(v) the Notes, when executed and authenticated as provided herein and delivered against payment therefor, will be the valid, legal and binding obligations of the

Issuer pursuant to the terms of this Indenture, entitled to the benefits of this Indenture, and will be enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent or preferential conveyance and other similar laws of general application affecting the rights of creditors generally and to general principles of equity (regardless of whether such enforcement is considered in a Proceeding in equity or at law);

(vi) Reserved;

(vii) this Indenture is not required to be qualified under the Trust Indenture Act;

(viii) no authorization, approval or consent of any governmental body having jurisdiction in the premises which has not been obtained by the issuer is required to be obtained by the Issuer for the valid issuance and delivery of the Notes, except that no opinion need be expressed with respect to any such authorizations, approvals or consents as may be required under any state securities or "blue sky" laws; and

(ix) any other matters that the Indenture Trustee may reasonably request.

(e) An Officer's Certificate complying with the requirements of Section 11.01 hereof and stating that:

(i) the Issuer is not in Default under this Indenture and the issuance of the Notes applied for will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, the Trust Agreement, any indenture, mortgage, deed of trust or other agreement or instrument to which the Issuer is a party or by which it is bound, or any order of any court or administrative agency entered in any Proceeding to which the Issuer is a party or by which it may be bound or to which it may be subject, and that all conditions precedent provided in this Indenture relating to the authentication and delivery of the Notes applied for have been complied with;

(ii) the Issuer is the owner of all of the Loans, has not assigned any interest or participation in the Loans (or, if any such interest or participation has been assigned, it has been released) and has the right to Grant all of the Loans to the Indenture Trustee;

(iii) the Issuer has Granted to the Indenture Trustee all of its right, title and interest in and to the Collateral, and has delivered or caused the same to be delivered to the Indenture Trustee; and

(iv) all conditions precedent provided for in this Indenture relating to the authentication of the Notes have been complied with.

Section 2.09 Release of Collateral. (a) Except as otherwise provided by the terms of the Basic Documents, the Indenture Trustee shall release the Collateral from the lien of this Indenture only upon receipt of an Issuer Request accompanied by the written consent of the Majority Noteholders in accordance with the procedures set forth in the Custodial Agreement. To the extent it deems necessary, the Indenture Trustee may seek direction from the Initial Noteholder with regard to the release of Collateral other than the Custodial Loan File.

(b) The Indenture Trustee shall, if requested by the Servicer, temporarily release or cause the Custodian temporarily to release to the Servicer the Custodial Loan File pursuant to the provisions of Section 5(b) of the Custodial Agreement upon compliance by the Servicer with the provisions thereof; provided, however, that the Custodian's records shall indicate the Issuer's pledge to the Indenture Trustee under the Indenture.

Section 2.10 Additional Note Principal Balance. In the event of payment of Additional Note Principal Balance by the Noteholders as provided in Section 2.01 (c) of the Sale and Servicing Agreement, each Noteholder shall, and is hereby authorized to, record on the schedule attached to its Note the date and amount of any Additional Note Principal Balance advanced by it, and each repayment thereof; provided that failure to make any such recordation on such schedule or any error in such schedule shall not adversely affect any Noteholder's rights with respect to its Additional Note Principal Balance and its right to receive interest payments in respect of the Additional Note Principal Balance held by such Noteholder.

Absent manifest error, the Note Principal Balance of each Note as set forth in the notations made by the related Noteholder on such Note shall be binding upon the Indenture Trustee and the Issuer; provided that failure by a Noteholder to make such recordation on its Note or any error in such notation shall not adversely affect any Noteholder's rights with respect to its Note Principal Balance and its right to receive principal and interest payments in respect thereof.

Section 2.11 Tax Treatment. The Issuer has entered into this Indenture, and the Notes will be issued, with the intention that for all purposes, including federal, state and local income, single business and franchise tax purposes, the Notes will qualify as indebtedness of the Issuer secured by the Collateral. The Issuer, by entering into this Indenture, and each Noteholder, by its acceptance of a Note, agree to treat the Notes for all purposes, including federal, state and local income, single business and franchise tax purposes, as indebtedness of the Issuer. The Indenture Trustee will have no responsibility for filing or preparing any tax returns.

Section 2.12 Limitations on Transfer of the Notes.

(a) The Notes have not been and will not be registered under the Securities Act and will not be listed on any exchange. No transfer of a Note shall be made unless such transfer is made pursuant to an effective registration statement under the Securities Act and all applicable state securities laws or is exempt from the registration requirements under the Securities Act and such state securities laws. In order to assure compliance with the Securities Act and state securities laws, any transfer of a Note shall be made (A) in reliance on Rule 144A under the Securities Act, in which case, the Indenture Trustee shall require that the transferor deliver a certification substantially in the form of Exhibit B-1 hereto and that the transferee deliver a certification substantially in the form of Exhibit B-3 hereto, or (B) to an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act that is not a "qualified institutional buyer," in which case the Indenture Trustee shall require that the transferee deliver a certification substantially in the form of Exhibit B-2 hereto. The Indenture Trustee shall not make any transfer or re-registration of the Notes if after such transfer or re-registration, there would be more than five Noteholders. Each Noteholder

shall, by its acceptance of a Note, be deemed to have represented and warranted that the number of ICA Owners with respect to all of its Notes shall not exceed four.

(b) The Note Registrar shall not register the transfer of any Note unless the Indenture Trustee has received a certificate from the transferee to the effect that either (i) the transferee is not an employee benefit plan or other retirement plan or arrangement subject to Title I of the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended (each, a "Plan"), and is not acting on behalf of or investing the assets of a Plan or (ii) if the transferee is a Plan or is acting on behalf of or investing the assets of a Plan, either that no prohibited transaction within the meaning of Section 406(a) of ERISA or Section 4975 of the Code would occur upon the transfer of the Note or that the conditions for exemptive relief under a prohibited transaction exemption has been satisfied, including, but not limited to, Prohibited Transaction Class Exemption ("PTCE") 96-23 (relating to transactions effected by an "in-house asset manager"), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 91-38 (relating to transactions involving bank collective investment funds), PTCE 90-1 (relating to transactions involving insurance company pooled separate accounts) and PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager").

ARTICLE III

COVENANTS

Section 3.01 Payment of Principal and/or Interest. The Issuer will duly and punctually pay (or will cause to be paid duly and punctually) the principal of and interest on the Notes in accordance with the terms of the Notes, this Indenture and the Sale and Servicing Agreement. Amounts properly withheld under the Code by any Person from a payment to any Noteholder of interest and/or principal shall be considered as having been paid by the Issuer to such Noteholder for all purposes of this Indenture. The Notes shall be non-recourse obligations of the Issuer and shall be limited in right of payment to amounts available from the Collateral, as provided in this Indenture. The Issuer shall not otherwise be liable for payments on the Notes. If any other provision of this Indenture shall be deemed to conflict with the provisions of this Section 3.01, the provisions of this Section 3.01 shall control.

Section 3.02 Maintenance of Office or Agency. The Indenture Trustee shall maintain at the Corporate Trust Office an office or agency where Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Indenture Trustee shall give prompt written notice to the Issuer of the location, and of any change in the location, of any such office or agency.

Section 3.03 Money for Payments to Be Held in Trust. As provided in Section 8.02(a) and (b) hereof, all payments of amounts due and payable with respect to any Notes that are to be made from amounts withdrawn from the Distribution Account pursuant to Section 8.02(c) hereof shall be made on behalf of the Issuer by the Indenture Trustee or by the Paying Agent, and no amounts so withdrawn from the Distribution Account for payments of Notes shall be paid over to the Issuer except as provided in this Section 3.03.

Any Paying Agent shall be appointed by the Initial Noteholder with written notice thereof to the Indenture Trustee. The Issuer shall not appoint any Paying Agent (other than the Indenture Trustee or Servicer) which is not, at the time of such appointment, a Depository Institution.

The Issuer will cause each Paying Agent other than the Indenture Trustee to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent shall agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section 3.03, that such Paying Agent will:

(i) hold all sums held by it for the payment of amounts due with respect to the Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(ii) give the Indenture Trustee notice of any Default by the Issuer (or any other obligor upon the Notes) of which it has actual knowledge in the making of any payment required to be made with respect to the Notes;

(iii) at any time during the continuance of any such Default, upon the written request of the Majority Noteholders or the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) immediately resign as a Paying Agent and forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Notes if at any time it ceases to meet the standards required to be met by a Paying Agent at the time of its appointment; and

(v) comply with all requirements of the Code with respect to the withholding from any payments made by it on any Notes of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith; provided, however, that with respect to withholding and reporting requirements applicable to original issue discount (if any) on the Notes, the Issuer shall have first provided the calculations pertaining thereto to the Indenture Trustee.

The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Order direct any Paying Agent to pay to the Indenture Trustee all sums held in trust by such Paying Agent, such sums to be held by the Indenture Trustee upon the same trusts as those upon which the sums were held by such Paying Agent; and upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Subject to applicable laws with respect to escheat of funds or abandoned property, any money held by the Indenture Trustee or any Paying Agent in trust for the payment of any amount due with respect to any Note and remaining unclaimed for two years after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer on Issuer Request; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the

Issuer), and all liability of the Indenture Trustee or such Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Indenture Trustee or such Paying Agent, before being required to make any such repayment, shall at the expense and direction of the Issuer cause to be published, once in a newspaper of general circulation in the City of New York customarily published in the English language on each Business Day, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Indenture Trustee shall also adopt and employ any other reasonable means of notification of such repayment (including, but not limited to, mailing notice of such repayment to Noteholders whose Notes have been called but have not been surrendered for redemption or whose right to or interest in moneys due and payable but not claimed at the last address of record for each such Noteholder determinable from the records of the Indenture Trustee or of any Paying Agent). Any costs and expenses of the Indenture Trustee and the Paying Agent incurred in the holding of such funds shall be charged against such funds. Monies so held shall not bear interest.

Section 3.04 Existence. (a) Subject to subparagraph (b) of this Section 3.04, the Issuer will keep in full effect its existence, rights and franchises as a statutory trust under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other State or of the United States of America, in which case the Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the Notes and the Collateral. The Issuer shall comply in all respects with the covenants contained in the Trust Agreement, including without limitation, the “special purpose entity” set forth in Section 4.1 thereof.

(b) Any successor to the Owner Trustee appointed pursuant to Section 10.2 of the Trust Agreement shall be the successor Owner Trustee under this Indenture without the execution or filing of any paper, instrument or further act to be done on the part of the parties hereto.

(c) Upon any consolidation or merger of or other succession to the Owner Trustee, the Person succeeding to the Owner Trustee under the Trust Agreement may exercise every right and power of the Owner Trustee under this Indenture with the same effect as if such Person had been named as the Owner Trustee herein.

Section 3.05 Protection of Collateral. The Issuer will from time to time execute and deliver all such reasonable supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action necessary or advisable to:

(i) provide further assurance with respect to the Grant of all or any portion of the Collateral;

(ii) maintain or preserve the lien and security interest (and the priority thereof) of this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any Grant made or to be made by this Indenture;

(iv) enforce any rights with respect to the Collateral; and

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee and the Noteholders in such Collateral against the claims of all Persons and parties.

The Issuer hereby designates the Administrator, its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required to be executed pursuant to this Section 3.05.

Section 3.06 Negative Covenants. Without the written consent of the Majority Noteholders, so long as any Notes are Outstanding, the Issuer shall not:

(i) except as expressly permitted by the Basic Documents, sell, transfer, exchange or otherwise dispose of any of the properties or assets of the Issuer, including those included in any part of the Trust Estate, unless directed to do so by the Noteholders as permitted herein;

(ii) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes (other than amounts properly withheld from such payments under the Code) or assert any claim against any present or former Noteholder by reason of the payment of the taxes levied or assessed upon any part of the Trust Estate;

(iii) engage in any business or activity other than as expressly permitted by this Indenture and the other Basic Documents, other than in connection with, or relating to, the issuance of Notes pursuant to this Indenture, or amend this Indenture as in effect on the Closing Date other than in accordance with Article IX hereof;

(iv) issue any debt obligations except under this Indenture;

(v) incur or assume any indebtedness or guaranty any indebtedness of any Person, except for such indebtedness as may be incurred by the Issuer in connection with the issuance of the Notes pursuant to this Indenture;

(vi) dissolve or liquidate in whole or in part or merge or consolidate with any other Person;

(vii) (A) permit the validity or effectiveness of this Indenture to be impaired, or permit the lien of this Indenture to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the Notes except as may expressly be permitted hereby, (B) except as provided in the Basic Documents, permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance to be created on or extend to or otherwise arise upon or burden the Trust Estate or any part thereof or any interest therein

or the proceeds thereof (other than tax liens, mechanics' liens and other liens that arise by operation of law, in each case, on any Mortgaged Property and arising solely as a result of an action or omission of the related Borrowers) or (C) except as provided in the Basic Documents, permit any Person other than itself, the Owner Trustee and the Noteholders to have any right, title or interest in the Trust Estate;

(viii) remove the Administrator without the prior written consent of the Majority Noteholders; or

(ix) take any other action or fail to take any action which may cause the Trust to be taxable as (a) an association pursuant to Section 7701 of the Code and the corresponding regulations, or (b) as a taxable mortgage pool pursuant to Section 7701(i) of the Code.

Section 3.07 Performance of Obligations; Servicing of Loans. (a) The Issuer will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's material covenants or obligations under any instrument or agreement included in the Collateral or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except as expressly provided in the Basic Documents or such other instrument or agreement.

(b) The Issuer may contract with or otherwise obtain the assistance of other Persons (including, without limitation, the Administrator under the Administration Agreement) to assist it in performing its duties under this Indenture, and any performance of such duties by a Person identified to the Indenture Trustee in an Officer's Certificate of the Issuer shall be deemed to be action taken by the Issuer. Initially, the Issuer has contracted with the Servicer and the Administrator to assist the Issuer in performing its duties under this Indenture.

(c) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, in the Basic Documents and in the instruments and agreements included in the Collateral, including but not limited to (i) filing or causing to be filed all UCC financing statements and continuation statements required to be filed by the terms of this Indenture and the Sale and Servicing Agreement and (ii) recording or causing to be recorded all Mortgages, Assignments of Mortgage, all intervening Assignments of Mortgage and all assumption and modification agreements required to be recorded by the terms of the Sale and Servicing Agreement, in accordance with and within the time periods provided for in this Indenture and/or the Sale and Servicing Agreement, as applicable. Except as otherwise expressly provided therein, the Issuer shall not waive, amend, modify, supplement or terminate any Basic Document or any provision thereof without the consent of the Indenture Trustee and the Majority Noteholders.

(d) If the Issuer shall have knowledge of the occurrence of a Servicing Event of Default, the Issuer shall promptly notify the Indenture Trustee and the Initial Noteholder thereof, and shall specify in such notice the action, if any, the Issuer is taking with respect to such default. If a Servicing Event of Default shall arise from the failure of the Servicer to

perform any of its duties or obligations under the Sale and Servicing Agreement with respect to the Loans, the Issuer shall take all reasonable steps available to it to remedy such failure.

(e) Reserved.

(f) Upon any termination of the Servicer's rights and powers pursuant to the Sale and Servicing Agreement, the Issuer shall promptly notify the Indenture Trustee. As soon as a successor servicer is appointed, the Issuer shall notify the Indenture Trustee of such appointment, specifying in such notice the name and address of such successor servicer.

(g) Without derogating from the absolute nature of the assignment granted to the Indenture Trustee under this Indenture or the rights of the Indenture Trustee hereunder, the Issuer agrees (i) that it will not, without the prior written consent of the Indenture Trustee, amend, modify, waive, supplement, terminate or surrender, or agree to any amendment, modification, supplement, termination, waiver or surrender of, the terms of any Collateral (except to the extent otherwise permitted by the Sale and Servicing Agreement) or the Basic Documents, or waive timely performance or observance by the Servicer or the Depositor under the Sale and Servicing Agreement; and (ii) that any such amendment shall not (A) increase or reduce in any manner the amount of, or accelerate or delay the timing of, distributions that are required to be made for the benefit of the Noteholders or (B) reduce the aforesaid percentage of the Notes that is required to consent to any such amendment, without the consent of Noteholders evidencing 100% Percentage Interests of the Outstanding Notes. If any such amendment, modification, supplement or waiver shall so be consented to by the Indenture Trustee, the Issuer agrees, promptly following a request by the Indenture Trustee to do so, to execute and deliver, in its own name and at its own expense, such agreements, instruments, consents and other documents as the Indenture Trustee may deem necessary or appropriate in the circumstances.

Section 3.08 Reserved.

Section 3.09 Annual Statement as to Compliance. So long as the Notes are Outstanding, the Issuer will deliver to the Indenture Trustee, within 90 days after the end of each fiscal year of the Issuer (commencing with the fiscal year beginning on May 1, 2007), an Officer's Certificate stating, as to the Authorized Officer signing such Officer's Certificate, that:

(i) a review of the activities of the Issuer during such year and of its performance under this Indenture has been made under such Authorized Officer's supervision; and

(ii) to the best of such Authorized Officer's knowledge, based on such review, the Issuer has materially complied with all conditions and covenants under this Indenture throughout such year, or, if there has been a default in its compliance with any such condition or covenant, specifying each such default known to such Authorized Officer and the nature and status thereof.

Section 3.10 Covenants of the Issuer. All covenants of the Issuer in this Indenture are covenants of the Issuer and are not covenants of the Owner Trustee. The Owner Trustee is, and any successor Owner Trustee under the Trust Agreement will be, entering into this Indenture solely as Owner Trustee under the Trust Agreement and not in its respective individual

capacity, and in no case whatsoever shall the Owner Trustee or any such successor Owner Trustee be personally liable on, or for any loss in respect of, any of the statements, representations, warranties or obligations of the Issuer hereunder, as to all of which the parties hereto agree to look solely to the property of the Issuer.

Section 3.11 Servicer's Obligations. The Issuer shall cause the Servicer to comply with the Sale and Servicing Agreement.

Section 3.12 Restricted Payments. The Issuer shall not, directly or indirectly, (i) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to the Owner Trustee or any owner of a beneficial interest in the Issuer or otherwise with respect to any ownership or equity interest or security in or of the Issuer or to the Servicer, (ii) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or security or (iii) set aside or otherwise segregate any amounts for any such purpose; provided, however, that the Issuer may make, or cause to be made, (x) distributions to the Servicer, the Indenture Trustee, the Owner Trustee and the Noteholders and the holders of the Trust Certificates as contemplated by, and to the extent funds are available for such purpose under, the Sale and Servicing Agreement or the Trust Agreement and (y) payments to the Administrator pursuant to Section 4 of the Administration Agreement. The Issuer will not, directly or indirectly, make or cause to be made payments to or distributions from the Distribution Account except in accordance with this Indenture and the Basic Documents.

Section 3.13 Treatment of Notes as Debt for All Purposes. The Issuer shall, and shall cause the Administrator to, treat the Notes as indebtedness for all purposes.

Section 3.14 Notice of Events of Default. The Issuer shall give the Indenture Trustee and the Initial Noteholder prompt written notice of each Event of Default hereunder and each default on the part of the Servicer or a Loan Originator of their respective obligations under any of the Basic Documents.

Section 3.15 Further Instruments and Acts. Upon request of the Indenture Trustee, the Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

ARTICLE IV

SATISFACTION AND DISCHARGE

Section 4.01 Satisfaction and Discharge of Indenture. This Indenture shall cease to be of further effect with respect to the Notes (except as to (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Notes, (iii) rights of Noteholders to receive payments of principal thereof and interest thereon, (iv) Sections 3.03, 3.04 and 3.10 hereof, (v) the rights, obligations and immunities of the Indenture Trustee hereunder (including the rights of the Indenture Trustee under Section 6.07 hereof and the obligations of the Indenture Trustee under Section 4.02 hereof) and (vi) the rights of Noteholders as beneficiaries hereof with respect to the property so deposited with the Indenture Trustee payable to all or any of them), and the Indenture Trustee, on demand of and at the expense of the Issuer, shall execute

proper instruments satisfactory to it, and prepared and delivered to it by the Issuer, acknowledging satisfaction and discharge of this Indenture with respect to the Notes, when all of the following have occurred:

(A) either

(1) all Notes theretofore authenticated and delivered (other than (i) Notes that have been destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.04 hereof and (ii) Notes for the payment of which money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 3.03 hereof) shall have been delivered to the Indenture Trustee for cancellation; or

(2) all Notes not theretofore delivered to the Indenture Trustee for cancellation

a. shall have become due and payable, or

b. are to be called for redemption within one year under arrangements satisfactory to the Indenture Trustee for the giving of notice of redemption by the Indenture Trustee in the name, and at the expense, of the Issuer,

c. and the Issuer, in the case of clause a. or b. above, has irrevocably deposited or caused irrevocably to be deposited with the Indenture Trustee cash or direct obligations of or obligations guaranteed by the United States of America (which will mature prior to the date such amounts are payable), in trust for such purpose, in an amount sufficient to pay and discharge the entire indebtedness on such Notes not theretofore delivered to the Indenture Trustee for cancellation when due to the applicable Maturity Date or the Redemption Date (if Notes shall have been called for redemption pursuant to Section 10.01 hereof), as the case may be; and

(B) the latest of (a) the payment in full of all outstanding obligations under the Notes, (b) the payment in full of all unpaid Trust Fees and Expenses and (c) the date on which the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer; and

(C) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel, each meeting the applicable requirements of Section 11.01 hereof and, subject to Section 11.02 hereof, each stating that all conditions precedent herein provided for, relating to the satisfaction and discharge of this Indenture with respect to the Notes, have been complied with.

Section 4.02 Application of Trust Money. All moneys deposited with the Indenture Trustee pursuant to Sections 3.03 and 4.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent, as the Indenture Trustee may determine, to the Noteholders for the payment or redemption of which such moneys have been deposited with the Indenture Trustee, of all sums due and to become due thereon for principal and/or interest; but such moneys need not be segregated from other funds except to the extent required herein or in the Sale and Servicing Agreement or required by law.

Section 4.03 Repayment of Moneys Held by Paying Agent. In connection with the satisfaction and discharge of this Indenture with respect to the Notes, all moneys then held by any Paying Agent other than the Indenture Trustee under the provisions of this Indenture with respect to such Notes shall, upon demand of the Issuer, be paid to the Indenture Trustee to be held and applied according to Section 3.03 hereof and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

ARTICLE V

REMEDIES

Section 5.01 Events of Default. "Event of Default," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) notwithstanding any insufficiency of funds in the Distribution Account for payment thereof on the related Payment Date, default in the payment of any interest on any Note when the same becomes due and payable; or

(b) notwithstanding any insufficiency of funds in the Distribution Account for payment thereof on the related Payment Date, default in the payment of any installment of the Overcollateralization Shortfall of any Note (i) on any Payment Date or (ii) on the Maturity Date, or, to the extent that there are funds available in the Distribution Account therefor, default in the payment of any installment of the principal of any Note from such available funds, as a result of the occurrence of a Rapid Amortization Trigger; or

(c) the occurrence of a Servicer Event of Default; or

(d) default in the observance or performance of any covenant or agreement of the Issuer made in any Basic Document to which it is a party (other than a covenant or agreement, a default in the observance or performance of which is elsewhere in this Section 5.01 specifically dealt with), or any representation or warranty of the Issuer made in any Basic Document to which it is a party or in any certificate or other writing delivered pursuant thereto or in connection therewith proving to have been incorrect in any material respect as of the time when the same shall have been made, and such default shall continue or not be cured, or the circumstance or condition in respect of which such misrepresentation or warranty was incorrect

shall not have been eliminated or otherwise cured, for a period of 30 days after there shall have been given, by registered or certified mail, to the Issuer by the Indenture Trustee, or to the Issuer, the Depositor and the Indenture Trustee by Noteholders evidencing at least 25% Percentage Interests of the Outstanding Notes, a written notice specifying such default or incorrect representation or warranty and requiring it to be remedied and stating that such notice is a notice of Default hereunder; or

(e) default in the observance or performance of any covenant or agreement of the Depositor or a Loan Originator made in any Basic Document to which it is a party or any representation or warranty of the Depositor (except as otherwise expressly provided in the Basic Documents with respect to representations and warranties regarding the Loans) or a Loan Originator made in any Basic Document to which they are a party, proving to have been incorrect in any material respect as of the time when the same shall have been made, and such default shall continue or not be cured, or the circumstance or condition in respect of which such misrepresentation or warranty was incorrect shall not have been eliminated or otherwise cured, for a period of 30 days (or five days in the case of the failure of a Loan Originator to make a payment in respect of the Transfer Obligation) after there shall have been given, by registered or certified mail, to the Issuer and the Depositor by the Indenture Trustee, or to the Issuer, the Depositor and the Indenture Trustee by Noteholders evidencing at least 25% Percentage Interests of the Outstanding Notes, a written notice specifying such Default or incorrect representation or warranty and requiring it to be remedied and stating that such notice is a notice of Default hereunder; or

(f) default in the observance or performance of any covenant or agreement of a Loan Originator made in any repurchase agreement, loan and security agreement or other similar credit facility agreement entered into by the Loan Originator and any third party for borrowed funds in excess of $10,000,000, including any default which entitles any party to require acceleration or prepayment of any indebtedness thereunder; or

(g) the filing of a decree or order for relief by a court having jurisdiction over the Issuer, the Depositor or a Loan Originator or all or substantially all of the Collateral in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the appointing of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer, the Depositor or a Loan Originator or for all or substantially all of the Collateral, or the ordering of the winding-up or liquidation of the affairs of the Issuer, the Depositor or a Loan Originator, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(h) the commencement by the Issuer, the Depositor or a Loan Originator of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by the Issuer, the Depositor or a Loan Originator to the entry of an order for relief in an involuntary case under any such law, or the consent by the Issuer to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer, the Depositor or a Loan Originator or for any substantial part of the Collateral, or the making by the Issuer, the Depositor or a Loan Originator of any general assignment for the benefit of creditors, or the failure by the Issuer, the Depositor or a Loan Originator generally to pay its respective debts as such debts become due, or the taking

of any action by the Issuer, the Depositor or a Loan Originator in furtherance of any of the foregoing; or

(i) a Change of Control of a Loan Originator; or

(j) the Notes shall be Outstanding on the day after the end of the Revolving Period.

The Issuer shall deliver to the Indenture Trustee, within five days after the occurrence thereof, written notice in the form of an Officer's Certificate of any event which with the giving of notice and the lapse of time would become an Event of Default under clauses (d) or (e) above, the status of such event and what action the Issuer or the Depositor, as applicable, is taking or proposes to take with respect thereto.

Section 5.02 Acceleration of Maturity; Rescission and Annulment. If an Event of Default should occur and be continuing, then and in every such case the Indenture Trustee, at the direction or upon the prior written consent of the Majority Noteholders, may declare all the Notes to be immediately due and payable, by a notice in writing to the Issuer (and to the Indenture Trustee if given by Noteholders), and upon any such declaration, the unpaid principal amount of such Notes, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the moneys due has been obtained by the Indenture Trustee as hereinafter in this Article V provided, the Majority Noteholders, by written notice to the Issuer and the Indenture Trustee, may rescind and annul such declaration and its consequences if:

(a) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay:

1. all payments of principal of and/or interest on all Notes and all other amounts that would then be due hereunder or upon such Notes if the Event of Default giving rise to such acceleration had not occurred; and

2. all sums paid or advanced by the Indenture Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee and its agents and counsel; and

(b) all Events of Default, other than the nonpayment of the principal of the Notes that has become due solely by such acceleration, have been cured or waived as provided in Section 5.12 hereof. No such rescission shall affect any subsequent default or impair any right consequent thereto.

Section 5.03 Collection of Indebtedness and Suits for Enforcement by Indenture Trustee. (a) The Issuer covenants that if (i) default is made in the payment of any interest on any Note when the same becomes due and payable, and such default continues for a period of five days, or (ii) default is made in the payment of the principal of or any installment of the principal of

any Note when the same becomes due and payable, the Issuer will, upon demand of the Indenture Trustee, pay to the Indenture Trustee, for the benefit of the Noteholders, the whole amount then due and payable on such Notes for principal and/or interest, with interest upon the overdue principal and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest at the rate borne by the Notes and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee and its agents and counsel.

(b) In case the Issuer shall fail forthwith to pay such amounts upon such demand, the Indenture Trustee shall at the direction of the Majority Noteholders, subject to Section 5.06(c) institute a Proceeding for the collection of the sums so due and unpaid, and may prosecute such Proceeding to judgment or final decree, and may enforce the same against the Issuer or other obligor upon such Notes and collect in the manner provided by law out of the property of the Issuer or other obligor upon such Notes, wherever situated, the moneys adjudged or decreed to be payable.

(c) If an Event of Default occurs and is continuing, the Indenture Trustee shall at the direction of the Majority Noteholders, as more particularly provided in Section 5.04 hereof, subject to Section 5.06(c) hereof, proceed to protect and enforce its rights and the rights of the Noteholders by such appropriate Proceedings as the Indenture Trustee shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Indenture Trustee by this Indenture or by law.

(d) In case there shall be pending, relative to the Issuer or any other obligor upon the Notes or any Person having or claiming an ownership interest in the Collateral, Proceedings under Title 11 of the United States Code or any other applicable federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Issuer or its property or such other obligor or Person, or in case of any other comparable judicial Proceedings relative to the Issuer or other obligor upon the Notes, or to the creditors or property of the Issuer or such other obligor, the Indenture Trustee, irrespective of whether the principal of any Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Indenture Trustee shall have made any demand pursuant to the provisions of this Section 5.03, shall be entitled and empowered by intervention in such Proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal and/or interest owing and unpaid in respect of the Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee (including any claim for reasonable compensation to the Indenture Trustee, each predecessor Indenture Trustee, and its agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee, except as a result of negligence or bad faith) and of the Noteholders allowed in such Proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Noteholders in any election of a trustee, a standby trustee or Person performing similar functions in any such Proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Noteholders and the Indenture Trustee on their behalf; and

(iv) to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee or the Noteholders allowed in any judicial proceedings relative to the Issuer, its creditors and its property; and any trustee, receiver, liquidator, custodian or other similar official in any such Proceeding is hereby authorized by each of such Noteholders to make payments to the Indenture Trustee and, in the event that the Indenture Trustee shall consent to the making of payments directly to such Noteholders, to pay to the Indenture Trustee such amounts as shall be sufficient to cover reasonable compensation to the Indenture Trustee, each predecessor Indenture Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred and all advances made by the Indenture Trustee and each predecessor Indenture Trustee except as a result of negligence or bad faith.

(e) Nothing herein contained shall be deemed to authorize the Indenture Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof or to authorize the Indenture Trustee to vote in respect of the claim of any Noteholder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar Person.

(f) All rights of action and of asserting claims under this Indenture, or under any of the Notes, may be enforced by the Indenture Trustee without the possession of any of the Notes or the production thereof in any trial or other Proceedings relative thereto, and any such action or Proceedings instituted by the Indenture Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Indenture Trustee, each predecessor Indenture Trustee and their respective agents, attorneys and counsel, shall be for the ratable benefit of the Noteholders.

(g) In any Proceedings brought by the Indenture Trustee (and also any Proceedings involving the interpretation of any provision of this Indenture to which the Indenture Trustee shall be a party), the Indenture Trustee shall be held to represent all the Noteholders, and it shall not be necessary to make any Noteholder a party to any such Proceedings.

Section 5.04 Remedies; Priorities. (a) If an Event of Default shall have occurred and be continuing, the Indenture Trustee, at the direction of the Majority Noteholders shall, do one or more of the following (subject to Section 5.05 hereof):

(i) institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the Notes or under this Indenture with respect thereto, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Issuer and any other obligor upon such Notes moneys adjudged due;

(ii) institute Proceedings from time to time for the complete or partial foreclosure of this Indenture with respect to the Collateral;

(iii) exercise any remedies of a secured party under the UCC and take any other appropriate action to protect and enforce the rights and remedies of the Indenture Trustee or the Noteholders; and

(iv) sell the Collateral or any portion thereof or rights or interest therein in a commercially reasonable manner, at one or more public or private sales called and conducted in any manner permitted by law; provided, however, that the Indenture Trustee may not sell or otherwise liquidate the Collateral following an Event of Default, unless (A) the Holders of 100% Percentage Interests of the Outstanding Notes consent thereto, (B) the proceeds of such sale or liquidation distributable to the Noteholders are sufficient to discharge in full all amounts then due and unpaid upon such Notes for principal and/or interest or (C) the Indenture Trustee determines that the Collateral will not continue to provide sufficient funds for the payment of principal of and interest on the Notes as they would have become due if the Notes had not been declared due and payable, and the Indenture Trustee obtains the consent of Holders of not less than 66-2/3% Percentage Interests of the Outstanding Notes. In determining such sufficiency or insufficiency with respect to clause (B) and (C) of this subsection (a)(iv), the Indenture Trustee may, but need not, obtain and rely upon an opinion of an independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose.

(b) If the Indenture Trustee collects any money or property pursuant to this Article V, it shall pay out the money or property in the following order:

FIRST: in the following order of priority: (a) to the Indenture Trustee, an amount equal to all unreimbursed Indenture Trustee Fees and indemnities and any other amounts payable to the Indenture Trustee pursuant to the Basic Documents and to the Indenture Trustee or Sale Agents, as applicable, all reasonable fees and expenses incurred by them and their agents and representatives in connection with the enforcement of the remedies provided for in this Article V, (b) to the Custodian, an amount equal to all unpaid Custodian Fees and indemnities and any other amounts payable to the Custodian pursuant to the Basic Documents, (c) to the Owner Trustee, an amount equal to all unreimbursed Owner Trustee Fees and indemnities and any other amounts payable to the Owner Trustee pursuant to the Basic Documents, and (d) to the Servicer, an amount equal to (i) all unreimbursed Servicing Compensation and (ii) all unreimbursed Nonrecoverable Servicing Advances;

SECOND: the Hedge Funding Requirement to the appropriate Hedging Counterparties;

THIRD: to the Noteholders pro rata, all amounts in respect of interest due and owing under the Notes;

FOURTH: to the Noteholders pro rata, all amounts in respect of unpaid principal of the Notes;

FIFTH: to the Purchaser or any other Indemnified Party (as each such term is defined in the Note Purchase Agreement), amounts in respect of Issuer/Depositor Indemnities (as defined in the Trust Agreement) and to the Initial Noteholder, amounts in respect of Due Diligence Fees (as set forth in Section 11.15 of the Sale and Servicing Agreement) until such amounts are paid in full;

SIXTH: to the Owner Trustee, for any amounts to be distributed pro rata to the holders of the Trust Certificates pursuant to the Trust Agreement.

The Indenture Trustee may fix a record date and payment date for any payment to be made to the Noteholders pursuant to this Section 5.04. At least 15 days before such record date, the Indenture Trustee shall mail to each Noteholder and the Issuer a notice that states the record date, the payment date and the amount to be paid.

Section 5.05 Optional Preservation of the Collateral. If the Notes have been declared to be due and payable under Section 5.02 hereof following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Indenture Trustee may, but need not, elect to maintain possession of the Collateral. It is the desire of the parties hereto and the Noteholders that there be at all times sufficient funds for the payment of principal of and interest on the Notes, and the Indenture Trustee shall take such desire into account when determining whether or not to maintain possession of the Collateral. In determining whether to maintain possession of the Collateral, the Indenture Trustee may, but need not, obtain and rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose.

Section 5.06 Limitation of Suits. No Noteholder shall have any right to institute any Proceeding, judicial or otherwise, with respect to this Indenture or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Noteholder has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) the Noteholders evidencing not less than 25% Percentage Interests of the Outstanding Notes have made written request to the Indenture Trustee to institute such Proceeding in respect of such Event of Default in its own name as Indenture Trustee hereunder;

(c) such Noteholder or Noteholders have offered to the Indenture Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in complying with such request;

(d) the Indenture Trustee for 30 days after its receipt of such notice, request and offer of indemnity has failed to institute such Proceeding; and

(e) no direction inconsistent with such written request has been given to the Indenture Trustee during such 30-day period by the Majority Noteholders.

It is understood and intended that no one or more Noteholders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Noteholders or to obtain or to seek to obtain priority or preference over any other Noteholders or to enforce any right under this Indenture, except in the manner herein provided.

In the event the Indenture Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Noteholders, neither of which evidences Percentage Interests of the Outstanding Notes greater than 50%, the Indenture Trustee in its sole discretion may determine what action, if any, shall be taken, notwithstanding any other provisions of this Indenture and shall have no obligation or liability to any such group of Noteholders for such action or inaction.

Section 5.07 Unconditional Rights of Noteholders to Receive Principal and/or Interest. Notwithstanding any other provisions in this Indenture, any Noteholder shall have the right, which is absolute and unconditional, to receive payment of the principal of and interest, if any, on such Note on or after the applicable Maturity Date thereof expressed in such Note or in this Indenture (or, in the case of redemption, on or after the Redemption Date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Noteholder.

Section 5.08 Restoration of Rights and Remedies. If the Indenture Trustee or any Noteholder has instituted any Proceeding to enforce any right or remedy under this Indenture and such Proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Indenture Trustee or to such Noteholder, then and in every such case the Issuer, the Indenture Trustee and the Noteholders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Noteholders shall continue as though no such Proceeding had been instituted.

Section 5.09 Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Noteholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.10 Delay or Omission Not a Waiver. No delay or omission of the Indenture Trustee or any Noteholder to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default

or Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Indenture Trustee or to the Noteholders may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Noteholders, as the case may be.

Section 5.11 Control by Noteholders. The Majority Noteholders shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Indenture Trustee with respect to the Notes or exercising any trust or power conferred on the Indenture Trustee; provided, however, that:

(a) such direction shall not be in conflict with any rule of law or with this Indenture;

(b) subject to the express terms of Section 5.04(a)(iv) hereof, any direction to the Indenture Trustee to sell or liquidate the Collateral shall be by Holders of Notes representing Percentage Interests of the Outstanding Notes of not less than 100%;

(c) if the conditions set forth in Section 5.05 hereof have been satisfied and the Indenture Trustee elects to retain the Collateral pursuant to such Section, then any direction to the Indenture Trustee by Holders of Notes representing Percentage Interests of the Outstanding Notes of less than 100% to sell or liquidate the Collateral shall be of no force and effect; and

(d) the Indenture Trustee may take any other action deemed proper by the Indenture Trustee that is not inconsistent with such direction.

In connection with any sale of the Collateral in accordance with paragraph (c) above, the Majority Noteholders may, in their sole discretion appoint agents to effect the sale of the Collateral (such agents, "Sale Agents"), which Sale Agents may be Affiliates of any Noteholder. The Sale Agents shall be entitled to reasonable compensation in connection with such activities from the proceeds of such sale.

Notwithstanding the rights of the Noteholders set forth in this Section 5.11, subject to Section 6.01 hereof, the Indenture Trustee need not take any action that it determines might involve it in liability or might materially adversely affect the rights of any Noteholders not consenting to such action.

Section 5.12 Waiver of Past Defaults. The Majority Noteholders may waive any past Default or Event of Default and its consequences, except a Default (a) in the payment of principal of or interest on any of the Notes or (b) in respect of a covenant or provision hereof that cannot be modified or amended without the consent of each Noteholder. In the case of any such waiver, the Issuer, the Indenture Trustee and Noteholders shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereto.

Upon any such waiver, such Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Indenture; but no such

waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

Section 5.13 Undertaking for Costs. All parties to this Indenture agree, and each Noteholder by such Noteholder's acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Indenture Trustee for any action taken, suffered or omitted by it as Indenture Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 5.13 shall not apply to (a) any suit instituted by the Indenture Trustee, (b) any suit instituted by any Noteholder, or group of Noteholders, in each case holding in the aggregate Percentage Interests of the Outstanding Notes of more than 10% or (c) any suit instituted by any Noteholder for the enforcement of the payment of principal of or interest on any Note on or after the respective due dates expressed in such Note and in this Indenture (or, in the case of redemption, on or after the Redemption Date).

Section 5.14 Waiver of Stay or Extension Laws. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 5.15 Action on Notes. The Indenture Trustee's right to seek and recover judgment on the Notes or under this Indenture shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Indenture. Neither the lien of this Indenture nor any rights or remedies of the Indenture Trustee or the Noteholders shall be impaired by the recovery of any judgment by the Indenture Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the Collateral or upon any of the assets of the Issuer. Any money or property collected by the Indenture Trustee shall be applied in accordance with Section 5.04(b) hereof.

Section 5.16 Performance and Enforcement of Certain Obligations.

(a) Promptly following a request from the Indenture Trustee to do so and at the Administrator's expense, the Issuer shall take all such lawful action as the Indenture Trustee may request to compel or secure the performance and observance by the Loan Originators and the Servicer, as applicable, of each of their obligations to the Issuer under or in connection with the Sale and Servicing Agreement or the Loan Purchase and Contribution Agreement, and to exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with the Sale and Servicing Agreement to the extent and in the manner directed by the Indenture Trustee, including the transmission of notices of default on the part of a Loan Originator or the Servicer thereunder and the institution of legal or administrative actions or

proceedings to compel or secure performance by the Loan Originator or the Servicer of each of their obligations under the Sale and Servicing Agreement and the Loan Purchase and Contribution Agreement.

(b) If an Event of Default has occurred and is continuing, the Indenture Trustee may, and at the direction (which direction shall be in writing or by telephone, confirmed in writing promptly thereafter) of the Majority Noteholders shall, subject to Section 5.06(c) exercise all rights, remedies, powers, privileges and claims of the Issuer against the applicable Loan Originator or the Servicer under or in connection with the Sale and Servicing Agreement or the Loan Purchase and Contribution Agreement, including the right or power to take any action to compel or secure performance or observance by the applicable Loan Originator or the Servicer, as the case may be, of each of their obligations to the Issuer thereunder and to give any consent, request, notice, direction, approval, extension, or waiver under the Sale and Servicing Agreement, and any right of the Issuer to take such action shall be suspended.

ARTICLE VI

THE INDENTURE TRUSTEE

Section 6.01 Duties of Indenture Trustee. (a) If an Event of Default has occurred and is continuing, the Indenture Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Indenture Trustee shall undertake to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Indenture Trustee; and

(ii) in the absence of bad faith on its part, the Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; provided, however, that the Indenture Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture to the extent specifically set forth herein.

(c) The Indenture Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section 6.01;

(ii) the Indenture Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 5.11 hereof; and

(iv) Reserved.

(d) Reserved.

(e) The Indenture Trustee shall not be liable for interest on any money received by it and held in a Trust Account except as may be provided in the Sale and Servicing Agreement or as the Indenture Trustee may agree in writing with the Issuer.

(f) Money held in trust by the Indenture Trustee shall be segregated from other funds except to the extent permitted by law or the terms of this Indenture or the Sale and Servicing Agreement.

(g) No provision of this Indenture shall require the Indenture Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it; provided, however, that the Indenture Trustee shall not refuse or fail to perform any of its duties hereunder solely as a result of nonpayment of its normal fees and expenses and provided, further, that nothing in this Section 6.01(g) shall be construed to limit the exercise by the Indenture Trustee of any right or remedy permitted under this Indenture or otherwise in the event of the Issuer's failure to pay the Indenture Trustee's fees and expenses pursuant to Section 6.07 hereof.

(h) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee shall be subject to the provisions of this Section 6.01.

(i) The Indenture Trustee shall not be required to take notice or be deemed to have notice or knowledge of any Event of Default (other than an Event of Default pursuant to Section 5.01 (a) or (b) hereof) unless a Responsible Officer of the Indenture Trustee shall have received written notice thereof or otherwise shall have actual knowledge thereof. In the absence of receipt of notice or such knowledge, the Indenture Trustee may conclusively assume that there is no Event of Default.

Section 6.02 Rights of Indenture Trustee. (a) The Indenture Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Indenture Trustee need not investigate any fact or matter stated in the document.

(b) Before the Indenture Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel. The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on an Officer's Certificate or Opinion of Counsel.

(c) The Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian or nominee.

(d) The Indenture Trustee shall not be liable for (i) any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided, however, that such action or omission by the Indenture Trustee does not constitute willful misconduct, negligence or bad faith; or (ii) any action or inaction on the part of the Custodian.

(e) The Indenture Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Notes shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

Section 6.03 Individual Rights of Indenture Trustee. The Indenture Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not Indenture Trustee. Any Paying Agent, Note Registrar, co-registrar or co-paying agent may do the same with like rights. However, the Indenture Trustee must comply with Section 6.11 hereof.

Section 6.04 Indenture Trustee's Disclaimer. The Indenture Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, shall not be accountable for the Issuer's use of the proceeds from the Notes, or responsible for any statement of the Issuer in the Indenture or in any document issued in connection with the sale of the Notes or in the Notes other than the Indenture Trustee's certificate of authentication.

Section 6.05 Notices of Default. If a Default occurs and is continuing and if it is actually known to a Responsible Officer of the Indenture Trustee, the Indenture Trustee shall mail to each Noteholder and each party to the Master Disposition Confirmation Agreement notice of the Default within two Business Days after it receives actual notice of such occurrence.

Section 6.06 Reports by Indenture Trustee to Holders. The Indenture Trustee shall deliver to each Noteholder such information specifically requested by each Noteholder and in the Indenture Trustee's possession and as may be reasonably required to enable such Noteholder to prepare its federal and state income tax returns.

Section 6.07 Compensation and Indemnity. As compensation for its services hereunder, the Indenture Trustee shall be entitled to receive, on each Payment Date, the Indenture Trustee's Fee pursuant to Section 8.02(c) hereof (which compensation shall not be limited by any law on compensation of a trustee of an express trust) and shall be entitled to reimbursement by the Servicer for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Indenture Trustee's agents, counsel, accountants and experts. The Issuer agrees to cause the Servicer to indemnify the Indenture Trustee, the Paying Agent and their officers, directors, employees and agents against any and all loss, liability or expense (including reasonable attorneys' fees) incurred by it or them

in connection with the administration of this trust and the performance of its or their duties under the Basic Documents. The Indenture Trustee shall notify the Issuer and the Servicer promptly of any claim for which it may seek indemnity. Failure by the Indenture Trustee so to notify the Issuer and the Servicer shall not relieve the Issuer or the Servicer of its or their obligations hereunder. The Issuer shall, or shall cause the Servicer to, defend any such claim; provided, however, that if the defendants with respect to any such claim include the Issuer and/or the Servicer and the Indenture Trustee, and the Indenture Trustee shall have reasonably concluded that there may be legal defenses available to it which are different from or in addition to those defenses available to the Issuer or the Servicer, as the case may be, the Indenture Trustee shall have the right, at the expense of the Servicer, to select separate counsel to assert such legal defenses and to otherwise defend itself against such claim. Neither the Issuer nor the Servicer need reimburse any expense or indemnify against any loss, liability or expense incurred by the Indenture Trustee through the Indenture Trustee's own willful misconduct, negligence or bad faith.

The Issuer's payment obligations to the Indenture Trustee pursuant to this Section 6.07 shall survive the discharge of this Indenture and the termination or resignation of the Indenture Trustee. When the Indenture Trustee incurs expenses after the occurrence of a Default specified in Section 5.01(f) or (g) hereof with respect to the Issuer, the expenses are intended to constitute expenses of administration under Title 11 of the United States Code or any other applicable federal or state bankruptcy, insolvency or similar law.

Notwithstanding anything in this Section 6.07 to the contrary, all amounts due the Indenture Trustee hereunder shall be payable in the first instance by the Servicer and, if not paid by the Servicer within 60 days after payment is requested from the Servicer by the Indenture Trustee, in accordance with the priorities set forth in Section 5.01 of the Sale and Servicing Agreement.

Section 6.08 Replacement of Indenture Trustee. No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee shall become effective until the acceptance of appointment by the successor Indenture Trustee pursuant to this Section 6.08. The Indenture Trustee may resign at any time by so notifying the Issuer. The Majority Noteholders may remove the Indenture Trustee (with the consent of the Majority Certificateholders, not to be unreasonably withheld) by so notifying the Indenture Trustee and may appoint a successor Indenture Trustee; provided, that all of the reasonable costs and expenses incurred by the Indenture Trustee in connection with such removal shall be reimbursed to it prior to the effectiveness of such removal. The Issuer shall remove the Indenture Trustee if:

(a) the Indenture Trustee fails to comply with Section 6.11 hereof;

(b) the Indenture Trustee is adjudged a bankrupt or insolvent;

(c) a receiver or other public officer takes charge of the Indenture Trustee or its property; or

(d) the Indenture Trustee otherwise becomes incapable of acting.

If the Indenture Trustee resigns or is removed or if a vacancy exists in the office of Indenture Trustee for any reason (the Indenture Trustee in such event being referred to herein

as the retiring Indenture Trustee), the Issuer shall promptly appoint a successor Indenture Trustee.

A successor Indenture Trustee shall deliver a written acceptance of its appointment to the retiring Indenture Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Indenture Trustee shall become effective, and the successor Indenture Trustee shall have all the rights, powers and duties of the Indenture Trustee under this Indenture. The successor Indenture Trustee shall mail a notice of its succession to Noteholders. The retiring Indenture Trustee shall promptly transfer all property held by it as Indenture Trustee to the successor Indenture Trustee.

If a successor Indenture Trustee does not take office within 60 days after the retiring Indenture Trustee resigns or is removed, the retiring Indenture Trustee, the Issuer or the Majority Noteholders may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

If the Indenture Trustee fails to comply with Section 6.11 hereof, any Noteholder may petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

Notwithstanding the replacement of the Indenture Trustee pursuant to this Section 6.08, the Issuer's and the Administrator's obligations under Section 6.07 hereof shall continue for the benefit of the retiring Indenture Trustee.

Section 6.09 Successor Indenture Trustee by Merger. If the Indenture Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Indenture Trustee; provided, however, that such corporation or banking association shall otherwise be qualified and eligible under Section 6.11 hereof. The Indenture Trustee shall provide the Majority Noteholders prior written notice of any such transaction.

In case at the time such successor or successors by merger, conversion or consolidation to the Indenture Trustee shall succeed to the trusts created by this Indenture any of the Notes shall have been authenticated but not delivered, any such successor to the Indenture Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Indenture Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor to the Indenture Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Indenture Trustee shall have.

Section 6.10 Appointment of Co-Indenture Trustee or Separate Indenture Trustee.

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the Collateral may at the time be located, the Indenture Trustee shall have the power and may

execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Trust, and to vest in such Person or Persons, in such capacity and for the benefit of the Noteholders, such title to the Collateral, or any part hereof, and, subject to the other provisions of this Section 6.10, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 hereof and no notice to Noteholders of the appointment of any co-trustee or separate trustee shall be required under Section 6.08 hereof.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Collateral or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article VI. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, jointly with the Indenture Trustee, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Indenture Trustee its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

Section 6.11 Eligibility. The Indenture Trustee shall (i) have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition or (ii) otherwise be acceptable in writing to the Majority Noteholders.

ARTICLE VII

NOTEHOLDERS' LISTS AND REPORTS

Section 7.01 Issuer to Furnish Indenture Trustee Names and Addresses of Noteholders. The Issuer will furnish or cause to be furnished to the Indenture Trustee (a) not more than five days after the earlier of (i) each Record Date and (ii) three months after the last Record Date, a list, in such form as the Indenture Trustee may reasonably require, of the names and addresses of the Noteholders as of such Record Date, (b) at such other times as the Indenture Trustee may request in writing, within 30 days after receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 10 days prior to the time such list is furnished; provided, however, that so long as the Indenture Trustee is the Note Registrar, no such list shall be required to be furnished.

Section 7.02 Preservation of Information. The Indenture Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in Section 7.01 hereof and the names and addresses of Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee may destroy any list furnished to it as provided in such Section 7.01 upon receipt of a new list so furnished.

Section 7.03 144A Information.

(a) To permit compliance with the Securities Act in connection with the sale of the Notes sold in reliance on Rule 144A, the Issuer shall furnish to the Indenture Trustee the information required to be delivered under Rule 144A(d)(4) under the Securities Act, if the Issuer is neither a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

(b) The Indenture Trustee, to the extent it has any such information in its possession, shall provide to any Noteholder and any prospective transferee designated by any such Noteholder information regarding the Notes and the Loans and such other information as shall be necessary to satisfy the condition to eligibility set forth in Rule 144A(d)(4) under the Securities Act for transfer of any such Note without registration thereof under the Securities Act pursuant to the registration exemption provided by Rule 144A under the Securities Act.

ARTICLE VIII

ACCOUNTS, DISBURSEMENTS AND RELEASES

Section 8.01 Collection of Money. General. Except as otherwise expressly provided herein, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any intermediary, all money and other

property payable to or receivable by the Indenture Trustee pursuant to this Indenture. The Indenture Trustee shall apply all such money received by it as provided in this Indenture. Except as otherwise expressly provided in this Indenture, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Collateral, the Indenture Trustee may take such action as may be appropriate to enforce such payment or performance, including the institution and prosecution of appropriate Proceedings. Any such action shall be without prejudice to any right to claim a Default or Event of Default under this Indenture and any right to proceed thereafter as provided in Article V hereof.

Section 8.02 Trust Accounts: Distributions, (a) On or prior to the Closing Date, the Issuer shall cause the Servicer to establish and maintain, in the name of the Indenture Trustee for the benefit of the Noteholders, or on behalf of the Owner Trustee for the benefit of the Securityholders, the Trust Accounts as provided in the Sale and Servicing Agreement. The Servicer shall deposit amounts into each of the Trust Accounts in accordance with the terms hereof, the Sale and Servicing Agreement and the Payment Statements.

(b) Collection Account. With respect to the Collection Account, the Paying Agent shall make such withdrawals and distributions as specified in Section 5.01(c)(l) of the Sale and Servicing Agreement in accordance with the terms thereof.

(c) Distribution Account. With respect to the Distribution Account, the Paying Agent shall make (i) such deposits as specified in Sections 5.01(c)(2)(A),. 5.01(c)(2)(B), 5.05(e), 5.05(f), 5.05(g), and 5.05(h) of the Sale and Servicing Agreement and (ii) such withdrawals and distributions as specified in Section 5.01(c)(3) of the Sale and Servicing Agreement in accordance with the terms thereof.

(d) Transfer Obligation Account. With respect to the Transfer Obligation Account, the Paying Agent shall make (i) such deposits as specified in Section 5.01(c)(3)(vii) of the Sale and Servicing Agreement and (ii) such withdrawals and distributions as specified in Sections 5.05(d), 5.05(e), 5.05(f), 5.05(g), 5.05(h), and 5.05(i) of the Sale and Servicing Agreement in accordance with the terms thereof.

(e) Reserved.

(f) Advance Account. With respect to the Advance Account, the Issuer shall cause the Servicer to make such withdrawals specified in Section 2.06 of the Sale and Servicing Agreement.

Section 8.03 General Provisions Regarding Trust Accounts. (a) All or a portion of the funds in the Collection Account and the Transfer Obligation Account shall be invested in Permitted Investments in accordance with the provisions of Section 5.03(b) of the Sale and Servicing Agreement. The Indenture Trustee will not make any investment of any funds or sell any investment held in the Collection Account or the Transfer Obligation Account (other than in Permitted Investments in accordance with Section 5.03(b) of the Sale and Servicing Agreement) unless the security interest Granted and perfected in such account will continue to be perfected in such investment or the proceeds of such sale, in either case without any further action by any

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Person, as evidenced by an Opinion of Counsel delivered to the Indenture Trustee by the Initial Noteholder or the Servicer, as the case may be.

(b) Subject to Section 6.01 (c) hereof, the Indenture Trustee shall not in any way be held liable by reason of any insufficiency in the Collection Account or the Transfer Obligation Account resulting from any loss on any Eligible Investment included therein.

(c) If (i) the Initial Noteholder or the Servicer, as the case may be, shall have failed to give investment directions for any funds on deposit in the Collection Account or the Transfer Obligation Account to the Indenture Trustee by 2:00 p.m. New York City time (or such other time as may be agreed by the Issuer and Indenture Trustee) on any Business Day unless the Servicer is then acting as Paying Agent with respect to such accounts or (ii) a Default or Event of Default shall have occurred and be continuing with respect to the Notes but the Notes shall not have been declared due and payable pursuant to Section 5.02 hereof or (iii) if such Notes shall have been declared due and payable following an Event of Default, amounts collected or receivable from the Collateral are being applied in accordance with Section 5.05 hereof as if there had not been such a declaration, then the Indenture Trustee shall, to the fullest extent practicable, invest and reinvest funds in the Collection Account and the Transfer Obligation Account in one or more Permitted Investments specified in item (3) in the definition thereof.

Section 8.04 The Paying Agent. The initial Paying Agent shall be the Servicer. The Paying Agent may be removed by the Initial Noteholder in its sole discretion at any time. Upon removal of the Paying Agent, the Initial Noteholder will appoint a successor Paying Agent within 30 days; provided that the Indenture Trustee will be the Paying Agent until such successor is appointed. Upon receiving written notice from the Initial Noteholder that the Paying Agent has been terminated, the Indenture Trustee will immediately terminate the Paying Agent's access to any and all Trust Accounts.

Section 8.05 Release of Collateral. (a) Subject to the payment of its reasonable fees and expenses pursuant to Section 6.07 hereof, the Indenture Trustee may, and when required by the provisions of this Indenture shall, execute instruments acceptable to it and prepared and delivered to it by the Issuer to release property from the lien of this Indenture, or convey the Indenture Trustee's interest in the same, without recourse, representation or warranty in a manner as provided in the Custodial Agreement and under circumstances that are not inconsistent with the provisions of this Indenture and the other Basic Documents. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article VIII shall be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

(b) The Indenture Trustee shall, at such time as there are no Notes Outstanding and all sums due to the Noteholders (and their Affiliates), the Initial Noteholder, the Sales Agents, the Indenture Trustee, the Owner Trustee and the Custodian under the Basic Documents have been paid, release any remaining portion of the Collateral that secured the Notes from the lien of this Indenture and release to the Issuer or any other Person entitled thereto any funds then on deposit in the Trust Accounts. At such time as the lien of this Indenture is released, the Indenture Trustee shall cause a termination statement to be filed in any jurisdiction where a UCC financing statement has been filed hereunder with respect to the Collateral. The

Indenture Trustee shall release property from the lien of this Indenture pursuant to this subsection (b) only upon receipt of an Issuer Request accompanied by an Officer's Certificate and an Opinion of Counsel meeting the applicable requirements of Section 11.01 hereof.

Section 8.06 Opinion of Counsel. Except to the extent specifically permitted by the terms of the Basic Documents, the Indenture Trustee shall receive at least seven Business Days' prior notice when requested by the Issuer to take any action pursuant to Section 8.05(a) hereof, accompanied by copies of any instruments involved, and the Indenture Trustee may also require, as a condition to such action, an Opinion of Counsel, in form and substance satisfactory to the Indenture Trustee, from the Issuer concluding that all conditions precedent to the taking of such action have been complied with and such action will not materially and adversely impair the security for the Notes or the rights of the Noteholders in contravention of the provisions of this Indenture; provided, however, that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the Collateral. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01 Supplemental Indentures Without the Consent of the Noteholders. Without the consent of any Noteholder but with prior notice to the Majority Noteholders, the Issuer and the Indenture Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien of this Indenture additional property;

(ii) to evidence the succession, in compliance with the applicable provisions hereof, of another Person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes contained;

(iii) to add to the covenants of the Issuer, for the benefit of the Noteholders, or to surrender any right or power herein conferred upon the Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with the Indenture Trustee;

(v) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture that may be inconsistent with any other provision herein or in any supplemental indenture or to make any other provisions with respect to matters or questions arising under this Indenture or in any supplemental indenture; provided, however, that such action shall not adversely affect the interests of the Noteholders; or

(vi) to evidence and provide for the acceptance of the appointment hereunder by a successor trustee with respect to the Notes and to add to or change any of the provisions of this Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Article VI hereof.

The Indenture Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

Section 9.02 Supplemental Indentures with Consent of Noteholders. The Issuer and the Indenture Trustee, when authorized by an Issuer Order, also may, with the consent of the Majority Noteholders, by Act of such Noteholders delivered to the Issuer and the Indenture Trustee, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of any Noteholder under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of each Noteholder affected thereby:

(a) change the date of payment of any installment of principal of or interest on any Note, or reduce the principal balance thereof, the interest rate thereon or the Termination Price with respect thereto, change the provisions of this Indenture relating to the application of collections on, or the proceeds of the sale of, the Collateral to payment of principal of or interest on the Notes, or change any place of payment where, or the coin or currency in which, any Note or the interest thereon is payable, or impair the right to institute suit for the enforcement of the provisions of this Indenture requiring the application of funds available therefor, as provided in Article V hereof, to the payment of any such amount due on the Notes on or after the respective due dates thereof (or, in the case of redemption, on or after the Redemption Date);

(b) reduce the Percentage Interest, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture;

(c) modify or alter the provisions of the definition of the term “Outstanding” or “Percentage Interest”;

(d) reduce the Percentage Interest of the Outstanding Notes, the consent of the Holders of which is required to direct the Indenture Trustee to direct the Issuer to sell or liquidate the Collateral pursuant to Section 5.04 hereof;

(e) modify any provision of this Section 9.02 except to increase any percentage specified herein or to provide that certain additional provisions of this Indenture or the Basic Documents cannot be modified or waived without the consent of the Holder of each Outstanding Note affected thereby;

(f) modify any of the provisions of this Indenture in such manner as to affect the calculation of the amount of any payment of interest or principal due on any Note on any

Payment Date (including the calculation of any of the individual components of such calculation) or to adversely affect the rights of the Noteholders to the benefit of any provisions for the mandatory redemption of the Notes contained herein; or

(g) permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any part of the Collateral or, except as otherwise permitted or contemplated herein, terminate the lien of this Indenture on any property at any time subject hereto or deprive any Noteholder of the security provided by the lien of this Indenture.

The Indenture Trustee may in its discretion determine whether or not any Notes would be affected by any supplemental indenture and any such determination shall be conclusive upon each Noteholder, whether theretofore or thereafter authenticated and delivered hereunder. The Indenture Trustee shall not be liable for any such determination made in good faith.

In connection with requesting the consent of the Noteholders pursuant to this Section 9.02, the Indenture Trustee shall mail to the Holders of the Notes to which such amendment or supplemental indenture relates a notice prepared by the Issuer setting forth in general terms the substance of such supplemental indenture. It shall not be necessary for any Act of Noteholders under this Section 9.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 9.03 Execution of Supplemental Indentures. In executing, or permitting the additional trusts created by, any supplemental indenture permitted by this Article IX or the modification thereby of the trusts created by this Indenture, the Indenture Trustee shall be entitled to receive, and subject to Sections 6.01 and 6.02 hereof, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Indenture Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects the Indenture Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise.

Section 9.04 Effect of Supplemental Indentures. Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and shall be deemed to be modified and amended in accordance therewith with respect to the Notes affected thereby, and the respective rights, limitations of rights, obligations, duties, liabilities and immunities under this Indenture of the Indenture Trustee, the Issuer and the Holders of the Notes shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.05 Reference in Notes to Supplemental Indentures. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this Article IX may, and if required by the Indenture Trustee shall, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such supplemental indenture. If the Issuer or the Indenture Trustee shall so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such supplemental indenture may be prepared and

executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE X

REDEMPTION OF NOTES; PUT OPTION

Section 10.01 Redemption. The Servicer may, at its option, effect an early redemption of the Notes on any Payment Date on or after the Clean-up Call Date. The Servicer shall effect such early termination in the manner specified in and subject to the provisions of Section 10.02 of the Sale and Servicing Agreement.

The Servicer shall furnish the Indenture Trustee with notice of any such redemption in order to facilitate the Indenture Trustee's compliance with its obligation to notify the Noteholders of such redemption in accordance with Section 10.02 hereof.

Section 10.02 Form of Redemption Notice. Notice of redemption under Section 10.01 hereof shall be by first-class mail, postage prepaid, or by facsimile mailed or transmitted not later than 10 days prior to the applicable Redemption Date to each Noteholder, as of the close of business on the Record Date preceding the applicable Redemption Date, at such Noteholder's address or facsimile number appearing in the Note Register.

All notices of redemption shall state:

(i) the Redemption Date;

(ii) that on the Redemption Date Noteholders shall receive the Note Redemption Amount; and

(iii) the place where such Notes are to be surrendered for payment of the Termination Price (which shall be the office or agency of the Issuer to be maintained as provided in Section 3.02 hereof).

Notice of redemption of the Notes shall be given by the Indenture Trustee in the name of the Issuer and at the expense of the Servicer. Failure to give to any Noteholder notice of redemption, or any defect therein, shall not impair or affect the validity of the redemption of any other Note.

Section 10.03 Notes Payable on Redemption Date. The Notes to be redeemed shall, following notice of redemption as required by Section 10.02 hereof (in the case of redemption pursuant to Section 10.01) hereof, on the Redemption Date become due and payable at the Note Redemption Amount and (unless the Issuer shall default in the payment of the Note Redemption Amount) no interest shall accrue thereon for any period after the date to which accrued interest is calculated for purposes of calculating the Note Redemption Amount. The Issuer may not redeem the Notes unless all outstanding obligations under the Notes have been paid in full.

Section 10.04 Put Option. The Majority Noteholders may, at their option, put all or any portion of the Note Principal Balance of the Notes to the Issuer on any date upon giving notice in the manner set forth in Section 10.05. On each Put Date, the Issuer shall purchase the Note Principal Balance in the manner specified in and subject to the provisions of Section 10.04 of the Sale and Servicing Agreement.

Section 10.05 Form of Put Option Notice. Notice of exercise of a Put Option under Section 10.04 hereof shall be given by the Majority Noteholders (including to the Indenture Trustee) by first-class mail, postage prepaid, or by facsimile mailed or transmitted not later than 5 days prior to the date on which the Notes shall be repurchased by the Issuer.

Section 10.06 Notes Payable on Put Date. The Note Principal Balance to be put to the Issuer shall, following notice of the exercise of the Put Option as required by Section 10.05 hereof, on the Put Date become due and payable at the Note Redemption Amount and (unless the Issuer shall default in the payment of the Note Redemption Amount) no interest shall accrue thereon for any period after the date to which accrued interest is calculated for purposes of calculating the Note Redemption Amount.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Compliance Certificates and Opinions, etc. Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture (except with respect to the Servicer's servicing activity in the ordinary course of its business), the Issuer shall furnish to the Indenture Trustee (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and (ii) an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(1) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such signatory, such condition or covenant has been complied with.

Section 11.02 Form of Documents Delivered to Indenture Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an Authorized Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which such officer's certificate or opinion is based are erroneous. Any such certificate of an Authorized Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Servicer, a Loan Originator, the Issuer or the Administrator, stating that the information with respect to such factual matters is in the possession of the Servicer, the Loan Originator, the Issuer or the Administrator, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Whenever in this Indenture, in connection with any application or certificate or report to the Indenture Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Indenture Trustee's right to rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI hereof.

Section 11.03 Acts of Noteholders, (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Noteholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by agents duly appointed in writing; and except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Noteholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.01 hereof) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 11.03.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner that the Indenture Trustee deems sufficient.

(c) The ownership of Notes shall be proved by the Note Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by any Noteholder shall bind the Holder of every Note issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Note.

Section 11.04 Notices, etc., to Indenture Trustee and Issuer. Any request, demand, authorization, direction, notice, consent, waiver or Act of Noteholders or other documents provided or permitted by this Indenture shall be in writing and if such request, demand, authorization, direction, notice, consent, waiver or act of Noteholders is to be made upon, given or furnished to or filed with:

(i) the Indenture Trustee by any Noteholder or by the Issuer shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing (including by facsimile) to or with the Indenture Trustee at P.O. Box 98, Columbia, Maryland 21046, Attention: Option One Owner Trust 2007-5A, with a copy to it at its Corporate Trust Office, or

(ii) the Issuer by the Indenture Trustee or by any Noteholder shall be sufficient for every purpose hereunder if in writing and made, given, furnished, filed or transmitted via facsimile to the Issuer at: Option One Owner Trust 2007-5A, c/o Wilmington Trust Company as Owner Trustee, One Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, Attention: Corporate Trust Department, telecopy number: (302) 636-4144, telephone number: (302) 636-1000, or at any other address or facsimile number previously furnished in writing to the Indenture Trustee by the Issuer or the Administrator. The Issuer shall promptly transmit any notice received by it from the Noteholders to the Indenture Trustee.

Section 11.05 Notices to Noteholders: Waiver. Where this Indenture provides for notice to Noteholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class, postage prepaid to each Noteholder affected by such event, at his address as it appears on the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Noteholders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed to any particular Noteholder shall affect the sufficiency of such notice with respect to other Noteholders, and any notice that is mailed in the manner herein provided shall conclusively be presumed to have duly been given.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholders shall be

filed with the Indenture Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver.

In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to Noteholders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Indenture Trustee shall be deemed to be a sufficient giving of such notice.

Section 11.06 Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 11.07 Successors and Assigns. All covenants and agreements in this Indenture and the Notes by the Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents.

Section 11.08 Separability. In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11.09 Benefits of Indenture. Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Noteholders, and any other party secured hereunder, and any other Person with an ownership interest in any part of the Collateral, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 11.10 Legal Holidays. In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

Section 11.11 GOVERNING LAW. THIS INDENTURE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 11.12 Counterparts. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 11.13 Recording of Indenture. If this Indenture is subject to recording in any appropriate public recording offices, such recording is to be effected by the Issuer and at its expense accompanied by an Opinion of Counsel (which may be counsel to the Indenture Trustee

or any other counsel reasonably acceptable to the Indenture Trustee; provided, however, that the expense of such Opinion of Counsel shall in no event be an expense of the Indenture Trustee) to the effect that such recording is necessary either for the protection of the Noteholders or any other Person secured hereunder or for the enforcement of any right or remedy granted to the Indenture Trustee under this Indenture.

Section 11.14 Trust Obligation. No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer, the Owner Trustee or the Indenture Trustee on the Notes or, except as expressly provided for in Article VI hereof, under this Indenture or any certificate or other writing delivered in connection herewith or therewith, against (i) the Indenture Trustee or the Owner Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee, agent or "control person" within the meaning of the Securities Act and the Exchange Act, of the Indenture Trustee or the Owner Trustee in its individual capacity, any holder of a beneficial interest in the Issuer, the Owner Trustee or the Indenture Trustee or of any successor or assign of the Indenture Trustee or the Owner Trustee in its individual capacity, except as any such Person may expressly have agreed (it being understood that the Indenture Trustee and the Owner Trustee have no such obligations in their individual capacity) and except that any such partner, owner or beneficiary of the Issuer shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity. For all purposes of this Indenture, in the performance of any duties or obligations of the Issuer hereunder, the Owner Trustee shall be subject to, and entitled to the benefits of, the terms and provisions of Articles VI, VII and VIII of the Trust Agreement.

Section 11.15 No Petition. The Indenture Trustee, by entering into this Indenture, and each Noteholder, by accepting a Note, hereby covenant and agree that they will not at any time institute against the Depositor or the Issuer, or join in any institution against the Depositor or the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States federal or state bankruptcy or similar law, in connection with any obligations relating to the Notes, this Indenture or any of the Basic Documents.

Section 11.16 Inspection. The Issuer agrees that, on reasonable prior notice, it will permit any representative of the Indenture Trustee, during the Issuer's normal business hours, to examine all the books of account, records, reports and other papers of the Issuer, to make copies and extracts therefrom, to cause such books to be audited by Independent certified public accountants, and to discuss the Issuer's affairs, finances and accounts with the Issuer's officers, employees, and Independent certified public accountants, all at such reasonable times and as often as may reasonably be requested and at the expense of the Servicer. The Indenture Trustee shall and shall cause its representatives to hold in confidence all such information except to the extent disclosure may be required by law (and all reasonable applications for confidential treatment are unavailing) and except to the extent that the Indenture Trustee may reasonably determine that such disclosure is consistent with its obligations hereunder.

Section 11.17 Limitation on Liability. It is expressly understood and agreed by the parties hereto that (a) this Indenture is executed and delivered by Wilmington Trust Company, not individually or personally, but solely as Owner Trustee of Option One Owner Trust 2007-5A,

in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose for binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Indenture or any other related documents.

IN WITNESS WHEREOF, the Issuer and the Indenture Trustee have caused this Indenture to be duly executed by their respective officers, thereunto duly authorized and duly attested, all as of the day and year first above written.

OPTION ONE OWNER TRUST 2007-5A

By: Wilmington Trust Company not in its individual capacity but solely as Owner Trustee

By: /s/ Michele C. Harra
Name: Michele C. Harra
Title: Financial Services Officer

WELLS FARGO BANK, N.A., as Indenture Trustee

By: /s/ Darron C. Woodus
Name: Darron C. Woodus
Title: Assistant Vice President

STATE OF Maryland)
)ss.:
COUNTY OF Howard)

BEFORE ME, the undersigned authority, a Notary Public in and for said county and state, on this day personally appeared Darron Woodus, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of WELLS FARGO BANK, N.A., and that such person executed the same as the act of said corporation for the purpose and consideration therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this ___ day of January, 2007.

/s/ Jennifer Richardson
Notary Public

(Seal)

JENNIFER RICHARDSON
NOTARY PUBLIC
ANNE ARUNDEL COUNTY
MARYLAND
MY COMMISSION EXPIRES APR. 1, 2010

My commission expires:

4-1-2010

STATE OF DELAWARE)
)ss:
COUNTY OF NEW CASTLE)

BEFORE ME, the undersigned authority, a Notary Public in and for said county and state, on this day personally appeared Michele Harra, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity, but solely as Owner Trustee on behalf of OPTION ONE OWNER TRUST 2007-5A, a Delaware statutory trust, and that such person executed the same as the act of said statutory trust for the purpose and consideration therein expressed, and in the capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 29 day of January, 2007.

/s/ Robert J. Perkins
Notary Public

(Seal)

ROBERT J. PERKINS
Notary Public - State of Delaware
My Comm. Expires May 30, 2008

My commission expires:

EXHIBIT A

FORM OF NOTE

THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE MAXIMUM NOTE PRINCIPAL BALANCE SHOWN ON THE FACE HEREOF. ANY PURCHASER OF THIS NOTE MAY ASCERTAIN THE OUTSTANDING PRINCIPAL AMOUNT HEREOF BY INQUIRY OF THE INDENTURE TRUSTEE.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION, UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE ONLY (A) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE 1933 ACT, (B) FOR SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE 1933 ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE 1933 ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (C) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF SUBPARAGRAPH (a)(1), (2),(3) OR (7) OF RULE 501 UNDER THE 1933 ACT THAT IS ACQUIRING THE NOTE FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL "ACCREDITED INVESTOR," FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE 1933 ACT, IN EACH CASE IN COMPLIANCE WITH THE REQUIREMENTS OF THE INDENTURE AND APPLICABLE STATE SECURITIES LAWS.

THIS NOTE MAY NOT BE TRANSFERRED UNLESS THE INDENTURE TRUSTEE HAS RECEIVED A CERTIFICATE FROM THE TRANSFEREE TO THE EFFECT THAT EITHER (I) THE TRANSFEREE IS NOT AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT PLAN OR ARRANGEMENT SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (EACH, A "PLAN"), AND IS NOT ACTING ON BEHALF OF OR INVESTING THE ASSETS OF A PLAN OR (II) IF THE TRANSFEREE IS A PLAN OR IS ACTING ON BEHALF OF OR INVESTING THE ASSETS OF A PLAN, EITHER THAT NO PROHIBITED TRANSACTION WITHIN THE MEANING OF SECTION 406(a) OF

ERISA OR SECTION 4975 OF THE CODE WOULD OCCUR UPON THE TRANSFER OF THE NOTE OR THAT THE CONDITIONS FOR EXEMPTIVE RELIEF UNDER A PROHIBITED TRANSACTION EXEMPTION HAS BEEN SATISFIED INCLUDING BUT NOT LIMITED TO, PROHIBITED TRANSACTION CLASS EXEMPTION ("PTCE") 96-23 (RELATING TO TRANSACTIONS EFFECTED BY AN "IN-HOUSE ASSET MANAGER"), PTCE 95-60 (RELATING TO TRANSACTIONS INVOLVING INSURANCE COMPANY GENERAL ACCOUNTS), PTCE 91-38 (RELATING TO TRANSACTIONS INVOLVING BANK COLLECTIVE INVESTMENT FUNDS), PTCE 90-1 (RELATING TO TRANSACTIONS INVOLVING INSURANCE COMPANY POOLED SEPARATE ACCOUNTS) AND PTCE 84-14 (RELATING TO TRANSACTIONS EFFECTED BY A "QUALIFIED PROFESSIONAL ASSET MANAGER").

Maximum Note Principal Balance: $_____
Initial Percentage Interest: ___%
No.___

OPTION ONE OWNER TRUST 2007-5A

MORTGAGE-BACKED NOTES

OPTION ONE OWNER TRUST 2007-5A, a Delaware statutory trust (the "Issuer"), for value received, hereby promises to pay to_____, or registered assigns (the "Noteholder"), the principal sum of _____ ($___) or so much thereof as may be advanced and outstanding hereunder and to pay interest on such principal sum or such part thereof as shall remain unpaid from time to time, at the rate and at the times provided in the Sale and Servicing Agreement and the Indenture. Principal of this Note is payable on each Payment Date in an amount equal to the result obtained by multiplying (i) the Percentage Interest of this Note by (ii) the principal amount distributed in respect of such Payment Date.

The Outstanding Note Principal Balance of this Note bears interest at the Note Interest Rate. On each Payment Date amounts in respect of interest on this Note will be paid in an amount equal to the result obtained by multiplying (i) the Percentage Interest of this Note by (ii) the aggregate amount paid in respect of interest on the Notes with respect to such Payment Date.

Capitalized terms used but not defined herein have the meanings set forth in the Indenture (the "Indenture"), dated as of January 1, 2007 between the Issuer and Wells Fargo Bank, N.A., as Indenture Trustee (the "Indenture Trustee") or, if not defined therein, the Sale and Servicing Agreement (the "Sale and Servicing Agreement"), dated as of January 1, 2007 among the Issuer, the Depositor, the Servicer, the Loan Originators and the Indenture Trustee on behalf of the Noteholders.

By its acceptance of this Note, each Noteholder covenants and agrees, until the earlier of (a) the termination of the Revolving Period and (b) the Maturity Date, on each Transfer Date to advance amounts in respect of Additional Note Principal Balance hereunder to the Issuer, subject to and in accordance with the terms of the Indenture, the Sale and Servicing Agreement and the Note Purchase Agreement.

In the event of an advance of Additional Note Principal Balance by the Noteholders as provided in Section 2.01(c) of the Sale and Servicing Agreement, each Noteholder shall, and is hereby authorized to, record on the schedule attached to its Note the date and amount of any Additional Note Principal Balance advanced by it, and each repayment thereof; provided that failure to make any such recordation on such schedule or any error in such schedule shall not adversely affect any Noteholder's rights with respect to its Additional Note Principal Balance and its right to receive interest payments in respect of the Additional Note Principal Balance held by such Noteholder.

Absent manifest error, the Note Principal Balance of each Note as set forth in the notations made by the related Noteholder on such Note shall be binding upon the Indenture Trustee and the Issuer; provided that failure by a Noteholder to make such recordation on its Note or any error in such notation shall not adversely affect any Noteholder's rights with respect to its Note Principal Balance and its right to receive principal and interest payments in respect thereof.

The Servicer may, at its option, effect an early redemption of the Notes for an amount equal to the Note Redemption Amount on any Payment Date on or after the Clean-up Call Date. The Servicer shall effect such early termination by providing notice thereof to the Indenture Trustee and Owner Trustee and by purchasing all of the Loans at a purchase price, payable in cash, equal to the Termination Price.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

The statements in the legend set forth above are an integral part of the terms of this Note and by acceptance hereof each Holder of this Note agrees to be subject to and bound by the terms and provisions set forth in such legend.

Unless the Certificate of authentication hereon shall have been executed by an authorized officer of the Indenture Trustee, by manual signature, this Note shall not entitle the Noteholder hereof to any benefit under the Indenture or the Sale and Servicing Agreement and/or be valid for any purpose.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK AND WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PROVISIONS THEREOF OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer, as of the date set forth below.

Date: January ___, 2007

OPTION ONE OWNER TRUST 2007-5A

By: Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee under the Trust Agreement

By: _____
Authorized Signatory

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes designated above and referred to in the within-mentioned Indenture.

Date: January ___, 2007

WELLS FARGO BANK, N.A., not in its individual capacity but solely as Indenture Trustee

By: _____
Authorized Signatory

[Reverse of Note]

This Note is one of the duly authorized Notes of the Issuer, designated as its Mortgage-Backed Notes (herein called the "Notes"), all issued under the Indenture. Reference is hereby made to the Indenture and all indentures supplemental thereto, and the Sale and Servicing Agreement for a statement of the respective rights and obligations thereunder of the Issuer, the Indenture Trustee and the Holders of the Notes. To the extent that any provision of this Note contradicts or is inconsistent with the provisions of the Indenture or the Sale and Servicing Agreement, the provisions of the Indenture or the Sale and Servicing Agreement, as applicable, shall control and supersede such contradictory or inconsistent provision herein. The Notes are subject to all terms of the Indenture and the Sale and Servicing Agreement.

The principal of and interest on this Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Note shall be applied in accordance with the Indenture and the Sale and Servicing Agreement.

The entire unpaid principal amount of this Note shall be due and payable on the earlier of the Maturity Date, the Redemption Date and the Final Put Date, if any, pursuant to Articles X of the Sale and Servicing Agreement and the Indenture. Notwithstanding the foregoing, the entire unpaid principal amount of the Notes shall be due and payable on the date on which an Event of Default shall have occurred and be continuing and the Indenture Trustee, at the direction or upon the prior written consent of the Majority Noteholders, has declared the Notes to be immediately due and payable in the manner provided in Section 5.02 of the Indenture. All principal payments on the Notes shall be made *pro rata* to the Holders of the Notes entitled thereto.

The Collateral secures this Note and all other Notes equally and ratably without prejudice, priority or distinction between any Note and any other Note. The Notes are non-recourse obligations of the Issuer and are limited in right of payment to amounts available from the Collateral, as provided in the Indenture. The Issuer shall not otherwise be liable for payments on the Notes, and none of the owners, agents, officers, directors, employees, or successors or assigns of the Issuer shall be personally liable for any amounts payable, or performance due, under the Notes or the Indenture.

Any installment of interest or principal on this Note shall be paid on the applicable Payment Date to the Person in whose name this Note (or one or more Predecessor Notes) is registered in the Note Register as of the close of business on the related Record Date by wire transfer in immediately available funds to the account specified in writing by the related Noteholder to the extent provided by the Indenture and otherwise by check mailed to the Noteholder.

Any reduction in the principal amount of this Note (or any one or more Predecessor Notes) effected by any payments made on any Payment Date shall be binding upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted hereon. Any increase in the principal

amount of this Note (or any one or more Predecessor Notes) effected by payments to the Issuer of Additional Note Principal Balances shall be binding upon the Issuer and shall inure to the benefit of all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted hereon.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Note may be registered on the Note Register upon surrender of this Note for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer in the form attached hereto duly executed by, the Holder hereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by an "eligible guarantor institution" meeting the requirements of the Securities Transfer Agent's Medallion Program ("STAMP"), and thereupon one or more new Notes of authorized denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Note, but the Issuer may require the Noteholder to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

Each Noteholder, by acceptance of a Note or a beneficial interest in a Note, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer, the Owner Trustee or the Indenture Trustee on the Notes or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) the Indenture Trustee or the Owner Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or "control person" within the meaning of the 1933 Act and the Exchange Act of the Indenture Trustee or the Owner Trustee in its individual capacity, any holder of a beneficial interest in the Issuer, the Owner Trustee or the Indenture Trustee or of any successor or assign of the Indenture Trustee or the Owner Trustee in its individual capacity, except as any such Person may have expressly agreed and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity.

Each Noteholder, by acceptance of a Note or a beneficial interest in a Note, covenants and agrees by accepting the benefits of the Indenture that such Noteholder will not at any time institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under any United States federal or state bankruptcy or similar law in connection with any obligations relating to the Notes or the Basic Documents.

The Issuer has entered into the Indenture and this Note is issued with the intention that, for federal, state and local income, single business and franchise tax purposes, the Notes will qualify as indebtedness of the Issuer secured by the Collateral. Each Noteholder, by acceptance of a Note, agrees to treat the Notes for federal, state and local income, single business and franchise tax purposes as indebtedness of the Issuer. Each Noteholder, by its acceptance of a Note, represents and warrants that the number of ICA Owners with respect to all of its Notes shall not exceed four.

Prior to the due presentment for registration of transfer of this Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Note (as of the day of determination or as of such other date as may be specified in the Indenture) is registered as the owner hereof for all purposes, whether or not this Note be overdue, and none of the Issuer, the Indenture Trustee or any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Notes under the Indenture at any time by the Issuer with the consent of the Majority Noteholders. The Indenture also contains provisions permitting the Holders of Notes representing specified Percentage Interests of the Outstanding Notes, on behalf of all of the Noteholders, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note (or any one or more Predecessor Notes) shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Note. The Indenture also permits the Indenture Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of any Noteholder.

The term “Issuer” as used in this Note includes any successor to the Issuer under the Indenture.

The Notes are issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations therein set forth.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Note at the times, place and rate, and in the coin or currency herein prescribed.

Anything herein to the contrary notwithstanding, except as expressly provided in the Basic Documents, none of the Issuer in its individual capacity, the Owner Trustee in its individual capacity, any owner of a beneficial interest in the Issuer, or any of their respective partners, beneficiaries, agents, officers, directors, employees or successors or assigns shall be personally liable for, nor shall recourse be had to any of them for, the payment of principal of or interest on this Note or performance of, or omission to perform, any of the covenants, obligations or indemnifications contained in the Indenture. The Holder of this Note by its acceptance hereof agrees that, except as expressly provided in the Basic Documents, in the case of an Event of Default under the Indenture, the Holder shall have no claim against any of the foregoing for any deficiency, loss or claim therefrom; provided, however, that nothing contained herein shall be taken to prevent recourse to, and enforcement against, the assets of the Issuer for any and all liabilities, obligations and undertakings contained in the Indenture or in this Note.

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee:

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

_____

(name and address of assignee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints, attorney, to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

_____ */

Signature Guaranteed:

_____ */

*/NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatever. Such signature must be guaranteed by an “eligible guarantor institution” meeting the requirements of STAMP.

Schedule to Note
dated as of January, 2007
of OPTION ONE OWNER TRUST 2007-5A

Date of advance of Additional Note Principal Balance	Amount of advance of Additional Note Principal Balance	Percentage Interest	Aggregate Note Principal Balance	Note Principal Balance of Note
		100%		

EXHIBIT B-l

FORM OF RULE 144A TRANSFEROR CERTIFICATE

Wells Fargo Bank, N.A.
Sixth Street and Marquette Avenue
Minneapolis, Minnesota 55479
Attention: Corporate Trust Services — Option One Owner Trust 2007-5A

Re: Option One Owner Trust 2007-5A

Reference is hereby made to the Indenture dated as of January 1, 2007 (the **"Indenture")** between Option One Owner Trust 2007-5A (the **"Trust")** and Wells Fargo Bank, N.A. (the **"Indenture Trustee").** Capitalized terms used but not defined herein shall have the meanings given to them in the Sale and Servicing Agreement dated as of January 1, 2007 among the Trust, Option One Loan Warehouse Corporation (the **"Depositor"),** Option One Mortgage Corporation (the **"Servicer" and a "Loan Originator"),** Option One Mortgage Capital Corporation (a **"Loan Originator",** and together with Option One Mortgage Corporation the **"Loan Originators")** and the Indenture Trustee.

The undersigned (the **"Transferor")** has requested a transfer of $ _____ current principal balance Notes to [insert name of transferee].

In connection with such request, and in respect of such Notes, the Transferor hereby certifies that such Notes are being transferred in accordance with (i) the transfer restrictions set forth in the Indenture and the Notes and (ii) Rule 144A under the Securities Act of 1933, as amended to a purchaser that the Transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A purchasing for its own account or for the account of a "qualified institutional buyer," which purchaser is aware that the sale to it is being made in reliance upon Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction.

This certificate and the statements contained herein are made for your benefit and the benefit of the Depositor.

_____
[Name of Transferor]

By: _____
Name:
Title:

Dated: _____, _____

EXHIBIT B-2

FORM OF TRANSFEREE CERTIFICATE FOR
INSTITUTIONAL ACCREDITED INVESTOR

Wells Fargo Bank, N.A.
Sixth Street and Marquette Avenue
Minneapolis, Minnesota 55479
Attention: Corporate Trust Services — Option One Owner Trust 2007-5A

Re: Option One Owner Trust 2007-5A

In connection with our proposed purchase of $ _____ Note Principal Balance Mortgage-Backed Notes (the **"Offered Notes")** issued by Option One Owner Trust 2007-5A, we confirm that:

(1) We understand that the Offered Notes have not been, and will not be, registered under the Securities Act of 1933, as amended (the **"1933 Act**") or any state securities laws, and may not be sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell any Offered Notes we will do so only (A) pursuant to a registration statement which has been declared effective under the 1933 Act, (B) for so long as the Offered Notes are eligible for resale pursuant to Rule 144A under the 1933 Act, to a Person we reasonably believe is a "qualified institutional buyer" as defined in Rule 144A that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A or (C) to an institutional "accredited investor" within the meaning of subparagraph (a)(l), (2), (3) or (7) of Rule 501 under the 1933 Act (an **"Institutional Accredited Investor")** that is acquiring the Offered Notes for its own account, or for the account of such an Institutional Accredited Investor, for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the 1933 Act, in each case in compliance with the requirements of the Indenture dated as of January 1, 2007 between Option One Owner Trust 2007-5A and Wells Fargo Bank, N.A., as Indenture Trustee, and applicable state securities laws; and we further agree, in the capacities stated above, to provide to any person purchasing any of the Offered Notes from us a notice advising such purchaser that resales of the Offered Notes are restricted as stated herein.

(2) We understand that, in connection with any proposed resale of any Offered Notes to an Institutional Accredited Investor, we will be required to furnish to the Indenture Trustee and the Depositor a certification from such transferee as provided in Section 2.12 of the Indenture to confirm that the proposed sale is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and applicable state securities laws. We further understand that the Offered Notes purchased by us will bear a legend to the foregoing effect.

(3) We are acquiring the Offered Notes for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the 1933 Act. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Offered Notes, and we and any account for which we are acting are each able to bear the economic risk of such investment.

(4) We are an Institutional Accredited Investor and we are acquiring the Offered Notes purchased by us for our own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which we exercise sole investment discretion.

(5) We have received such information as we deem necessary in order to make our investment decision.

(6) We either (i) are not, and are not acquiring the Offered Notes on behalf of or with the assets of, an employee benefit plan or other retirement plan or arrangement subject to Title I of ERISA or Section 4975 of the Code, or (ii) are, or are acquiring the Offered Notes on behalf of or with the assets of, an employee benefit plan or other retirement plan or arrangement subject to Title I of ERISA of Section 4975 of the Code and either no prohibited transaction within the meaning of Section 406(a) of ERISA or Section 4975 of the Code will occur upon the transfer of the Note or the conditions for exemptive relief under a prohibited transaction exemption has been satisfied, including but not limited to, Prohibited Transaction Class Exemption **("PTCE")** 96-23 (relating to transactions effected by an "in-house asset manager"), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 91-38 (relating to transactions involving bank collective investment funds), PTCE 90-1 (relating to transactions involving insurance company pooled separate accounts), and PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager").

Terms used in this letter which are not otherwise defined herein have the respective meanings assigned thereto in the Indenture.

You and the Depositor are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

_____
[Name of Transferor]

By: _____
Name:
Title:

Dated: _____, ___

EXHIBIT B-3

FORM OF RULE 144A TRANSFEREE CERTIFICATE

Wells Fargo Bank, N.A.
Sixth Street and Marquette Avenue
Minneapolis, Minnesota 55479
Attention: Corporate Trust Services — Option One Owner Trust 2007-5A

Re: Option One Owner Trust 2007-5A

1. The undersigned is the ___of _____ (the **"Investor**"), a [corporation duly organized] and existing under the laws of _____ on behalf of which he makes this affidavit.

2. The Investor either (i) is not, and is not acquiring the Option One Owner Trust 2007-5A Notes (the "**Notes**") on behalf of or with the assets of, an employee benefit plan or other retirement plan or arrangement subject to Title I of ERISA or Section 4975 of the Code, or (ii) is, or is acquiring the Notes on behalf of or with the assets of, an employee benefit plan or other retirement plan or arrangement subject to Title I of ERISA of Section 4975 of the Code and either no prohibited transaction within the meaning of Section 406(a) of ERISA or Section 4975 of the Code would occur upon the transfer of the Note or the conditions for exemptive relief under a prohibited transaction exemption has been satisfied, including but not limited to, Prohibited Transaction Class Exemption **("PTCE")** 96-23 (relating to transactions effected by an "in-house asset manager"), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 91-38 (relating to transactions involving bank collective investment funds), PTCE 90-1 (relating to transactions involving insurance company pooled separate accounts), and PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager").

3. The Investor understands that the Notes have not been, and will not be, registered under the Securities Act of 1933, as amended (the "**1933 Act**") or any state securities laws, and may not be sold except as permitted in the following sentence. The Investor agrees, on its own behalf and on behalf of any accounts for which it is acting as hereinafter stated, that if it should sell any Notes it will do so only (A) pursuant to a registration statement which has been declared effective under the 1933 Act, (B) for so long as the Notes are eligible for resale pursuant to Rule 144A under the 1933 Act, to a Person it reasonably believes is a "qualified institutional buyer" as defined in Rule 144A that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A or (C) to an institutional "accredited investor" within the meaning of subparagraph (a) (1), (2), (3) or (7) of Rule 501 under the 1933 Act (an **"Institutional Accredited Investor")** that is acquiring the Notes for its own account, or for the account of such an Institutional Accredited Investor, for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the 1933 Act, in each case in compliance with the requirements of the Indenture dated as of January 1, 2007 between Option One Owner Trust 2007-5 A and Wells Fargo Bank, N.A., as Indenture Trustee, and applicable state securities laws; and the Investor further agrees, in the capacities stated above, to provide to any person purchasing any of the

Notes from it a notice advising such purchaser that resales of the Notes are restricted as stated herein.

[FOR TRANSFERS IN RELIANCE UPON RULE 144A]

4. The Investor is a "qualified institutional buyer" (as such term is defined under Rule 144A under the Securities Act of 1933, as amended (the **"1933 Act**"), and is acquiring the Notes for its own account or as a fiduciary or agent for others (which others also are "qualified institutional buyers"). The Investor is familiar with Rule 144A under the 1933 Act, and is aware that the transferor of the Notes and other parties intend to rely on the statements made herein and the exemption from the registration requirements of the 1933 Act provided by Rule 144A.

_____
[Name of Transferor]

By: _____
Name:
Title:

Dated: _____, ___

EXHIBIT C

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION, UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE ONLY (A) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE 1933 ACT, (B) FOR SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE 1933 ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE 1933 ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (C) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF SUBPARAGRAPH (A) (1), (2), (3) OR (7) OF RULE 501 UNDER THE 1933 ACT THAT IS ACQUIRING THE NOTE FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL "ACCREDITED INVESTOR," FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE 1933 ACT, IN EACH CASE IN COMPLIANCE WITH THE REQUIREMENTS OF THE INDENTURE AND APPLICABLE STATE SECURITIES LAWS.

THIS NOTE MAY NOT BE TRANSFERRED UNLESS THE INDENTURE TRUSTEE HAS RECEIVED A CERTIFICATE FROM THE TRANSFEREE TO THE EFFECT THAT EITHER (I) THE TRANSFEREE IS NOT AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT PLAN OR ARRANGEMENT SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (EACH, A "PLAN"), AND IS NOT ACTING ON BEHALF OF OR INVESTING THE ASSETS OF A PLAN OR (II) IF THE TRANSFEREE IS A PLAN, OR IS ACTING ON BEHALF OF OR INVESTING THE ASSETS OF A PLAN, THE CONDITIONS FOR EXEMPTIVE RELIEF UNDER AT LEAST ONE OF THE FOLLOWING PROHIBITED TRANSACTION CLASS EXEMPTIONS HAVE BEEN SATISFIED: PROHIBITED TRANSACTION CLASS EXEMPTION ("PTCE") 96-23 (RELATING TO TRANSACTIONS EFFECTED BY AN "IN-HOUSE ASSET MANAGER"), PTCE 95-60 (RELATING TO TRANSACTIONS INVOLVING INSURANCE COMPANY GENERAL ACCOUNTS), PTCE 91-38 (RELATING TO TRANSACTIONS INVOLVING BANK COLLECTIVE INVESTMENT FUNDS), PTCE 90-1 (RELATING TO TRANSACTIONS INVOLVING INSURANCE COMPANY POOLED SEPARATE ACCOUNTS) AND PTCE 84-14 (RELATING TO TRANSACTIONS EFFECTED BY A "QUALIFIED PROFESSIONAL ASSET MANAGER").

Exhibit 10.25

EXECUTION COPY

JOINDER AND FIRST AMENDMENT TO PROGRAM CONTRACTS

This Joinder and First Amendment to Program Contracts (this "First Amendment"), dated as of November 10, 2006, is made by and among the following parties (collectively, the "Parties"):

HSBC Bank USA, National Association, a national banking association ("HSBC NA");

HSBC Trust Company (Delaware), N.A., a national banking association ("HSBC Trust");

HSBC Taxpayer Financial Services Inc., a Delaware corporation ("HSBC TFS");

Beneficial Franchise Company Inc., a Delaware corporation ("Beneficial Franchise");

Household Tax Masters Acquisition Corporation, a Delaware corporation ("HTMAC");

H&R Block Services, Inc., a Missouri corporation ("Block Services");

H&R Block Tax Services, Inc., a Missouri corporation ("Block Tax Services");

H&R Block Enterprises, Inc., a Missouri corporation ("Block Enterprises");

H&R Block Eastern Enterprises, Inc., a Missouri corporation ("Block Eastern Enterprises");

H&R Block Digital Tax Solutions, LLC, a Delaware limited liability company ("Block Digital");

H&R Block and Associates, L.P., a Delaware limited partnership ("Block Associates");

HRB Royalty, Inc., a Delaware corporation ("Royalty");

HSBC Finance Corporation, a Delaware corporation ("HSBC Finance");

H&R Block, Inc., a Missouri corporation ("H&R Block"); and

Block Financial Corporation, a Delaware corporation ("BFC").

NOTE: CERTAIN MATERIAL HAS BEEN OMMITTED FROM THIS AGREEMENT PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24b-2. THE LOCATIONS OF THESE OMISSIONS ARE INDICATED THROUGHOUT THE AGREEMENT BY THE FOLLOWING MARKINGS: [***].

RECITALS

A. All the Parties hereto other than HSBC Trust and BFC entered into that certain HSBC Retail Settlement Products Distribution Agreement, dated as of September 23, 2005 (the "Original Retail Distribution Agreement").

B. Pursuant to Sections 2.6(b) and 2.7(a) of the Original Retail Distribution Agreement and subject to the conditions set forth therein, HSBC NA may assign its rights and Obligations under the Original Retail Distribution Agreement and other Program Contracts to an Affiliate that is a national bank.

C. Pursuant to Section 2.5(b) of the Digital Distribution Agreement (and subject to the conditions set forth therein), HSBC NA may assign its rights and Obligations thereunder to an Affiliate that is a national bank.

D. Pursuant to Section 1.3(b) of the Participation Agreement (and subject to the conditions set forth therein), HSBC NA may assign its rights and Obligations thereunder to an Affiliate that is a national bank.

E. Pursuant to Sections 1.3(b) of the Servicing Agreement (and subject to the conditions set forth therein), HSBC NA may assign its right and Obligations thereunder to an Affiliate that is a national bank.

F. HSBC NA desires to (i) assign to HSBC Trust all of its rights and Obligations under the Original Retail Distribution Agreement and the other Program Contracts to which it is a party to serve as the Originator of (A) Retail Settlement Products issued through Block Offices other than through Block Offices located in the States of California, Delaware, Florida, New Jersey, New York, Oregon and Washington, the Commonwealths of Massachusetts and Pennsylvania and the District of Columbia (the "Assigned Locations"), and (B) Digital Settlement Products issued through the Block Digital Channel, and (ii) retain its rights and obligations under the Retail Distribution Agreement and the other Program Contracts to which it is a party to serve as the Originator of Retail Settlement Products issued through Block Offices located in the States of California, Delaware, Florida, New Jersey, New York, Oregon and Washington, the Commonwealths of Massachusetts and Pennsylvania and the District of Columbia, (the "Retained Locations").

G. HSBC Trust desires to assume all of HSBC NA's rights and Obligations to serve as the Originator under (i) the Original Retail Distribution Agreement with respect to Retail Settlement Products issued through the Assigned Locations and (ii) the Digital Distribution Agreement with respect to Digital Settlement Products issued through the Block Digital Channel.

H. HSBC Trust desires to assume all of HSBC NA's rights and Obligations as Originator under the Participation Agreement with respect to Retail Settlement Products issued through Assigned Locations and Digital Settlement Products issued through the Block Digital Channel.

I. The Block Companies are willing to consent to the partial assignment of rights and Obligations from HSBC NA to HSBC Trust.

J. HSBC Trust is in the process of obtaining all regulatory approvals necessary for it to carry out its obligations as Originator with respect to the Assigned Locations and the Block Digital Channel, and the parties desire that no assignment to, or agency appointment by, HSBC Trust occur until such approvals are obtained.

K. In connection with HSBC NA's assignment of its rights and Obligations as Originator to HSBC Trust with respect to Retail Settlement Products issued through the Assigned Locations and Digital Settlement Products issued through the Block Digital Channel, HSBC NA desires to terminate the Block Agents as its Agents with respect to origination activities for Retail Settlement Products issued through the Assigned Locations and Digital Settlement Products issued through the Block Digital Channel.

L. HSBC Trust as Originator desires to appoint the Block Agents as its Agents in connection with its assumption of origination activities with respect to Retail Settlement Products issued through the Assigned Locations and Digital Settlement Products issued through the Block Digital Channel.

M. The Parties hereto have jointly developed a new "Enhanced IRAL" product and also desire to amend the Program Contracts to include such product as a type of IRAL that may be offered to Clients.

N. The Parties hereto desire to remove HTMAC as a party from all of the Program Contracts to which it is currently a party and to substitute HSBC TFS in its place.

O. The Parties hereto desire to enter into this First Amendment to amend the Original Retail Distribution Agreement and the other Program Contracts to effect the foregoing changes (the Original Retail Distribution Agreement, as amended by this First Amendment, and all subsequent amendments and restatements thereof and supplements thereto, is referred to as the "Retail Distribution Agreement").

AGREEMENT

ACCORDINGLY, the Parties to this First Amendment agree as follows:

Section 1. Definitions. All capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the HSBC Appendix of Defined Terms and Rules of Construction attached to the Original Retail Distribution Agreement (as hereinafter amended), as hereinafter amended by this First Amendment.

Section 2. Joinder, Assignment, Assumption and Consent.

(a) HSBC NA hereby assigns to HSBC Trust all of its rights and Obligations under the Retail Distribution Agreement and the other Program Contracts to which it is a party to serve as the Originator of (i) Retail Settlement Products issued through the Assigned Locations in the HSBC Trust States and (ii) Digital Settlement Products issued through the Block Digital Channel.

(b) HSBC Trust, by execution of this First Amendment, hereby (1) accepts such assignment from HSBC NA and agrees to become the Originator of (i) Retail Settlement Products issued through the Assigned Locations in the HSBC Trust States and (ii) Digital Settlement Products issued through the Block Digital Channel, (2) agrees to be bound by all of the terms and conditions of each of the Program Contracts applicable to "HSBC Bank" (as such term is amended by this First Amendment) in its capacity as Originator with respect to the Assigned Locations in the HSBC Trust States and the Block Digital Channel, and (3) assumes all obligations and liabilities of "HSBC Bank" (as such term is amended by this First Amendment) in its capacity as Originator with respect to the Assigned Locations in the HSBC Trust States and the Block Digital Channel under the Program Contracts to which it is a party.

(c) The Block Companies hereby consent to the partial assignment of the rights and Obligations of HSBC NA to HSBC Trust as provided in this First Amendment to the extent such consent is required under the Program Contracts.

Section 3. Removal of HTMAC as a Party. HTMAC hereby assigns to HSBC TFS all of its rights and Obligations under the Retail Distribution Agreement and the other Program Contracts to which it is a party and ceases to be a party to any of the Program Contracts. HSBC TFS, by execution of this First Amendment, hereby (1) accepts such assignment from HTMAC and agrees to be bound by all of the terms and conditions of each of the Program Contracts applicable to "HTMAC", and (2) assumes all obligations and liabilities of "HTMAC" under the Program Contracts to which it is a party. The Parties hereby consent to this assignment and assumption with respect to the Program Contracts, including those to which HTMAC is currently a party, effective as of the date of this First Amendment, which include, but are not limited to, the Retail Distribution Agreement, the Servicing Agreement, the Participation Agreement, the Indemnification Agreement and the HSBC Common Interest, Joint Defense and Confidentiality Agreement dated as of September 23, 2005 between the HSBC Companies (as defined prior to the effective date of this First Amendment) and the Block Companies.

Section 4. Agency Appointments and Terminations.

(a) HSBC Trust hereby appoints the Block Agents, and the Block Agents hereby accept such appointment, to act as agents of HSBC Trust for purposes of offering and distributing Retail Settlement Products issued through the Assigned Locations in the HSBC Trust States and Digital Settlement Products issued through the Block Digital Channel.

(b) HSBC NA hereby terminates the appointment of each of the Block Agents and the Franchisee Agents as its agent with respect to offering and distributing Retail Settlement

Products issued through the Assigned Locations in the HSBC Trust States and Digital Settlement Products issued through the Block Digital Channel.

Section 5. Amendments.

(a) The Appendix of Defined Terms and Rules of Construction attached to the Original Retail Distribution Agreement is hereby amended:

(1) by adding thereto the following defined terms (which are added thereto in alphabetical order:

"**Assigned Locations**" shall mean all Block Offices other than Block Offices located in the States of California, Delaware, Florida and New Jersey, New York, Oregon and Washington, the Commonwealths of Massachusetts, and Pennsylvania and the District of Columbia, provided, however, that these locations may be modified prospectively in accordance with Section 2.8 of the Retail Distribution Agreement.

"**Enhanced IRAL**" shall mean (a) an IRAL issued to a Client who would not have qualified for an IRAL but for implementation of the credit criteria for Enhanced IRALs established by the Originator, or (b) an IRAL issued to a Client in an amount greater than what such Client would have qualified for but for implementation of the credit criteria for Enhanced IRALs established by the Originator.

"**HSBC NA States**" shall mean, collectively, the States of California, Delaware, Florida, New Jersey, New York, Oregon and Washington, the Commonwealths of Massachusetts and Pennsylvania and the District of Columbia, provided, however, that these states may be modified prospectively in accordance with Section 2.8 of the Retail Distribution Agreement.

"**HSBC Trust**" shall mean HSBC Trust Company (Delaware), National Association, a national banking association, and its successors and assigns.

"**HSBC Trust States**" shall mean, collectively, all of the states, commonwealths and territories of the United States of America and other locations that do not constitute the HSBC NA States, provided, however, that the states may be modified prospectively in accordance with Section 2.8 of the Retail Distribution Agreement.

"**RAC Documents**" shall mean with respect to each HSBC RAC, any and all other documents executed and delivered in connection with the origination or subsequent modification of such HSBC RAC.

"**Retained Locations**" shall mean Block Offices located in the States of California, Delaware, Florida, New Jersey, New York, Oregon and Washington, the Commonwealths of Massachusetts and Pennsylvania and the District of Columbia, provided, however, that these locations may be modified

prospectively in accordance with Section 2.8 of the Retail Distribution Agreement.

(2) by deleting in their entirety the existing definitions of the following defined terms and inserting in their place the following new definitions:

"**HSBC Bank**" shall mean (a) HSBC NA or HSBC Trust, as the case may be, or (b) in the event that HSBC NA or HSBC Trust shall assign their respective rights and obligations under the Retail Distribution Agreement and the other Program Contracts pursuant to Section 2.6(b) or 2.7 of the Retail Distribution Agreement, and, if assigned pursuant to Section 2.7 of the Retail Distribution Agreement, subject to the satisfaction of the terms and conditions specified in Section 2.7(b) of the Retail Distribution Agreement, the national bank, federal savings association, operating subsidiary or other Affiliate that is the permitted assignee of HSBC NA or HSBC Trust, it being understood that when "HSBC Bank" has the ability to act or make a determination under the Program Contracts, each of the entities then constituting an "HSBC Bank" may do so independently and no such entity is the agent of the other. For the avoidance of doubt, the inclusion in the foregoing definition of "HSBC Bank" of references to Sections of the Retail Distribution Agreement is not intended to, and shall not, affect the rights of the parties pursuant to such Sections.

"**HSBC Companies**" shall mean, collectively, HSBC Bank, HSBC NA, HSBC Trust, HSBC TFS and Beneficial Franchise.

"**HSBC Indemnifying Parties**" shall mean, collectively, HSBC Bank, HSBC TFS and Beneficial Franchise.

"**IRAL**" or "**Instant Money**" shall mean any of (a) a RAL for which a credit decision is made prior to Block Services receiving both (i) the IRS Return Notification and (ii) the Debt Indicator, (b) an Enhanced IRAL or (c) a RAL designated as such by mutual written agreement of the HSBC Companies and the Block Companies.

"**Originator**" shall mean the originator of Retail Settlement Products through Block Offices and Digital Settlement Products through the Block Digital Channel; provided, however, that with respect to Retail Settlement Products issued through Retained Locations in the HSBC NA States, the term "Originator" refers only to HSBC NA and its permitted assignees or successors in interest, and with respect to Retail Settlement Products issued through Assigned Locations in the HSBC Trust States and Digital Settlement Products issued through the Block Digital Channel, the term "Originator" refers only to HSBC Trust and its permitted assignees or successors in interest.

"**RAL Documents**" shall mean with respect to each HSBC RAL, the related Note and the related Security Agreement, if applicable, and any and all

other documents executed and delivered in connection with the origination or subsequent modification of such HSBC RAL.

(3) The Parties agree that all Program Contracts are hereby amended to incorporate the amendments to the Appendix of Defined Terms and Rules of Construction pursuant to this Section 4.

(b) The agency effective dates set forth in Section 2.1(c) and Section 11.1(a) of the Retail Distribution Agreement are hereby amended to read "November 10, 2006."

(c) Section 2.4(a)(iii) to the Retail Distribution Agreement is hereby amended by adding the phrase "Subject to Section 2.4(c) hereof," at the beginning thereof.

(d) A new Section 2.4(c) is hereby added to the Retail Distribution Agreement immediately following Section 2.4(b) therein as follows:

(c) Except as otherwise provided in this Retail Distribution Agreement, the Originator shall Offer Enhanced IRALs through the Block Agents at the Block Offices, and the Originator and the Block Agents shall comply with the policies and procedures set forth in the Enhanced IRAL Product Policies and Procedures Schedule attached hereto as Schedule 2.4(c). Any Client whose application for an Enhanced IRAL is denied by HSBC Bank will receive free federal income tax return preparation services from the Block Companies for the then current tax period.

(e) Section 2.7 is hereby amended to permit HSBC Trust to assign its rights and Obligations under the Retail Distribution Agreement and other Program Contracts, on the same terms and subject to the same restrictions as are applicable to HSBC NA.

(f) A new Section 2.8 is hereby added to the Retail Distribution Agreement, immediately following Section 2.7 therein as follows:

Section 2.8. Future Modifications to Definitions of "Assigned Locations," "Retained Locations," "HSBC NA States" and "HSBC Trust States."

(a) After April 15, 2007, the HSBC Companies may, in their reasonable discretion, modify the definitions of "Assigned Location," "Retained Location," "HSBC NA States" and "HSBC Trust States" to move locations and states from one category to the other on an annual basis, provided that such modification does not have a material adverse effect upon any of the Block Companies. Any such modification shall be effective prospectively only, and shall be in effect for an entire Tax Period.

(b) During the Term of the Retail Distribution Agreement, on or before June 30th of each year, the HSBC Companies may notify the Block Companies in writing of any such changes to such definitions, provided, however, that (i) the only such change is a movement of an Assigned Location to a Retained Location, or vice versa, and a corresponding movement of an HSBC

Trust State to an HSBC NA State, or vice versa, (ii) the changes are done only for entire states, commonwealths, territories or foreign countries, and (iii) there are no Retained Locations in an HSBC Trust State or Assigned Locations in any HSBC NA State. No other modifications to such definitions are authorized under this Section 2.8. No whole or partial assignment to any other entity is authorized under this Section 2.8.

(c) It shall not be necessary for the parties to execute and deliver a subsequent amendment to Program Contracts to evidence such modification, but the parties may choose to do so if they deem it desirable.

(d) The HSBC Companies shall reimburse the Block Companies for all out-of-pocket expenses reasonably incurred by the Block Companies as a result of any such modification.

(g) Section 22.3 of the Retail Distribution Agreement is hereby amended to read as follows:

Section 22.3 Notices. All notices, requests and other communications to any party hereunder shall be in writing (including prepaid overnight courier, facsimile transmission or similar writing) and shall be given to such party at its address or facsimile number set forth in this Section 22.3 or on the signature pages hereof or at such other address or facsimile number as such party may hereafter specify in writing. Each such notice, request or other communication shall be effective (a) if given by facsimile, when transmitted to the facsimile number specified in this Section 22.3 and confirmation of receipt is received by the sender, (b) if given by mail, upon the earlier of actual receipt or five (5) Business Days after deposit in the United States Mail, registered or certified mail, return receipt requested, properly addressed and with proper postage prepaid, (c) one (1) Business Day after deposit with an internationally reputable overnight courier properly addressed and with all charges prepaid or (d) when received, if by any other means.

Notices shall be addressed as follows:

If to HSBC TFS:	HSBC Taxpayer Financial Services Inc. 200 Somerset Corporate Blvd. Bridgewater, NJ 08807 Telephone: 908-203-4441 Facsimile: 908-203-4211 Attention: CEO and Managing Director
With a copy to (which shall not constitute notice hereunder):	HSBC Taxpayer Financial Services, Inc. 90 Christiana Road New Castle, DE 19707 Telephone: 302-327-2507 Facsimile: 302-327-2533 Attention: General Counsel

If to Beneficial Franchise:	Beneficial Franchise Company Inc. 200 Somerset Corporate Blvd. Bridgewater, NJ 08807 Telephone: 908-203-4441 Facsimile: 908-203-4211 Attention: CEO and Managing Director
With a copy to (which shall not constitute notice hereunder):	HSBC Taxpayer Financial Services, Inc. 90 Christiana Road New Castle, DE 19707 Telephone: 302-327-2507 Facsimile: 302-327-2533 Attention: General Counsel
If to HSBC Finance:	HSBC Finance Corporation 200 Somerset Corporate Blvd. Bridgewater, NJ 08807 Telephone: 908-203-2222 Facsimile: 908-203-4221 Attention: Patrick Cozza, Group Executive
With a copy to (which shall not constitute notice hereunder):	HSBC Finance Corporation 2700 Sanders Road Prospect Heights, IL 60070 Telephone: 847-564-6268 Facsimile: 847-564-6001 Attention: Deputy General Counsel - Operations
If to HSBC NA:	HSBC Bank USA, National Association One HSBC Center, 10th Floor Buffalo, NY 14203 Telephone: 716-841-6197 Facsimile: 716-841-6591 Attention: Executive V.P., Consumer Finance
With a copy to (which shall not constitute notice hereunder):	HSBC Bank USA, National Association 452 Fifth Ave., 7th Floor New York, NY 10018 Telephone: 212-525-6533 Facsimile: 212-525-8447 Attention: General Counsel

If to HSBC Trust:	HSBC Trust Company (Delaware), N.A. 1201 North Market Street Wilmington, DE 19801 Telephone: 302-657-8429 Facsimile: 302-657-8415 Attention: President
With a copy to (which shall not constitute notice hereunder):	HSBC Trust Company (Delaware), N.A. 452 Fifth Ave., 7th Floor New York, NY 10018 Telephone: 212-525-6533 Facsimile: 212-525-8447 Attention: General Counsel
If to HSBC Bank:	To both HSBC NA and HSBC Trust at the addresses listed above.
If to Block Services:	H&R Block Services, Inc. One H&R Block Way Kansas City, Missouri 64105 Telephone: 816-854-3000 Facsimile: 816-854-8500 Attention: President and General Counsel
With a copy to (which shall not constitute notice hereunder):	Stinson Morrison Hecker LLP 1201 Walnut Street Kansas City, Missouri 64106 Telephone: 816-691-3208 Facsimile: 816-691-3495 Attention: Mike W. Lochmann
If to Block Tax Services:	H&R Block Tax Services, Inc. One H&R Block Way Kansas City, Missouri 64105 Telephone: 816-854-3000 Facsimile: 816-854-8500 Attention: President and General Counsel
With a copy to (which shall not constitute notice hereunder):	Stinson Morrison Hecker LLP 1201 Walnut Street Kansas City, Missouri 64106 Telephone: 816-691-3208 Facsimile: 816-691-3495 Attention: Mike W. Lochmann

If to Block Enterprises:	H&R Block Enterprises, Inc. One H&R Block Way Kansas City, Missouri 64105 Telephone: 816-854-3000 Facsimile: 816-854-8500 Attention: President and General Counsel
With a copy to (which shall not constitute notice hereunder):	Stinson Morrison Hecker LLP 1201 Walnut Street Kansas City, Missouri 64106 Telephone: 816-691-3208 Facsimile: 816-691-3495 Attention: Mike W. Lochmann
If to Block Eastern Enterprises:	H&R Block Eastern Enterprises, Inc. One H&R Block Way Kansas City, Missouri 64105 Telephone: 816-854-3000 Facsimile: 816-854-8500 Attention: President and General Counsel
With a copy to (which shall not constitute notice hereunder):	Stinson Morrison Hecker LLP 1201 Walnut Street Kansas City, Missouri 64106 Telephone: 816-691-3208 Facsimile: 816-691-3495 Attention: Mike W. Lochmann
If to Block Digital:	H&R Block Digital Tax Solutions, LLC One H&R Block Way Kansas City, Missouri 64105 Telephone: 816-854-3000 Facsimile: 816-854-8500 Attention: President and General Counsel
With a copy to (which shall not constitute notice hereunder):	Stinson Morrison Hecker LLP 1201 Walnut Street Kansas City, Missouri 64106 Telephone: 816-691-3208 Facsimile: 816-691-3495 Attention: Mike W. Lochmann

If to Block Associates:	H&R Block and Associates, L.P. One H&R Block Way Kansas City, Missouri 64105 Telephone: 816-854-3000 Facsimile: 816-854-8500 Attention: President and General Counsel
With a copy to (which shall not constitute notice hereunder):	Stinson Morrison Hecker LLP 1201 Walnut Street Kansas City, Missouri 64106 Telephone: 816-691-3208 Facsimile: 816-691-3495 Attention: Mike W. Lochmann
If to Royalty:	HRB Royalty, Inc. One H&R Block Way Kansas City, Missouri 64105 Telephone: 816-854-3000 Facsimile: 816-854-8500 Attention: President and General Counsel
With a copy to (which shall not constitute notice hereunder):	Stinson Morrison Hecker LLP 1201 Walnut Street Kansas City, Missouri 64106 Telephone: 816-691-3208 Facsimile: 816-691-3495 Attention: Mike W. Lochmann
If to BFC:	Block Financial Corporation One H&R Block Way Kansas City, Missouri 64105 Telephone: 816-854-3000 Facsimile: 816-854-8500 Attention: President and General Counsel
With a copy to (which shall not constitute notice hereunder):	Stinson Morrison Hecker LLP 1201 Walnut Street Kansas City, Missouri 64106 Telephone: 816-691-3208 Facsimile: 816-691-3495 Attention: Mike W. Lochmann

If to H& R Block:	H&R Block, Inc. One H&R Block Way Kansas City, Missouri 64105 Telephone: 816-854-3000 Facsimile: 816-854-8500 Attention: President and General Counsel
With a copy to (which shall not constitute notice hereunder):	Stinson Morrison Hecker LLP 1201 Walnut Street Kansas City, Missouri 64106 Telephone: 816-691-3208 Facsimile: 816-691-3495 Attention: Mike W. Lochmann

(h) A new Section 22.22 is hereby added to the Retail Distribution Agreement immediately following Section 22.21 therein as follows:

"Section 22.22 Press Releases. During the Term of this Retail Distribution Agreement, if any of the Block Companies or their Affiliates on the one hand, or any of the HSBC Companies or their Affiliates on the other hand (in either case, an "Issuing Party", and the other party, the "Referenced Party"), proposes to:

(a) provide any written communication to any Governmental Authority or recognized consumer advocate group, in either case that specifically references, by name or trade name, the Referenced Party and is reasonably expected to become known to the general public, then the Issuing Party shall (i) provide to the Referenced Party, via facsimile or email, a draft of such proposed written communication a reasonable time (depending upon the circumstances) prior to dissemination thereof, (ii) give the Referenced Party the opportunity to comment upon such written communication and (iii) give reasonable consideration to the Referenced Party's comments, including making modifications to address the Referenced Party's concerns if doing so would be appropriate in the reasonable judgment of the Issuing Party; or

(b) issue a press release that specifically references, by name or trade name, the Referenced Party, then the Issuing Party shall not issue any such press release without the Referenced Party's prior written consent, which consent shall not be unreasonably withheld or unreasonably delayed;

provided, however, that for the avoidance of doubt, the foregoing notice and approval procedures shall not apply to any:

(i) verbal communication;

(ii) media discussion or interview;

(iii) press release or written communication that refers to the Program Contracts, the Settlement Product Program or any Settlement Product, but does not specifically reference, by name or trade name, any Referenced Party;

(iv) informal or incidental written communication, including without limitation, e-mails and facsimiles (provided that such means of communication is not used to circumvent the intent and purpose of subparagraph (a) above);

(v) filing with or written communication to the SEC;

(vi) notice or written communication to employees, shareholders or franchisees;

(vii) written communication to a third party providing products or services to the Issuing Party;

(viii) written communication to educators, analysts, foundations, "think tanks" and similar individuals and institutions;

(ix) notice or written communication to the Issuing Party's federal or state regulators;

(x) written communication filed or made in any case, arbitration or other legal or administrative proceeding to which the Issuing Party or any of its Affiliates is a party or subject; or

(xi) press release or formal written communication relating to any pending dispute, litigation or arbitration in which any of the Block Companies or their Affiliates and any of the HSBC Companies or their Affiliates."

(i) The Agreement between H&R Block, Inc and HSBC Finance Corporation dated September 23, 2005 is hereby amended by deleting the definition of "HSBC Parties" and inserting in its place the following new definition:

The "HSBC Parties" are: HSBC Bank USA, National Association; HSBC Taxpayer Financial Services Inc. (f/k/a Household Tax Masters Inc. and Beneficial Tax Masters Inc.); Beneficial Franchise Company Inc.; Beneficial Tax Centers, Inc., Household International, Inc., n/k/a HSBC Finance Corporation, Household Finance Corporation, Household Bank, f.s.b.; Beneficial National Bank, and: (a) any and all of their respective past, present, and future parent companies, subsidiaries, divisions, affiliates, franchisees, predecessors, successors, and assigns; (b) their respective present and former directors, officers, employees, shareholders, and contractors (including, but not limited to, Imperial Capital Bank); and (c) all persons or entities acting on behalf or at the direction of any of the foregoing.

Section 6. Reference to and Effect Upon the Existing Program Contracts.

(a) Except as explicitly stated in this First Amendment, all terms of the Program Contracts as in effect immediately preceding execution of this First Amendment shall remain in full force and effect as provided therein and in accordance with the terms thereof.

(b) Except as explicitly stated in this First Amendment, the execution, delivery and effectiveness of this First Amendment shall not operate as a waiver of any right, power or remedy of any party under the Program Contracts as in effect immediately preceding execution of this First Amendment, nor constitute a waiver of any provision of the Program Contracts as in effect immediately preceding execution of this First Amendment.

(c) Upon the effectiveness of this First Amendment, each reference in each of the Program Contracts to "*this Agreement*," "*hereunder*," "*hereof*," "*herein*" or words of similar import shall mean and be a reference to such Program Contract as amended by this First Amendment.

(d) Subject to Section 5 above and the other specific provisions of this Section 6, each reference to any Obligation of HSBC NA in the Program Contracts, either directly or by inclusion of such entity in the definitions of the terms "HSBC Bank," "HSBC Companies," "HSBC Indemnified Party" or "HSBC Indemnifying Party," shall be deemed to refer to Obligations of HSBC Trust with respect to its activities as Originator for the Assigned Locations in the HSBC Trust States and the Block Digital Channel. For the avoidance of doubt, any reference to an obligation of "Originator" in the Program Contracts, as amended, shall mean an obligation of either HSBC NA or HSBC Trust, severally.

(e) Subject to the other terms and provisions of this First Amendment, HSBC Trust hereby makes each and every representation, warranty and covenant of HSBC NA in its capacity as Originator for the Assigned Locations in the HSBC Trust States and the Block Digital Channel, whether specified as a representation, warranty or covenant of "HSBC Bank," an "HSBC Company," the "Originator," an "HSBC Indemnified Party," an "HSBC Indemnifying Party," or otherwise.

(f) Subject to the other terms and provisions of this First Amendment, each payment obligation of any Block Company to either HSBC NA or HSBC Trust under the Program Contracts, as amended, whether specified as a payment obligation to "HSBC Bank," an "HSBC Company," the "Originator," an "HSBC Indemnified Party" or an "HSBC Indemnifying Party," or otherwise, shall be computed on an aggregated basis (without duplication) with respect to both HSBC NA and HSBC Trust.

(g) Subject to the other terms and provisions of this First Amendment, each payment obligation payable to any Block Company from either HSBC NA or HSBC Trust under the Program Contracts, as amended, whether specified as a payment obligation from "HSBC Bank," an "HSBC Company," the "Originator," an "HSBC Indemnified Party" or an "HSBC Indemnifying Party," or otherwise, shall be computed on an aggregate basis (without duplication) with respect to both HSBC NA and HSBC Trust.

(h) Notwithstanding any other provision of the Program Contracts or this First Amendment to the contrary, solely with respect to the assignment to HSBC Trust contemplated hereunder, the provisions of Section 2.7(b)(iii) and Section 2.7(c) of the Retail Agreement, and of Section 2.6 of each Franchise Distribution Agreement, shall not be applicable and HSBC NA shall continue to be party to all Program Contracts and responsible for all of its Obligations that are not specifically assigned to HSBC Trust hereunder.

Section 7. Partial Expense Reimbursement Related to Assignment.

(a) No later than fifteen (15) days following the execution and delivery of this First Amendment, the HSBC Companies agree to pay to the Block Companies $500,000 to partially reimburse them for out-of-pocket expenses incurred by them as a result of this assignment.

(b) The Parties do not agree whether the assignment contemplated by this First Amendment is pursuant to Section 2.6 or Section 2.7 of the Retail Distribution Agreement. The foregoing allocation of expenses is for this First Amendment only, and is not a precedent for any future reorganization, assignment or other amendment to the Program Contracts.

Section 8. HSBC Guaranty. HSBC Finance acknowledges that HSBC Trust has become an HSBC Company covered by the HSBC Guaranty, as set forth in Article XX of the Retail Distribution Agreement.

Section 9. Further Assurances. The Parties agree to (i) furnish upon request such further information, (ii) execute and deliver to each other such additional documents and (iii) do such other acts and things, all as any Party hereto may reasonably request for the purpose of carrying out the intent of this First Amendment and partial assignment contemplated hereby.

Section 10. Headings. Headings and captions used in this First Amendment (including all exhibits and schedules thereto) are included herein for convenience of reference only and shall not constitute a part of this First Amendment for any other purpose or be given any substantive effect.

Section 11. Alternative Dispute Resolution. **ANY DISPUTE BETWEEN OR AMONG THE PARTIES HERETO ARISING OUT OF OR RELATING TO THIS FIRST AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREIN (EXCEPT JUDICIAL ACTION FOR SPECIFIC PERFORMANCE OR INJUNCTIVE RELIEF) SHALL BE RESOLVED AMONG THE PARTIES TO SUCH DISPUTE BY NEGOTIATIONS, MEDIATION AND ARBITRATION IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE XXI OF THE RETAIL DISTRIBUTION AGREEMENT, WHICH ARE INCORPORATED HEREIN BY REFERENCE.**

Section 12. Governing Law; Submission To Jurisdiction. **THIS FIRST AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MISSOURI. WITHOUT LIMITING THE EFFECT OF SECTION 11 HEREOF AND ARTICLE XXI OF THE RETAIL DISTRIBUTION AGREEMENT, EACH OF THE PARTIES HERETO (A) SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE FEDERAL AND/OR STATE**

COURTS SITTING IN ST. LOUIS, MISSOURI FOR PURPOSES OF ALL LEGAL PROCEEDINGS FOR SPECIFIC PERFORMANCE OR INJUNCTIVE RELIEF PERMITTED BY SECTION 21.12 OF THE RETAIL DISTRIBUTION AGREEMENT, (B) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM, (C) IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN SUCH PROCEEDING IN THE MANNER PROVIDED FOR NOTICES IN SECTION 22.3 OF THE RETAIL DISTRIBUTION AGREEMENT, AND (D) AGREES THAT NOTHING IN THIS FIRST AMENDMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS FIRST AMENDMENT TO SERVE PROCESS IN ANY SUCH PROCEEDING IN ANY OTHER MANNER PERMITTED BY LAW.

Section 13. Waiver of Jury Trial. **WITHOUT LIMITING THE EFFECT OF SECTION 10 HEREOF, EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING OUT OF OR RELATING TO THIS FIRST AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

Section 14. Counterparts. This First Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This First Amendment shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

[remainder of page intentionally blank]

THIS FIRST AMENDMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES

IN WITNESS WHEREOF, the following Parties have caused this Joinder and First Amendment to Program Contracts to be executed by their respective duly authorized officers as of the date first set forth above, it being understood that no Party, other than HSBC Trust, shall be deemed to become a signatory to any Program Contract to which such Party was not previously a signatory as a result of executing this First Amendment.

HSBC BANK USA, NATIONAL ASSOCIATION,
a national banking association

By: _____
Name:
Title:

HSBC TRUST COMPANY (DELAWARE), N.A.,
a national banking association

By: _____
Name:
Title:

HSBC TAXPAYER FINANCIAL SERVICES INC.,
a Delaware corporation

By: _____
Name:
Title:

BENEFICIAL FRANCHISE COMPANY INC.,
a Delaware corporation

By: _____
Name:
Title:

THIS FIRST AMENDMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES

HOUSEHOLD TAX MASTERS ACQUISITION CORPORATION,
a Delaware corporation

By: _____
Name:
Title:

H&R BLOCK SERVICES, INC.,
a Missouri corporation

By: _____
Name:
Title:

H&R BLOCK TAX SERVICES, INC.,
a Missouri corporation

By: _____
Name:
Title:

H&R BLOCK ENTERPRISES, INC.,
a Missouri corporation

By: _____
Name:
Title:

H&R BLOCK EASTERN ENTERPRISES, INC.,
a Missouri corporation

By: _____
Name:
Title:

THIS FIRST AMENDMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES

H&R BLOCK DIGITAL TAX SOLUTIONS, LLC,
a Delaware limited liability company

By: _____
Name:
Title:

H&R BLOCK AND ASSOCIATES, L.P.,
a Delaware limited partnership

By: HRB Texas Enterprises, Inc.,
its General Partner

By: _____
Name:
Title:

HRB ROYALTY, INC.,
a Delaware corporation

By: _____
Name:
Title:

THIS FIRST AMENDMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES

IN WITNESS WHEREOF, the following Parties hereto have caused this Joinder and First Amendment to Program Contracts to be executed by their respective duly authorized officers as of the date first set forth above solely for the limited purpose of acknowledging the amendments set forth herein in connection with such Parties' respective guaranties set forth in Article XX, and also for purposes of Articles XXI and XXII of the Retail Distribution Agreement, and, with respect to HSBC Finance, the acknowledgement set forth in Section 7 of this Joinder and First Amendment to the Program Contracts.

HSBC FINANCE CORPORATION,
A Delaware corporation

By: _____
Name:
Title:

H&R BLOCK, INC.,
A Missouri corporation

By: _____
Name:
Title:

Schedule 2.4(c)

Enhanced IRAL Product Policies and Procedures

[***]

Exhibit 10.26

EXECUTION COPY

SECOND AMENDMENT TO
PROGRAM CONTRACTS

This Second Amendment to Program Contracts (this "Second Amendment"), dated as of November 13, 2006, is made by and among the following parties (collectively, the "Parties"):

HSBC Bank USA, National Association, a national banking association ("HSBC NA");

HSBC Trust Company (Delaware), N.A., a national banking association ("HSBC Trust");

HSBC Taxpayer Financial Services Inc., a Delaware corporation ("HSBC TFS");

Beneficial Franchise Company Inc., a Delaware corporation ("Beneficial Franchise");

H&R Block Services, Inc., a Missouri corporation ("Block Services");

H&R Block Tax Services, Inc., a Missouri corporation ("Block Tax Services");

H&R Block Enterprises, Inc., a Missouri corporation ("Block Enterprises");

H&R Block Eastern Enterprises, Inc., a Missouri corporation ("Block Eastern Enterprises");

H&R Block Digital Tax Solutions, LLC, a Delaware limited liability company ("Block Digital");

H&R Block and Associates, L.P., a Delaware limited partnership ("Block Associates");

HRB Royalty, Inc., a Delaware corporation ("Royalty");

HSBC Finance Corporation, a Delaware corporation ("HSBC Finance"); and

H&R Block, Inc., a Missouri corporation ("H&R Block").

NOTE: CERTAIN MATERIAL HAS BEEN OMMITTED FROM THIS AGREEMENT PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24b-2. THE LOCATIONS OF THESE OMISSIONS ARE INDICATED THROUGHOUT THE AGREEMENT BY THE FOLLOWING MARKINGS: [***].

RECITALS

A. All the Parties hereto, other than HSBC Trust, entered into that certain HSBC Retail Settlement Products Distribution Agreement, dated as of September 23, 2005 (the "Original Retail Distribution Agreement").

B. All the Parties hereto, including HSBC Trust, as well as Block Financial Corporation, a Delaware corporation ("BFC"), entered into that certain Joinder and First Amendment to Program Contracts, dated as of November 10, 2006 (the "First Amendment"), which amended the Original Retail Distribution Agreement and the other Program Contracts (as defined therein).

C. The Parties hereto desire (i) to include certain pre-file, unsecured loans (referred to herein as instant money advances or "IMAs") as a type of Settlement Product that may be made available to Clients, and (ii) to amend the Original Retail Distribution Agreement and other Program Contracts, each as amended by the First Amendment, to include IMAs as Settlement Products offered pursuant to the Settlement Products Program (the Original Retail Distribution Agreement, as amended by the First Amendment and this Second Amendment, and all subsequent amendments and restatements thereof and supplemental thereto, is referred to as the "Retail Distribution Agreement").

D. Concurrently with the execution of this Second Amendment, certain of the Parties hereto and BFC are executing a First Amended and Restated HSBC Refund Anticipation Loan and IMA Participation Agreement, dated as of the date hereof (the "First A&R Participation Agreement"), and a First Amended and Restated HSBC Settlement Products Servicing Agreement, dated as of the date hereof (the "First A&R Servicing Agreement").

AGREEMENT

ACCORDINGLY, the Parties to this Second Amendment agree as follows:

Section 1 Definitions. All capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the HSBC Appendix of Defined Terms and Rules of Construction attached to the Original Retail Distribution Agreement (the "Appendix of Defined Terms and Rules of Construction"), as amended by the First Amendment and as hereinafter amended by this Second Amendment.

Section 2 Amendments.

(a) Amendments to the Appendix of Defined Terms and Rules of Construction.

(i) The following existing definitions set forth in the Appendix of Defined Terms and Rules of Construction are hereby amended to read as follows:

"**Applicant**" shall mean a Person who has submitted an Application to the Originator and such Application shall be deemed to relate to the Calculation Period in which the applied-for Settlement Product would be deemed to be issued.

"**Applicant Information File**" shall mean the electronic file transmitted to the Originator by an ERO containing information pertaining to an Applicant including, but not limited to (i) Applicant identification information from the Applicant's Application including, but not limited to, the Applicant's name, address and telephone number, (ii) the amount of the ERO Charges, if any, (iii) the amount of the Refund Due (except with respect to IMAs), and (iv) certain other qualifying Application information as reasonably requested by the Originator subject to the ability of the ERO to collect and provide such information, each used by the Originator solely for those purposes set forth pursuant to the terms and conditions of the Program Contracts.

"**Best in Market Price**" shall mean, [***] .

"**Client**" shall mean a customer of any Block Office or of the Block Digital Channel, as applicable, that is rendered tax preparation, transmission, filing or other similar services at such office or channel.

"**Deposit Account**" shall mean a Refund Deposit Account or the General Collection Deposit Account.

"**Disbursement Check**" shall mean, with respect to a Settlement Product, a cashier's check drawn on the Originator and payable to or at the direction of a Settlement Products Client in the amount authorized by the Originator (which shall not include Delinquent ERO Charges, ERO Charges, RAL Principal Amounts, IMA Principal Amounts, First Priority Prior Indebtedness, Second Priority Prior Indebtedness, Other Required Deductions or Authorized Deductions).

"**Electronic Disbursement**" shall mean, with respect to any Settlement Product, any disbursement of proceeds (but excluding Disbursement Checks) of such product made by the Originator, directly or indirectly, to or at the direction of a Settlement Products Client in the amount authorized by the Originator, whether via ACH credit, wire transfer, stored value card, debit card, secured credit card or other electronic means (which amount shall not include ERO charges, Delinquent ERO Charges, ERO Charges, RAL Principal Amounts, IMA Principal Amounts, First Priority Prior Indebtedness, Second Priority Prior Indebtedness, Other Required Deductions or Authorized Deductions).

"**Final Credit Criteria**" shall mean, with respect to HSBC RALs and HSBC IMAs, as applicable, the related final credit criteria for the origination of HSBC RALs and HSBC IMAs, as applicable, as established by the Originator pursuant to the terms of the Retail Distribution Agreement.

"**Final Fees**" shall mean the final fees for Settlement Products established by the Originator pursuant to the terms of the Retail Distribution Agreement including, but not limited to, the Refund Account Fee, the RAL Fee and the IMA Fee.

"**Initial Credit Criteria**" shall mean the initial credit criteria for the origination of HSBC RALs and HSBC IMAs as established by the Originator pursuant to the terms of the Retail Distribution Agreement.

"**Initial Fees**" shall mean the initial fees for Settlement Products established by the Originator pursuant to the terms of the Retail Distribution Agreement including, but not limited to, the Refund Account Fee, the RAL Fee and the IMA Fee.

"**Late Fee**" shall mean, with respect to a Delinquent RAL or a Delinquent IMA, the late fee that may be charged on such Delinquent RAL or Delinquent IMA as disclosed to the Settlement Products Client in the Application and/or the TILA disclosure for such RAL or IMA.

"**Note**" shall mean with respect to any HSBC RAL, the promissory note or other evidence of indebtedness or agreements evidencing the indebtedness of an Obligor under such HSBC RAL.

"**Obligor**" shall mean the Settlement Products Client obligated to make payments to the Originator with respect to any HSBC RAL or HSBC IMA.

"**Originator**" shall mean the originator of Retail Settlement Products through Block Offices and Digital Settlement Products through the Block Digital Channel; provided, however, that (i) with respect to Retail Settlement Products, other than IMAs, issued through the Retained Locations in the HSBC NA States, the term "Originator" refers only to HSBC NA; (ii) with respect to Retail Settlement Products, other than IMAs, issued through the Assigned Locations in the HSBC Trust States and Digital Settlement Products issued through the Block Digital Channel, the term "Originator" refers only to HSBC Trust; and (iii) with respect to IMAs issued through any Block Office, the term "Originator" refers to HSBC NA.

"**Participant**" shall mean any Person who has purchased or otherwise owns a Participation Interest in an HSBC RAL or HSBC IMA.

"**Participation Interest**" shall mean an undivided ownership interest in, and in an amount equal to the Applicable Percentage of, all of the Originator's right, title and interest in and to an HSBC RAL or an HSBC IMA created on and after the effective date of the Participation Agreement, including all monies due or to become due with respect thereto and all collections pertaining thereto and other proceeds (as defined in the UCC as in effect in the State of Delaware), which interest is created pursuant to, or contemplated by, the Participation Agreement.

"**Principal Amount**" of an HSBC RAL or an HSBC IMA shall mean the dollar amount, if any, that the Originator lends to a Settlement Products Client based upon such Client's Application and the Originator's credit criteria (which principal amount shall include all payments of such Client's ERO Charges, if any, made by the Originator to such Client's ERO, RAL Fees or IMA Fees, as the case may be, and, with respect to HSBC RALs, Refund Account Fees (unless such charges were paid by the Client at the time of preparation of such Client's Return(s)) and all Disbursements made by the Originator directly to such Client).

"**Prior Debt Indicator File**" shall mean a file provided from time to time upon the request of any Block Company by the HSBC Companies containing a listing of Persons and their respective social security numbers who owe any Defaulted HSBC RALs, Defaulted HSBC IMAs, Prior Indebtedness, Delinquent ERO Charges, or other fees, charges or indebtedness that the HSBC Companies may seek to collect from such Person whether from the proceeds of any Settlement Product or otherwise.

"**Prior Indebtedness**" shall mean any outstanding obligations of a Settlement Products Client for (ii) a refund anticipation loan or any other similar loan product secured by a security interest in a deposit account into which the borrower's anticipated tax refund is to be deposited, or (ii) an unsecured instant money advance loan or any other similar loan product issued to a borrower based on such borrower's pay stub prior to the preparation of a final Return, in either case with all required documentation relating thereto, which was made to such Settlement Products Client in a prior year by any originator; provided, however, that prior to the Tax Period beginning on January 1, 2008, Prior Indebtedness shall not include any instant money advance loan or similar loan product that would otherwise constitute Second Priority Prior Indebtedness.

"**RAL Price Reduction**" shall mean a reduction in pricing for RALs made pursuant to Section 9.6(c) of the Retail Distribution Agreement.

"**Refund Paid**" shall mean the amount of the tax refund paid to a Settlement Products Client by a Governmental Authority.

"**Repurchase Value**" of a Participation Interest in an HSBC RAL or an HSBC IMA shall equal the remainder of (i) the product of (A) the Applicable Percentage multiplied by (B) the sum of (I) the Principal Amount plus (II) the Late Fees, minus (ii) any amount remitted to BFC (or its permitted assignees, successors and assigns pursuant to the Participation Agreement) pursuant to clauses (ii), (iii) and (iv) of Section 3.4(b) of the Servicing Agreement, with respect to such Participation Interest.

"**Retail Settlement Products**" shall mean, collectively, RALs, RACs, IMAs, and any similar financial product or service of the Originator offered to Clients at Block Offices under the Program Contracts.

"**Security Agreement**" shall mean, with respect to any HSBC RAL, the security agreement or other instrument pursuant to which the related Obligor granted to the Originator a security interest in collateral to secure such Obligor's obligations pursuant to the related Note.

(ii) The following additional definitions are hereby added to the Appendix of Defined Terms and Rules of Construction:

"**Calculation Period**" shall mean the period beginning on November 1 of a calendar year and ending on December 31 of the immediately following calendar year; provided that with respect to any Settlement Product originated in November or December of any calendar year, such Settlement Product shall be deemed to have been originated in the first month of the immediately following calendar year. By way of example, the 2007 Calculation Period will be the period beginning on November 1, 2006 and ending on December 31, 2007.

"**Defaulted HSBC IMA**" shall mean each Participated HSBC IMA which, in accordance with the IMA Guidelines and HSBC TFS's customary and usual servicing procedures for IMAs, the Originator has charged off as uncollectible; provided, however, that no HSBC IMA originated during any Calculation Period shall be classified as a Defaulted HSBC IMA prior to the close of business on the last day of such Calculation Period.

"**Delinquent IMA**" shall mean an HSBC IMA which has become due by its terms and repayment has not been made by the applicable Settlement Products Client by the applicable due date.

"**Eligible IMA**" shall mean each HSBC IMA:

(a) that was created by the Originator and is in compliance in all material respects, with the applicable Distribution Agreement and applicable Laws;

(b) for which HSBC TFS supplied a disclosure statement satisfying the requirements of the TILA to the applicable Agent for distribution to the Settlement Products Client; and

(c) as to which, at the time of the sale of the Participation Interest in such HSBC IMA to any of the Block Companies, or any of their respective Affiliates, Originator had good and marketable title thereto free and clear of all Liens arising under or through HSBC TFS or any of its Affiliates.

"**General Collection Deposit Account**" shall mean a deposit account or subaccount established by Servicer for the purpose of depositing collections received on account of a Settlement Product issued to a Client that are not otherwise required to be deposited into a Refund Deposit Account in accordance with Section 3.2.

"**HSBC IMA**" shall mean any IMA made by the Originator through a Block Office pursuant to or under color of (a) the Retail Distribution Agreement or a Franchisee Distribution Agreement, as applicable, or (b) a referral to the Originator by a Block Company, a Franchisee or either of their Affiliates pursuant to a contractual electronic filing arrangement with any other Person.

"**Instant Money Advance**" or "**IMA**" means a loan issued to a Client prior to the preparation of a final Return with all required documentation relating thereto, which loan is not secured.

"**IMA Documents**" shall mean, with respect to each HSBC IMA, the related Application, the related loan agreement and disclosure statement and any and all other documents executed and delivered in connection with the origination or subsequent modification of such HSBC IMA.

"**IMA Fee**" means shall mean the aggregate amount payable to the Originator by the Settlement Products Client for the privilege of obtaining an HSBC IMA, the calculation of which is set forth on Schedule 9.3 to the Retail Distribution Agreement, which amount will include the finance charge. For the avoidance of doubt, IMA Fees shall not include any account setup fees.

"**IMA Guidelines**" shall mean the Originator's policies and procedures from time to time relating to the operation of its IMA

business, including the policies and procedures for determining the credit worthiness of IMA clients, the extensions of credit to IMA clients and relating to the collection and charge off of IMAs.

"**IMA Ownership Interest**" shall mean Originator's right, title and interest in and to each HSBC IMA, including all monies due or to become due with respect thereto and all collections pertaining thereto and other proceeds thereof (as defined in the UCC as in effect in the State of Delaware), less any Participation Interest.

"**IMA Price Reduction**" shall mean a reduction in pricing for IMAs made pursuant to Section 9.6(c) of the Retail Distribution Agreement.

"**IMA Price Reduction Amounts**" shall mean, for a specific Calculation Period, the sum of the IMA Fees that would have been charged if HSBC Bank had not made an IMA Price Reduction minus the IMA Fees actually charged to each Settlement Products Client who received an HSBC IMA during such Calculation Period.

"**IMA Protocol**" shall mean the document attached hereto as Exhibit A which describes the policies and procedures for offering HSBC IMAs in certain states as agents and in other states as independent contractors of the Originator.

"**Participated HSBC IMA**" shall mean any HSBC IMA in which a Participation Interest has been sold pursuant to the Participation Agreement and has not been reassigned to HSBC TFS or repurchased by HSBC TFS pursuant to the Participation Agreement.

"**Participated HSBC IMA Schedule**" shall mean a schedule of certain IMAs owned and held by the Originator and the Participants which sets forth information with respect to such IMAs, as amended from time to time by the parties.

"**Refund Deposit Account**" shall mean a deposit account or subaccount established by HSBC Bank for each Settlement Products Client (other than with respect to IMAs) in accordance with Section 3.2 of the Servicing Agreement.

"**Unparticipated HSBC IMA**" shall mean any HSBC IMA for which no Participation Interests have been sold.

(iii) The definition "**Preseason Loan**" is hereby deleted.

(iv) The Parties agree that all Program Contracts are hereby amended to incorporate the amendments to the Appendix of Defined

Terms and Rules of Construction pursuant to this Section 2(a), as well as pursuant to the First Amendment.

(b) Amendments to the Retail Distribution Agreement.

(i) Section 2.1(c) of the Retail Distribution Agreement is hereby amended by inserting the following clause at the beginning of such Section 2.1(c): "Subject to Section 11.1(c),".

(ii) Section 2.4 of the Retail Distribution Agreement is hereby amended by deleting the word "and" at the end of clause (iv) thereof, deleting the period at the end of clause (v) and replacing it with a semicolon and the word "and", and inserting the following new subsection:

(vi) IMAs, in accordance with the policies and procedures set forth on the IMAs Schedule attached hereto as Schedule 2.4(a)(6).

(iii) The following new Sections 2.9 and 2.10 are hereby added to the Retail Distribution Agreement immediately after the existing Section 2.8:

Section 2.9 HSBC Bank's Right Not To Offer HSBC IMAs. Notwithstanding any other provision of this Retail Distribution Agreement or the other Program Contracts:

(a) HSBC Bank may, in its sole discretion, at any time and from time to time during the Term of this Retail Distribution Agreement, elect not to offer (whether through a physical presence, via the internet or any computer software program) HSBC IMAs in one or more states, commonwealths, territories or foreign countries (each, an "HSBC Discontinued Location") if HSBC Bank makes a reasonable determination (after good faith discussions with the Block Companies and good faith attempts to modify the Program Contracts to address any concerns, pursuant to Section 11.6(a)), that continued inclusion of HSBC IMAs as a type of Settlement Product offered pursuant to the Settlement Products Program would jeopardize HSBC Bank's regulatory standing with the OCC, including any component of any of its composite CAMEL rating, or the OCC's assessment of HSBC Bank's safe and sound operation, or otherwise would cause the OCC to raise serious regulatory concerns under applicable Law, including OCC policies and procedures relating to the conduct of HSBC Bank's lending activities (in each case, an " HSBC Regulatory Concern"). If HSBC Bank makes a reasonable determination that such HSBC Regulatory Concern exists in such HSBC Discontinued Location with respect to any other tax preparer through whom either HSBC Bank or any of its Affiliates offers instant money advance loans or similar loan products, and the terms of the arrangement with such

other tax preparer are not modified to eliminate such HSBC Regulatory Concern as it relates to such tax preparer, then HSBC Bank or its Affiliate, as the case may be, shall also discontinue offering such products through such other tax preparer in such HSBC Discontinued Location. If HSBC Bank ceases offering HSBC IMAs in an HSBC Discontinued Location due to an HSBC Regulatory Concern, the Block Agents may offer IMAs through a lender other than HSBC Bank in such HSBC Discontinued Location, including, without limitation, IMAs or similar loan products offered by any third party, any Affiliate of a Block Company or a financial institution or finance company, owned in whole or in part, directly or indirectly, by a Block Company or any of its Affiliates. If HSBC Bank makes a reasonable determination that such HSBC Regulatory Concern ceases to exist in such HSBC Discontinued Location, HSBC Bank may recommence offering IMAs through other tax preparers in such HSBC Discontinued Location, provided that HSBC Bank shall give the Block Companies notice of such intention to so recommence not later than HSBC Bank gives notice to any other tax preparer located in such HSBC Discontinued Location of its intention to so recommence, and shall give the Block Companies the option to recommence offering HSBC IMAs in such HSBC Discontinued Location through HSBC Bank at any time during the Term in accordance with the terms set forth in this Retail Distribution Agreement.

(b) Subject to Section 2.9(c), HSBC Bank may in its sole discretion at any time and from time to time on or before March 16 of any calendar year during the Term of this Retail Distribution Agreement, elect to discontinue offering, effective November 1 of such calendar year, HSBC IMAs in one or more HSBC Discontinued Locations, if, and only if, neither HSBC Bank nor any of its Affiliates offer instant money advance loans or similar loan products through any other tax preparer located in, or via the internet or any computer software program to residents of, such HSBC Discontinued Locations.

(c) If HSBC Bank elects to discontinue offering HSBC IMAs in HSBC Discontinued Locations pursuant to Section 2.9(b) above, then the Block Agents may, with respect to such HSBC Discontinued Locations, offer IMAs or similar loan products originated from sources other than HSBC Bank, including, without limitation, IMAs or similar loan products offered by any third party, any Affiliate of a Block Company or a financial institution or finance company, owned in whole or in part, directly or indirectly, by a Block Company or any of its Affiliates; *provided*, that, the Block Agents shall provide written notice to HSBC Bank

(i) within twenty (20) days following HSBC Bank's election to discontinue offering HSBC IMAs in such HSBC Discontinued Locations of the Block Agents' intention to so offer IMAs or similar loan products in such HSBC Discontinued Locations originated from sources other than HSBC Bank, promptly updating such notice to HSBC Bank if the Block Agents' intentions change, and (ii) within 10 days after a Block Company enters into an agreement with another lender to offer IMAs or makes a final determination to offer IMAs originated by any Affiliate of a Block Company or a financial institution or finance company, owned in whole or in party, directly or indirectly, by a Block Company or any of its Affiliates, of the Block Agents' intention to so offer IMAs or similar loan products in such HSBC Discontinued Locations originated from sources other than HSBC Bank. If the Block Agents provide a notice to HSBC Bank pursuant to clause (ii) above of their agreement with another lender to offer IMAs in such HSBC Discontinued Locations or their intention to in-source IMAs, HSBC Bank and its Affiliates may offer instant money advance loans or similar products through other tax preparers located in, or via the internet or any computer software program to residents of, such HSBC Discontinued Locations.

Section 2.10 Block Agents' Right Not To Offer HSBC IMAs.

(a) Notwithstanding any other provision of this Retail Distribution Agreement or the other Program Contracts, the Block Agents may, in their sole discretion, at any time and from time to time during the Term of this Retail Distribution Agreement, elect not to offer HSBC IMAs in one or more states, commonwealths, territories or foreign countries (each, a "Block Discontinued Location").

(b) If subsequent thereto, the Block Agents desire to recommence offering IMAs in any such Block Discontinued Locations, then the Block Companies shall give HSBC Bank 120 days' notice in writing of such desire to recommence offering IMAs in such Block Discontinued Locations. Upon receipt of such written notice, HSBC Bank (i) shall recommence offering HSBC IMAs in such Block Discontinued Locations, if at that time HSBC Bank or any of its Affiliates are offering instant money advance loans or similar loan products through tax preparers located in, or via the internet or any computer software program to residents of, such Block Discontinued Locations, or (ii) have the option (exercisable within thirty (30) calendar days) to recommence offering HSBC IMAs in such Block Discontinued Locations, if at that time HSBC Bank or any of such Affiliates are not offering instant money advance loans or similar loan products through tax

preparers located in, or via the internet or any computer software program to residents of, such Block Discontinued Locations. If HSBC Bank and the Block Agents recommence offering HSBC IMAs in such Block Discontinued Locations pursuant to (i) or (ii) of this Section 2.10(b), then they shall do so in accordance with the terms of this Retail Distribution Agreement.

(c) If HSBC Bank does not exercise its option within thirty (30) calendar days to recommence offering HSBC IMAs in any such Block Discontinued Locations, then the Block Agents may, with respect to such Block Discontinued Locations, offer IMAs originated from sources other than HSBC Bank, including, without limitation, IMAs offered by any third party, any Affiliate of a Block Company or a financial institution or finance company, owned in whole or in part, directly or indirectly, by a Block Company or any of its Affiliates.

(iv) Section 5.8 of the Retail Distribution Agreement is hereby amended to read as follows:

Section 5.8 Franchisees in Settlement Products Program.

(a) Block Tax Services, Royalty and Block Associates shall use commercially reasonable efforts to cause their respective Franchisees to offer Retail Settlement Products through the Block Franchisee Offices, and Block Tax Services and Block Associates shall provide the means for each of their respective Franchisees to agree to be bound by the terms of its Franchisee Distribution Agreement.

(b) On an annual basis, and at other times upon the written request of HSBC Bank, Block Tax Services, Royalty and Block Associates will provide a report listing all Franchisees that have electronically accepted and agreed to be bound by a Franchisee Distribution Agreement that was electronically disseminated to, and electronically accepted by, the Franchisee via TPS Software and the Block Companies web-based communication system for Franchisees. The parties acknowledge that such electronic acceptance is the only form of acceptance being required for such Franchisees to be legally bound under the terms of such Franchisee Distribution Agreements. Block Services represents that, with respect to 2007 and subsequent Tax Periods and Calculation Periods, the TPS Software will not permit a Franchisee to originate Retail Settlement Products unless the Franchisee has electronically accepted and agreed to be bound by the Franchisee Distribution Agreement.

(c) Block Tax Services, Royalty and Block Associates will provide to HSBC Bank by January 3rd of each year, and at other times

upon the written request of HSBC Bank, the address and the e-mail address for any Franchisee that is a party to a Franchisee Distribution Agreement.

(v) A new Section 5.13 is added to the Retail Distribution Agreement immediately after Section 5.12 as follows:

Section 5.13 IMA Notices to Franchisees. Any notification sent pursuant to Section 6.1(c) of a Franchisee Distribution Agreement by either a Block Company or an HSBC Company will be made only with the consent of the other party, provided, however, that (i) when an HSBC Company exercises its rights under Section 2.9 above to discontinue or recommence offering a product, it may give notice to a Franchisee of such discontinuation or recommencement without obtaining the consent of a Block Company, and (ii) when a Block Company exercises its rights under Section 2.10 above to discontinue or recommence offering a product, it may give notice to a Franchisee of such discontinuation or recommencement without obtaining the consent of a HSBC Company.

(vi) Sections 6.8(a)(ii) and 6.8(a)(iii) of the Retail Distribution Agreement are hereby amended by replacing in every instance therein the term "Preseason Loan" with the term "IMA."

(vii) A new Section 6.12 is added to the Retail Distribution Agreement immediately after Section 6.11 as follows:

Section 6.12 Further Regulatory Approvals of IMAs. During the Term of this Retail Distribution Agreement, the HSBC Companies agree to use commercially reasonable efforts to obtain, on a timely basis, all necessary regulatory approvals for HSBC Trust to offer HSBC IMAs through the Block Agents and the Franchisee Agents at Block Offices located in the HSBC Trust States. This obligation shall be a continuing annual covenant with respect to each successive Calculation Period until such regulatory approval is obtained. In making such commercially reasonable efforts, the HSBC Companies may take into account the written positions of the regulatory authorities and the impact of such efforts on the regulatory standing of HSBC Trust, and the other HSBC Companies and their Affiliates, and their relationships with the regulatory authorities.

(viii) Sections 7.6(c), 7.6(d) and 7.6(e) of the Retail Distribution Agreement are hereby amended to read as follows:

(c) except with respect to IMAs, provide and require Settlement Product Clients to complete and sign an authorization permitting the Block Agent to use the Client's Return information for the

application process in accordance with Section 301.7216-3(b) of the United States Treasury Department Regulations;

(d) provide and require each Settlement Product Client (except with respect to IMAs) to complete and sign IRS Form 8453;

(e) sign each Form 8453 as ERO, except with respect to IMAs;

(ix) Section 7.9 of the Retail Distribution Agreement is hereby amended to read as follows:

Section 7.9. Applicant Copies. Each Block Agent shall provide each of its Applicants with a copy of such Applicant's signed Application and, to the extent applicable, IRS Form 8453, together with any other commercially reasonable disclosures or documents required to be provided to the Applicant by HSBC Bank.

(x) The introductory clause of Section 9.1 of the Retail Distribution Agreement is hereby amended to read as follows:

Section 9.1 Form of Application. HSBC Bank shall prepare the form of Application to be used by the Agents and shall supply such Application to the Agents no later than September 1 prior to each Tax Period with respect to RALs and RACs, or August 1 prior to each Calculation Period with respect to IMAs. The form of Application for RALs and RACs shall include:

(xi) The first sentence of Section 9.3 of the Retail Distribution Agreement is hereby amended to read as follows:

HSBC Bank and HSBC Trust shall annually make a determination of their respective Initial Fees, which shall include, but not be limited to, the Refund Account Fee, the RAL Fee and the IMA Fee.

(xii) Section 9.6(b) of the Retail Distribution Agreement is hereby amended to read as follows:

(b) The parties share a mutual desire to endeavor to offer the most compelling customer value proposition which includes factors of price, loan size and approval rate. With this goal in mind, HSBC Bank will set price with input from the Block Companies on a mutually agreeable client value proposition when considering an appropriate balance of price in combination with approval rate and loan size. During the Term of this Retail Distribution Agreement, [***] .

(xiii) Section 9.6(c) of the Retail Distribution Agreement is hereby amended to read as follows:

(c) Upon the written request of Block Services delivered to HSBC Bank prior to the September 15th immediately preceding any Calculation Period, [***] .

(xiv) The first sentence of Section 9.7 of the Retail Distribution Agreement is hereby amended to read as follows:

Upon receipt of each Application, except with respect to IMAs, HSBC Bank shall establish a Deposit Account in the name of the Settlement Products Client listed on such Application.

(xv) Section 9.14 of the Retail Distribution Agreement is hereby amended to read as follows:

Section 9.14 Application and Disclosures. HSBC Bank shall create and provide to the Block Companies initial drafts of pre-approved templates for applications, forms, disclosures and other documents required for RALs and RACs by August 1 of each year during the Term of this Retail Distribution Agreement. After providing the Block Companies with an opportunity to review and provide comments on the initial drafts of such pre-approved templates, HSBC Bank shall, provide final pre-approved templates for applications, forms, disclosures and other documents required for RALs and RACs by September 1 of each year during the Term of this Retail Distribution Agreement. With respect to IMAs, beginning in 2007, the initial drafts of such pre-approved templates shall be provided by July 1 of each year and final pre-approved templates shall be provided by August 1 of each year during the Term of this Retail Distribution Agreement.

(xvi) Section 9.16 of the Retail Distribution Agreement is hereby amended to read as follows:

Section 9.16 New Products. During the Term of this Retail Distribution Agreement, the Block Companies shall have:

(a) a right [***] ;

(b) the right, [***] ;

(c) the right, [***] ; and

(d) the right, [***] .

(xvii) Section 9.18 of the Retail Distribution Agreement is hereby amended by adding a new sentence at the end thereof as follows:

Notwithstanding the above, HSBC Bank shall review and process Applicant Information Files for IMAs pursuant to the Service Level Thresholds set forth on Schedule 13.4(i) hereto.

(xviii) Section 10.1 of the Retail Distribution Agreement is hereby amended to read as follows:

Section 10.1 Forward Applicant Information File with Debt Indicator Information to HSBC Bank and HSBC Trust. Upon receipt of a copy of an Applicant Information File for a RAL or RAC, IRS Return Notification and Debt Indicator from Block Services, HSBC TFS shall electronically transmit to HSBC Bank or HSBC Trust, as the case may be, a copy of the Applicant Information File and a copy of the Applicant's Debt Indicator. Upon receipt of the Applicant Information File for an IRAL or an IMA, HSBC TFS shall electronically transmit a copy of such Applicant Information File to HSBC Bank or HSBC Trust, as the case may be, immediately upon receipt.

(xix) Section 10.2 of the Retail Distribution Agreement is hereby amended to read as follows:

Section 10.2 Disbursement Check Printing Authorization. Subject to Section 10.3, HSBC TFS shall electronically provide Block Services authorization to print a Disbursement Check or issue an Electronic Disbursement (a) for each Applicant who has been approved to receive a RAL or IMA, upon approval thereof, and (b) for each Applicant who has been approved to receive a RAC, if applicable, upon HSBC TFS's crediting of the Refund Paid to such Applicant's Deposit Account and after debiting all Authorized Deductions from such Deposit Account in the manner set forth in the Servicing Agreement. With respect to RALs and RACs, within four (4) hours after receipt of such Applicant's Refund Paid, if any funds remain in the Deposit Account after debiting all Authorized Deductions, HSBC TFS shall authorize Block Services to print a check or issue an Electronic Disbursement to the Settlement Products Client in the amount remaining in the Deposit Account in accordance with such Client's instructions.

(xx) Section 10.5 of the Retail Distribution Agreement is hereby amended to read as follows:

Section 10.5 Contingent Issuing of Disbursement Checks. If it becomes infeasible due to events or occurrences beyond the parties' control for the Agents to issue and deliver Disbursement Checks or Electronic Disbursements directly to Settlement Products Clients, then

HSBC TFS shall issue and mail such Disbursement Checks or Electronic Disbursements directly to such Settlement Products Clients. With respect to RALs and IMAs, HSBC TFS shall use commercially reasonable efforts to mail the Disbursement Check or Electronic Disbursement to the Settlement Products Client or to the Block Offices for distribution to the Settlement Products Client the same day as HSBC TFS's approval of the RAL or IMA; provided, however, such Application must be received by HSBC TFS by 11:00 a.m. Eastern Standard or Daylight Savings Time (as the case may be). With respect to RACs, HSBC TFS shall use commercially reasonable efforts to mail the Disbursement Check or Electronic Disbursement to the Settlement Products Client within 24 hours following receipt from the IRS of the Refund Paid.

(xxi) The following new Section 10.10 shall be added to the Retail Distribution Agreement immediately after the existing Section 10.9:

Section 10.10 Website Development. In addition to the covenants set forth in Section 2.1(a), 7.18 and 9.16(b) hereof, during the Term of this Retail Distribution Agreement the HSBC Companies and their Affiliates shall not use any HTML code that was jointly developed with any Block Company or any of its Affiliates to design or operate any internet website or similar electronic means to offer instant money advance loans or similar loans through any tax preparer other than the Block Agents or the Franchisee Agents. For the avoidance of doubt, the HSBC Companies and their Affiliates may so use (i) HTML code used in the performance of this Retail Distribution Agreement that was not jointly developed with any Block Company or any of its Affiliates, and (ii) similar HTML code that is developed independently (e.g., to provide similar functionality to another customer).

(xxii) A new Section 11.1(c) is hereby added to Retail Distribution Agreement immediately following Section 11.1(b) as follows:

(c) Notwithstanding any other provision of this Retail Distribution Agreement or the other Program Contracts, the following applies solely with respect to HSBC IMAs offered through Block Offices from November 2006 through the Term of this Retail Distribution Agreement:

(i) pursuant to Section 2.1(c), the Block Agents are appointed as the agents of HSBC NA for purposes of offering and distributing HSBC IMAs at Block Offices located in the HSBC NA States. In performing their specified duties under Article VII of the Retail Distribution Agreement with regard to distributing HSBC IMAs at Block Offices located in the HSBC NA States, the Block Agents are acting as agents of HSBC NA; and

(ii) notwithstanding Section 2.1(c), HSBC NA does not appoint Block Enterprises, Block Eastern Enterprises or Block Associates as its agents for purposes of offering and distributing HSBC IMAs at Block Offices located in any of the HSBC Trust States. In performing their specified duties under Article VII of this Retail Distribution Agreement with respect to distributing HSBC IMAs at Block Offices located in the HSBC Trust States, Block Enterprises, Block Eastern Enterprises and Block Associates are acting as independent contractors for HSBC NA. Block Enterprises, Block Eastern Enterprises and Block Associates shall offer HSBC IMAs at Block Offices in the HSBC Trust States in accordance with the IMA Protocol.

(xxiii) A new subsection (i) shall be added to Section 13.4 of the Retail Distribution Agreement to read as follows:

The HSBC Companies shall be subject to the Service Level Thresholds for IMAs set forth on Schedule 13.4(i).

(xxiv) Section 14.2 of the Retail Distribution Agreement is hereby amended to read as follows:

Section 14.2 Incremental Bank Product Fee. No later than November 1 of each calendar year, HSBC TFS shall pay to the Block Enterprise Entities, via wire transfer of immediately available funds to an account designated in writing by the Block Enterprise Entities, an amount, in the aggregate, equal to [***] .

(xxv) Section 14.7(a) of the Retail Distribution Agreement is hereby amended to read as follows:

(a) On the first Business Day of January of each Tax Period during the Term of this Retail Distribution Agreement, HSBC TFS shall pay to the Block Enterprise Entities the Expense Reimbursement to partially reimburse the Block Companies for their out-of-pocket expenses incurred in connection with the Settlement Products Program for the applicable Calculation Period. The Expense Reimbursement shall be paid by ACH credit to an account designated by the Block Enterprise Entities.

(xxvi) Section 14.8 of the Retail Distribution Agreement is hereby amended to read as follows:

Section 14.8 IRAL and IMA Origination System Servicing Level Threshold. If HSBC TFS fails to maintain the IRAL Origination System Servicing Level Threshold set forth in Section 13.4(a) or the IMA origination system servicing level threshold set forth in Schedule 13.4(i) on any Block Business Day, except to the extent non-compliance arises from a Force Majeure Event or a failure by any Block Company to

perform any material Obligation under this Retail Distribution Agreement, HSBC TFS shall pay to the Block Enterprise Entities an amount, in the aggregate, equal to [***] . All amounts payable under this Section 14.8 accrued during any Calculation Period, shall be payable by HSBC TFS on the last Business Day of such Calculation Period. HSBC TFS shall pay such amounts via ACH credit to an account designated in writing by the Block Enterprise Entities. To the extent any failure by HSBC TFS to maintain the IRAL Origination System Servicing Level Threshold under this Section 14.8 could not reasonably result in a Material Adverse Effect, the amount paid by HSBC TFS to the Block Companies under this Section 14.8 shall constitute the sole remedy for failure to maintain the IRAL Origination System Servicing Level Threshold. Not later than the last Business Day of the month of October during such Calculation Period, HSBC TFS shall provide true and correct reports to the Block Companies setting forth (a) the number of estimated lost IRAL Clients for each Block Business Day during the Tax Period and lost IMA Clients for each Block Business Day beginning on the first day that IMAs are offered by the Block Agents during or prior to the Calculation Period and continuing through that last day of such Calculation Period, (b) the actual number of IRALs and IMAs originated during each Block Business Day in the preceding year and (c) the actual number of IRALs originated during each Block Business Day during the Tax Period and IMAs originated during each Block Business Day beginning on the first day that IMAs are offered by the Block Agents during or prior to the Calculation Period and continuing through that last day of such Calculation Period.

(xxvii) Section 14.14(a) of the Retail Distribution Agreement is hereby amended to read as follows:

(a) With respect to HSBC RALs or HSBC IMAs originated on or after January 1, 2007, [***] .

(xxviii) Section 16.4(b) of the Retail Distribution Agreement is hereby amended to read as follows:

(b) To the extent permitted by applicable Law, each HSBC Company agrees to promptly provide to each Block Company and its Affiliates, upon request, but not more than twice during any calendar year, a list of all Persons, and their complete mailing addresses, to whom such HSBC Company made HSBC RALs, HSBC RACs or HSBC IMAs during the most recently ended Calculation Period. Such list shall be provided in electronic form and, to the extent reasonably practicable, in a form typical of mailing lists purchased in the open market. No Block Company or Affiliate shall use, or permit the use of, such list for purposes of soliciting Clients for credit related products. The Block Companies and their Affiliates shall take appropriate action by agreement with third parties

having access to such list to prohibit such third parties from using such list for purposes of soliciting Clients for credit related products.

(xxix) The Table of Contents to the Retail Distribution Agreement is hereby amended to include reference to each of the new Sections that were added to the agreement pursuant to this Second Amendment.

Section 3 Reference to and Effect Upon the Existing Program Contracts.

(a) Except as explicitly stated in this Second Amendment, all terms of the Program Contracts as in effect immediately preceding execution of this Second Amendment shall remain in full force and effect as provided therein and in accordance with the terms thereof.

(b) Except as explicitly stated in this Second Amendment, the execution, delivery and effectiveness of this Second Amendment shall not operate as a waiver of any right, power or remedy of any party under the Program Contracts as in effect immediately preceding execution of this Second Amendment, nor constitute a waiver of any provision of the Program Contracts as in effect immediately preceding execution of this Second Amendment.

(c) Upon the effectiveness of this Second Amendment, each reference in each of the Program Contracts to "*this Agreement*", "*hereunder*", "*hereof*," "*herein*" or words of similar import shall mean and be a reference to such Program Contract as amended by this Second Amendment.

Section 4 Headings. Headings and captions used in this Second Amendment (including all exhibits and schedules thereto) are included herein for convenience of reference only and shall not constitute a part of this Second Amendment for any other purpose or be given any substantive effect.

Section 5 Alternative Dispute Resolution. **ANY DISPUTE BETWEEN OR AMONG THE PARTIES HERETO ARISING OUT OF OR RELATING TO THIS SECOND AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREIN (EXCEPT JUDICIAL ACTION FOR SPECIFIC PERFORMANCE OR INJUNCTIVE RELIEF) SHALL BE RESOLVED AMONG THE PARTIES TO SUCH DISPUTE BY NEGOTIATIONS, MEDIATION AND ARBITRATION IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE XXI OF THE RETAIL DISTRIBUTION AGREEMENT, WHICH ARE INCORPORATED HEREIN BY REFERENCE.**

Section 6 Governing Law; Submission To Jurisdiction. **THIS SECOND AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MISSOURI. WITHOUT LIMITING THE EFFECT OF SECTION 5 HEREOF AND ARTICLE XXI OF THE RETAIL DISTRIBUTION AGREEMENT, EACH OF THE PARTIES HERETO (A) SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE FEDERAL AND/OR STATE COURTS SITTING IN**

ST. LOUIS, MISSOURI FOR PURPOSES OF ALL LEGAL PROCEEDINGS FOR SPECIFIC PERFORMANCE OR INJUNCTIVE RELIEF PERMITTED BY SECTION 21.12 OF THE RETAIL DISTRIBUTION AGREEMENT, (B) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM, (C) IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN SUCH PROCEEDING IN THE MANNER PROVIDED FOR NOTICES IN SECTION 22.3 OF THE RETAIL DISTRIBUTION AGREEMENT, AND (D) AGREES THAT NOTHING IN THIS SECOND AMENDMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS SECOND AMENDMENT TO SERVE PROCESS IN ANY SUCH PROCEEDING IN ANY OTHER MANNER PERMITTED BY LAW.

Section 7 Waiver of Jury Trial. **WITHOUT LIMITING THE EFFECT OF SECTION 5 HEREOF, EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING OUT OF OR RELATING TO THIS SECOND AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY**.

Section 8 Counterparts. This Second Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Second Amendment shall become effective upon the execution of a counterpart hereof by each of the parties hereto

[remainder of page intentionally blank]

THIS SECOND AMENDMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES

IN WITNESS WHEREOF, the following Parties have caused this Second Amendment to Program Contracts to be executed by their respective duly authorized officers as of the date first set forth above.

HSBC BANK USA, NATIONAL ASSOCIATION,
a national banking association

By: _____
Name:
Title:

HSBC TRUST COMPANY (DELAWARE), N.A.,
a national banking association

By: _____
Name:
Title:

HSBC TAXPAYER FINANCIAL SERVICES INC.,
a Delaware corporation

By: _____
Name:
Title:

BENEFICIAL FRANCHISE COMPANY INC.,
a Delaware corporation

By: _____
Name:
Title:

THIS SECOND AMENDMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES

H&R BLOCK SERVICES, INC.,
a Missouri corporation

By: _____
Name:
Title:

H&R BLOCK TAX SERVICES, INC.,
a Missouri corporation

By: _____
Name:
Title:

H&R BLOCK ENTERPRISES, INC.,
a Missouri corporation

By: _____
Name:
Title:

H&R BLOCK EASTERN ENTERPRISES, INC.,
a Missouri corporation

By: _____
Name:
Title:

H&R BLOCK DIGITAL TAX SOLUTIONS, LLC,
A Delaware limited liability company

By: _____
Name:
Title:

THIS SECOND AMENDMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES

H&R BLOCK AND ASSOCIATES, L.P.,
a Delaware limited partnership

By: HRB Texas Enterprises, Inc.
its General Partner

By: _____
Name:
Title:

HRB ROYALTY, INC.,
a Delaware corporation

By: _____
Name:
Title:

THIS SECOND AMENDMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES

IN WITNESS WHEREOF, the following Parties hereto have caused this Second Amendment to Program Contracts to be executed by their respective duly authorized officers as of the date first set forth above solely for the limited purpose of acknowledging the amendments set forth herein in connection with such Parties' respective guaranties set forth in Article XX, and also for purposes of Articles XXI and XXII of the Retail Distribution Agreement.

HSBC FINANCE CORPORATION,
a Delaware corporation

By: _____
Name:
Title:

H&R BLOCK, INC.,
a Missouri corporation

By: _____
Name:
Title:

Schedule 2.4(a)(6)

Instant Money Advance Loan Product Procedures

[***]

Origination

§ System will be available [***] ,
November — January at least [***] %

§ On daily basis, [***] .

§ [***] .

§ [***] .

§ [***] .

Fee payment

§ [***] .

Check Authorization

§ [***] .

Web site

Website Availability (EST)

Times	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Start	[***]	[***]	[***]	[***]	[***]	[***]	[***]
Stop	[***]	[***]	[***]	[***]	[***]	[***]	[***]

VRU System

§ Will be available [***] .

§ For customer call, [***] .

§ For client call, [***] .

§ For ERO call, [***] .

§ Toll free number will be provided

§ customer service hours

11/1-1/2	[***]
1/3-1/8	[***]
1/9-1/22	[***]
1/23-4/17	[***]

Exhibit A

IMA PROTOCOL

This IMA Protocol (this "Protocol"), dated November 13, 2006, sets forth the agreement of the following parties (collectively, the "Parties") on the matters set forth herein:

HSBC Bank USA, National Association, a national banking association ("HSBC NA");

HSBC Trust Company (Delaware), N.A., a national banking association ("HSBC Trust");

HSBC Taxpayer Financial Services Inc., a Delaware corporation ("HSBC TFS");

Beneficial Franchise Company Inc., a Delaware corporation ("Beneficial Franchise");

H&R Block Services, Inc., a Missouri corporation ("Block Services");

H&R Block Tax Services, Inc., a Missouri corporation ("Block Tax Services");

H&R Block Enterprises, Inc., a Missouri corporation ("Block Enterprises");

H&R Block Eastern Enterprises, Inc., a Missouri corporation ("Block Eastern Enterprises");

H&R Block Digital Tax Solutions, LLC, a Delaware limited liability company ("Block Digital");

H&R Block and Associates, L.P., a Delaware limited partnership ("Block Associates");

HRB Royalty, Inc., a Delaware corporation ("Royalty");

HSBC Finance Corporation, a Delaware corporation ("HSBC Finance"); and

H&R Block, Inc., a Missouri corporation ("H&R Block").

RECITALS

A. All the Parties, other than HSBC Trust, entered into that certain HSBC Retail Settlement Products Distribution Agreement, dated as of September 23, 2005 (the "Original Retail Distribution Agreement").

B. All the Parties, including HSBC Trust, as well as Block Financial Corporation, a Delaware corporation ("BFC"), entered into that certain Joinder and First Amendment to Program Contracts, dated as of November 10, 2006 (the "First Amendment"), which amended the Original Retail Distribution Agreement and other Program Contracts (as defined therein).

C. All the Parties entered into that certain Second Amendment to Program Contracts, dated as of November 13, 2006 (the "Second Amendment"), which amended the Original Retail Distribution Agreement and other Program Contracts.

D. Pursuant to the Second Amendment, the Parties are amending the Program Contracts to include IMAs as a type of Settlement Product under the Settlement Products Program.

E. This Protocol is intended to set forth the Parties' agreement as to certain additional procedures and specifications that apply to the distribution of IMAs and is the IMA Protocol referred to in Section 11.1(c) of the Retail Distribution Agreement.

F. All capitalized terms used in this Protocol and not otherwise defined in this Protocol shall have the meanings assigned to such terms in the HSBC Appendix of Defined Terms and Rules of Construction attached to the Retail Distribution Agreement, as amended.

PROTOCOL

Part A. IMAs Offered Through Both Agents and Distributors.

The Parties acknowledge and agree that although HSBC NA is offering IMAs through Block Offices on a nationwide basis, HSBC NA is doing so in some states through its expressly appointed agents, the Block Agents, and in other states through independent contractor distributors, Block Enterprises, Block Eastern Enterprises of Block Associates (when acting in such states as independent contractors, the "Block Distributors"). While the Block Agents and the Block Distributors are the same legal entities, they are acting in different capacities in different states. The appointment by HSBC NA of the Block Agents as its agents in certain states does not constitute the appointment of such entities as its agents in any other state. This Protocol clarifies the rights, duties and obligation of HSBC NA, the Block Agents and the Block Distributors with respect to the offering of IMAs in each state.

Part B. Independent Contractor Distribution of IMAs.

1. Independent Contractor States. HSBC NA is offering IMAs in the HSBC Trust States exclusively through independent contractors. For the avoidance of doubt, the HSBC Trust States include all territories of the United States, Block Offices located in foreign countries, and

the following states and commonwealths:

Alabama	Montana
Alaska	Nebraska
Arizona	Nevada
Arkansas	New Hampshire
Colorado	New Mexico
Connecticut	North Carolina
Georgia	North Dakota
Hawaii	Ohio
Idaho	Oklahoma
Illinois	Rhode Island
Indiana	South Carolina
Iowa	South Dakota
Kansas	Tennessee
Kentucky	Texas
Louisiana	Utah
Maine	Vermont
Maryland	Virginia
Michigan	West Virginia
Minnesota	Wisconsin
Mississippi	Wyoming
Missouri	

2. Status. The Parties hereby acknowledge that the Block Distributors are acting as independent contractors of HSBC NA in the foregoing HSBC Trust States. Unless otherwise provided herein, no agency, joint venture, partnership or fiduciary relationship exists between HSBC NA and the Block Distributors in such HSBC Trust States.

3. Safety and Soundness. In the HSBC Trust States, HSBC NA and the Block Distributors agree that the offering of IMAs must be conducted consistent with safe and sound banking practices. The Block Distributors acknowledge that HSBC NA is subject, *inter alia*, to the OCC Bulletin, "Risk Management Principles" and may become subject to future regulatory guidance or requirements. The Block Distributors agree to cooperate with HSBC NA in its efforts to comply with this and other similar regulatory guidance. Such cooperation shall include, but is not limited to:

(i) the implementation by the Block Distributors of an independent contractor distribution program, including training programs and audit procedures designed by HSBC NA and approved by the Block Companies, which approval shall not be unreasonably withheld or unreasonably delayed, for the use of the Block Distributors with respect to the offering of IMAs in the HSBC Trust States; and

(ii) the use of Applications and other IMA Documents with respect to the offering of IMAs in the HSBC Trust States that clearly indicate that the Block

Distributors are acting as independent contractors, and not agents, of HSBC NA in such states.

If the OCC raises any objection or concerns with the offering of IMAs, HSBC NA and the Block Distributors agree to consult and negotiate with each other in good faith to address the OCC's objections or concerns, and to make mutually agreeable amendments and modifications to the offering of IMAs in such states.

Part C. Agency Distribution of IMAs.

1. Agency States. HSBC NA is offering IMAs in the HSBC NA States exclusively through agents appointed pursuant to the Retail Distribution Agreement. For the avoidance of doubt, the following is a list of all such states, commonwealths and territories:

California
Delaware
Florida
Massachusetts
New Jersey
New York
Oregon
Pennsylvania
Washington
District of Columbia

2. Status. The Parties hereby acknowledge that the Block Agents are acting as agents of HSBC NA in the foregoing states.

3. Safety and Soundness. In the HSBC NA States, Article XI of the Retail Distribution Agreement governs the relationship between HSBC NA and the Block Agents.

Part D. Timing. HSBC NA, the Block Distributors and the Block Agents are offering IMAs in the period from on or about November 13, 2006 through January 31, 2007, pursuant to the terms and conditions of the Program Contracts, as amended by the First Amendment and Second Amendment, and this IMA Protocol. With respect to the offering of IMAs in future years, the terms of this Protocol shall be applicable unless the Parties otherwise agree in writing.

Part E. Conflict. If any provision contained in this IMA Protocol conflicts with any provision in any of the Program Contracts, as amended by the First Amendment and Second Amendment, the provision contained in this Protocol shall govern and control.

Exhibit 10.27

Execution copy

FIRST AMENDED AND RESTATED
HSBC REFUND ANTICIPATION LOAN
AND IMA
PARTICIPATION AGREEMENT

NOTE: CERTAIN MATERIAL HAS BEEN OMMITTED FROM THIS AGREEMENT PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24b-2. THE LOCATIONS OF THESE OMISSIONS ARE INDICATED THROUGHOUT THE AGREEMENT BY THE FOLLOWING MARKINGS: [***].

Dated as of November 13, 2006

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FIRST AMENDED AND RESTATED
HSBC REFUND ANTICIPATION LOAN AND IMA
PARTICIPATION AGREEMENT

This First Amended and Restated HSBC Refund Anticipation Loan and IMA Participation Agreement (this "First A&R Participation Agreement"), dated as of November 13, 2006, is made by and among the following parties:

Block Financial Corporation, a Delaware corporation ("BFC");

HSBC Bank USA, National Association, a national banking association ("HSBC NA");

HSBC Trust Company (Delaware), National Association ("HSBC Trust"); and

HSBC Taxpayer Financial Services, Inc., a Delaware corporation ("HSBC TFS").

RECITALS

A. HSBC Bank and HSBC Trust offer banking products and services, including HSBC RALs and HSBC IMAs offered through Block Offices and the Block Digital Channel.

B. HSBC TFS purchases participation interests in HSBC RALs and HSBC IMAs originated by HSBC Bank and HSBC Trust.

C. BFC offers financial products and services to individuals and business entities, and purchases loans and participation interests in loans originated by third party lenders.

D. HSBC Bank, HTMAC, HSBC TFS and certain of their Affiliates and certain Affiliates of BFC entered into the HSBC Retail Settlement Products Distribution Agreement, dated as of September 23, 2005 (the "Original Retail Distribution Agreement"), which was subsequently amended by the Joinder and First Amendment to Program Contracts, dated as of November 10, 2006 (the "First Amendment"), pursuant to which, *inter alia*, HSBC Trust was added and HTMAC was removed to reflect the replacement of HTMAC by HSBC TFS as a party to the Program Contracts, and which was further amended by the Second Amendment to Program Contracts, dated the date hereof (the "Second Amendment"), pursuant to which, *inter alia*, IMAs were added as a type of Settlement Product offered to Clients (the Original Retail Distribution Agreement, as amended by the First Amendment and the Second Amendment, the "Retail Distribution Agreement").

E. HSBC Bank, HTMAC, HSBC TFS and BFC entered into the HSBC Settlement Products Servicing Agreement, dated as of September 23, 2005 (the "Original Servicing Agreement"), to set forth the terms and conditions pursuant to which HSBC TFS would service, administer and collect HSBC Settlement Products originated by HSBC Bank, which was subsequently amended by the First Amendment, pursuant to which, *inter alia*, HSBC Trust was added as a party thereto, HTMAC was removed as a party thereto, and HSBC TFS replaced HTMAC as a party thereto, and which was further amended and restated pursuant to the First Amended and Restated HSBC Settlement Products Servicing Agreement, dated the date hereof (the "First A&R Servicing Agreement"), to provide for, *inter alia*, the servicing, administration

and collection of IMAs (the Original Servicing Agreement, as amended by the First Amendment and the First A&R Servicing Agreement, the "Servicing Agreement").

F. HSBC Bank, HTMAC, HSBC TFS and BFC entered into the HSBC Refund Anticipation Loan Participation Agreement, dated September 23, 2005 (the "Original Participation Agreement"), to set forth the terms and conditions of HTMAC's sales to BFC, and BFC's purchases from HTMAC, of Participation Interests in certain HSBC RALs originated by HSBC Bank, as amended by the First Amendment, pursuant to which, *inter alia*, HSBC Trust was added, HTMAC was removed and HSBC TFS replaced HTMAC as a party thereto.

G. HSBC Bank, HSBC Trust, HSBC TFS and BFC now desire to enter into this First A&R Participation Agreement to amend and restate the Original Participation Agreement, as amended by the First Amendment, to reflect the addition of IMAs as a type of Settlement Product in which BFC desires to purchase, and HSBC TFS desires to sell, participation interests (the Original Participation Agreement, as amended by the First Amendment and this First A&R Participation Agreement, the "Participation Agreement").

AGREEMENT

ACCORDINGLY, the parties to this First A&R Participation Agreement hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. For all purposes of this First A&R Participation Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Appendix of Defined Terms and Rules of Construction attached to the Original Retail Distribution Agreement as **Appendix A**, as amended pursuant to the First Amendment, and as further amended pursuant to the Second Amendment (as amended, the "Appendix of Defined Terms and Rules of Construction"), which is hereby incorporated by reference herein. All other capitalized terms used herein shall have the meanings specified herein. In the event that any definition specified in this First A&R Participation Agreement for any capitalized term is inconsistent with the definition specified for such term in the Appendix of Defined Terms and Rules of Construction, the definition in the Appendix of Defined Terms and Rules of Construction shall govern.

Section 1.2. Rules of Construction. For all purposes of this First A&R Participation Agreement, unless the context otherwise requires, the rules of construction set forth in the Appendix of Defined Terms and Rules of Construction shall be applicable to this First A&R Participation Agreement.

Section 1.3. Corporate Reorganizations.

(a) The Block Companies may assign their rights and obligations under this Participation Agreement to one or more Subsidiaries of H&R Block without the consent of the HSBC Companies if (i) such assignment is desirable in connection with a reorganization of the

business operations of H&R Block's Subsidiaries, (ii) such contemplated assignment will not materially adversely affect any right or obligation of any HSBC Company under this Participation Agreement, and (iii) the contemplated assignee (A) is a wholly owned (direct or indirect) Subsidiary of H&R Block and (B) has the operational and financial capacity to meet all obligations of the assigning Block Company under this Participation Agreement contemplated to be assigned to it (a "Permitted Block Assignment"). The assigning Block Companies shall provide each of the HSBC Companies at least sixty (60) days prior written notice of any contemplated Permitted Block Assignment. The parties hereto agree to amend this Participation Agreement to the extent necessary to reflect such Permitted Block Assignment.

(b) The HSBC Companies may assign their rights and obligations under this Participation Agreement to one or more Subsidiaries of HSBC North American Holdings, Inc. without the consent of the Block Companies if (i) such assignment is desirable in connection with a reorganization of the business operations of HSBC North American Holdings, Inc.'s Subsidiaries, (ii) such contemplated assignment will not materially adversely affect any right or obligation of any Block Company under this Participation Agreement, and (iii) the contemplated assignee (A) is a wholly owned (direct or indirect) Subsidiary of HSBC North American Holdings, Inc., (B) only with respect to any assignment by HSBC Bank or HSBC Trust under this Section 1.3(b), is a national bank or federal savings association and (C) has the operational and financial capacity to meet all obligations of the assigning HSBC Company under this Participation Agreement contemplated to be assigned to it (a "Permitted HSBC Assignment"). The assigning HSBC Companies shall provide each of the Block Companies at least sixty (60) days prior written notice of any contemplated Permitted HSBC Assignment. The parties hereto agree to amend this Participation Agreement to the extent necessary to reflect such Permitted HSBC Assignment.

Section 1.4. Funding for Purchases of Participation Interests in HSBC RALs.

(a) HSBC TFS shall use its best efforts to obtain board of directors' and all other required approvals of one of its Affiliates, or of a third party lender, on or before July 1, 2006, to furnish a commitment to BFC for funding of the purchase of Participation Interests in HSBC RALs pursuant to this Participation Agreement; provided, that BFC timely furnishes such information as is reasonably requested by such lender, such funding to be provided to BFC at an interest rate [***] . BFC shall provide a preliminary written notice to HSBC TFS no later than September 1st of the year preceding each Tax Period during the Term requesting funding for the purchase of Participation Interests during the next Tax Period, which preliminary request shall be confirmed by BFC pursuant to a final written notice to HSBC TFS to be delivered no later than October 1st of such year preceding such Tax Period.

(b) Each Affiliate of HSBC TFS or third party lender, as applicable, and BFC shall pay their own legal fees and expenses to document the funding arrangements described in this Section 1.4.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF HSBC BANK, HSBC TRUST AND HSBC TFS

Section 2.1. Representations Incorporated by Reference. HSBC Bank, HSBC Trust and HSBC TFS each represent and warrant, with respect to itself only, to BFC that each representation and warranty made by it in Article IV of the Retail Distribution Agreement is true and correct, each and all of which are made as of the date hereof and (except the representations and warranties in Section 4.6 of the Retail Distribution Agreement) as of each day during the term of this Participation Agreement.

Section 2.2. Representations and Warranties of HSBC Bank, HSBC Trust and HSBC TFS. HSBC Bank, HSBC Trust and HSBC TFS hereby represent and warrant to BFC, as of each Closing Date (prior to a purchase of BFC of a participation interest hereunder), that HSBC Bank and HSBC Trust each has sold and HSBC TFS has purchased a one hundred percent (100%) participation interest in all of HSBC Bank's and HSBC Trust's respective right, title and interest in and to each HSBC RAL and HSBC IMA, free and clear of any Lien of any Person claiming under or through HSBC Bank, HSBC Trust or any of its Affiliates.

Section 2.3. Representations and Warranties of HSBC TFS Relating to Participated HSBC RALs and HSBC IMAs. HSBC TFS hereby represents and warrants to BFC, as of each Closing Date:

(a) Eligible RALs and Eligible HSBC IMAs. Each Participated HSBC RAL is an Eligible RAL, and each Participated HSBC IMA is an Eligible IMA.

(b) Sale and Ownership; Title. Each conveyance of a Participation Interest by HSBC TFS to BFC on such Closing Date constitutes either (i) a valid sale, transfer, assignment, set over and conveyance to BFC of all right, title and interest of HSBC TFS in and to such Participation Interest, free and clear of any Lien of any Person claiming through or under HSBC TFS or any of its Affiliates, or (ii) if it is ultimately determined by a court of competent jurisdiction that a sale of a Participation Interest from HSBC TFS to BFC did not occur, then such conveyance constitutes a grant of a security interest (as defined in the UCC as in effect in the applicable state) by HSBC TFS to BFC in each Participation Interest purportedly conveyed and this Participation Agreement constitutes a security agreement with respect thereto. On each Closing Date, immediately prior to any such sale of (or grant of a security interest in) a Participation Interest, HSBC TFS will be the sole legal and beneficial owner of, and will have marketable title to, the Participation Interest, free and clear of any Lien (other than the interests of BFC contemplated by this Participation Agreement). Neither HSBC TFS nor any Person claiming through or under HSBC TFS or any of its Affiliates shall have any claim to or interest in such Participation Interest, except for any interest of HSBC TFS therein as a "debtor" (specifically, as seller of payment intangibles) for purposes of Article 9 of the UCC.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF BFC

Section 3.1. Representations Incorporated by Reference. BFC hereby represents and warrants to HSBC TFS that each representation and warranty made by BFC in Article III of the Retail Distribution Agreement is true and correct, each and all of which are made as of the date hereof and (except the representations and warranties in Section 3.6 of the Retail Distribution Agreement) as of each day during the term of this Participation Agreement.

ARTICLE IV
PURCHASE AND SALE OF PARTICIPATION INTERESTS

Section 4.1. Purchase and Sale of Participation Interests in HSBC RALs and HSBC IMAs.

(a) Purchase and Sale of Participation Interests. Except as otherwise provided herein, HSBC TFS shall sell to BFC, and BFC shall purchase from HSBC TFS, a Participation Interest in each HSBC RAL and HSBC IMA originated pursuant to any Distribution Agreement. Each such Participation Interest shall be purchased by BFC on the first Business Day following the Business Day on which the Disbursement Check for such HSBC RAL or HSBC IMA has been presented to HSBC Bank or HSBC Trust, as the case may be, for payment or Electronic Disbursement for such HSBC RAL or HSBC IMA, has been made by HSBC Bank or HSBC Trust, as the case may be. HSBC TFS shall convey each Participation Interest to BFC upon BFC's payment to HSBC TFS of the Purchase Price with respect to each such Participation Interest as set forth in Section 4.3. If and to the extent that any conveyance of a Participation Interest is not deemed a sale of a Participation Interest, (i) HSBC TFS hereby grants to BFC a security interest in each Participation Interest that was purportedly conveyed, (ii) this Participation Agreement shall constitute a security agreement with respect to such Participation Interest under applicable Law and (iii) HSBC TFS authorizes the filing of such financing and continuation statements with respect to Participation Interests hereafter created or arising. Except for the representations and warranties expressly made by HSBC TFS in this Participation Agreement, Participation Interests (and the acquisition thereof by BFC) shall be without recourse to HSBC TFS.

(b) Applicable Percentage. The Applicable Percentage for each Calculation Period during the term of this Participation Agreement shall be 49.999999%; provided, however, that (i) BFC may elect to reduce the Applicable Percentage to zero (0) for a particular Calculation Period, by giving notice of BFC's election to HSBC TFS on or before September 1 immediately prior to such Calculation Period; (ii) BFC may elect to reduce the Applicable Percentage to zero (0) for any applicable Calculation Period (or any remaining portion thereof) from and after January 30 of such Calculation Period, by giving notice of BFC's election to HSBC TFS on or before January 20 of such Calculation Period for which the election is applicable; and (iii) BFC may elect to reduce the Applicable Percentage to zero (0) at any time if BFC has exceeded its internal funding limit, by giving notice thereof as soon as practicable, but no later than 8:30 a.m., New York time, on the date of the reduction of the Applicable Percentage to zero (0), it being understood that the reduction of the Applicable Percentage to

zero (0) shall only be in effect during the periods of time BFC has exceeded its internal funding limit.

Section 4.2. Purchase Price. The Purchase Price for each Participation Interest on each Closing Date shall be equal to the product of (a) the Applicable Percentage on such Closing Date, multiplied by (b) the Principal Amount minus (1) in the case of an HSBC RAL, the RAL Fees and the Refund Account Fees of the HSBC RAL, or (2) in the case of an HSBC IMA, the IMA Fees, in which a Participation Interest is being purchased.

Section 4.3. Payment. Each Business Day, not later than 8:30 a.m., New York time, HSBC TFS shall provide to BFC a list of the number and amount of Disbursement Checks presented to HSBC Bank or HSBC Trust for payment and Electronic Disbursements made by HSBC Bank and HSBC Trust for HSBC RALs and HSBC IMAs on the previous Business Day (excluding those Disbursement Checks and Electronic Disbursements related to any HSBC RALs and HSBC IMAs excluded pursuant to Section 4.4), together with the aggregate Purchase Price for the Participation Interests corresponding to such HSBC RALs and HSBC IMAs. BFC shall pay to HSBC TFS the full amount of such Purchase Price not later than 4:30 p.m., New York time, on the Business Day on which such notice is received. Such payment shall be made via wire transfer to such domestic account designated by HSBC TFS by notice to BFC from time to time, in United States dollars.

Section 4.4. Right to Exclude Certain HSBC RALs and HSBC IMAs.

(a) BFC may in its reasonable discretion elect not to purchase Participation Interests in any group or groups of HSBC RALs and HSBC IMAs, for any remaining portion of a Calculation Period and/or for any future Calculation Periods, for any of the following reasons: (i) to comply with applicable Laws on advice of BFC's counsel; (ii) to comply with a court order or a cease and desist order; (iii) to comply with an agreement with any federal or state regulatory authority; or (iv) any combination of the foregoing reasons.

(b) HSBC TFS or HSBC Bank or HSBC Trust may in its reasonable discretion elect not to sell Participation Interests in any group or groups of HSBC RALs and HSBC IMAs, for any remaining portion of a Calculation Period and/or for any future Calculation Periods, for any of the following reasons: (i) to comply with applicable Laws; (ii) to comply with a court order or a cease and desist order; (iii) to comply with an agreement with any federal or state regulatory authority; or (iv) any combination of the foregoing reasons. Upon any such election, the parties shall negotiate in good faith to promptly amend this Participation Agreement to the extent necessary to achieve economic results for BFC that are comparable to the economic results that BFC would have achieved had such election not been made.

(c) Either BFC or HSBC TFS shall make such elections to exclude certain RALs and HSBC IMAs by giving notice of such election to the other party, which notice shall specify the group or groups of HSBC RALs and HSBC IMAs that the notifying party elects to exclude, the reason for such exclusion and the remaining portion of a Calculation Period or future Calculation Periods with respect to which such RALs and HSBC IMAs shall be excluded, which election shall become effective ten (10) days after the giving of such notice.

Section 4.5. Certain Rights of HSBC TFS. The following obligations of BFC under this Section 4.5 shall survive any termination of the obligations of HSBC TFS to sell, and the obligations of BFC to purchase, Participation Interests in HSBC RALs and HSBC IMAs pursuant to Section 4.1 and all other events and conditions whatever:

(a) Reimbursement. If, at any time, HSBC TFS is required to return or pay over any payment received by, or application of funds made by, HSBC TFS on account of any Participated HSBC RAL or Participated HSBC IMA, BFC, promptly upon notice from HSBC TFS, shall pay to HSBC TFS an amount equal to the Applicable Percentage of the amount (net of related Defaulted RAL/IMA Collection Fees (as that term is defined in the Servicing Agreement), as the case may be, retained by the Servicer pursuant to the Servicing Agreement) so returned or paid over, together with the Applicable Percentage of any interest or penalties payable with respect to such Participated HSBC RAL or HSBC IMA, as the case may be.

(b) Payover. If BFC receives any payment for any HSBC RAL or HSBC IMA, BFC shall deliver such payment to the Servicer for deposit into the applicable Deposit Account and, where applicable, allocation to the IMA Collection Ledger as provided in Section 3.2 of the Servicing Agreement.

Section 4.6. Information to be Furnished by HSBC TFS to BFC. HSBC TFS shall provide to BFC, as of January 31, April 30, July 31, and October 31 of each year during the Term, a listing by Calculation Period of the Principal Amounts and other amounts owing on all unpaid Participated HSBC RALs and Participated HSBC IMAs, unique customer identifiers related thereto, type of Settlement Product including, if applicable, type of HSBC RAL, EIC indicator and any other information related thereto mutually agreeable to the parties, such information to be provided within five (5) Business Days after such dates. BFC shall not use such information for any purpose other than asset verification and trend analysis and agrees to hold such information in confidence and not to disclose such information to any party other than its accountants and its legal counsel, subject to the terms and conditions of Section 16.1 of the Retail Distribution Agreement.

Section 4.7. True Sale and Nonconsolidation Opinions. Upon BFC's request, HSBC TFS agrees to use commercially reasonable efforts to obtain for BFC (a) a "true sale" opinion of counsel to HSBC TFS with respect to the sale by HSBC TFS and the purchase by BFC or its Affiliates of the Participation Interests in the HSBC RALs and HSBC IMAs, and (b) a "nonconsolidation" opinion of counsel to HSBC TFS with respect to HSBC TFS and any other Affiliate of HSBC TFS that owns the Participation Interests prior to such sale and purchase, in both cases in form and substance typically employed in off-balance sheet financing or sale transactions generally; provided, however, that in connection with such efforts (A) HSBC TFS shall not be obligated to restructure the terms of any Program Contract in any way that will have a Material Adverse Effect upon the economic interests of HSBC TFS or its Affiliates, and (B) the failure of HSBC TFS to obtain such opinions (after making commercially reasonable efforts to do so) shall not constitute a breach of any of HSBC TFS's obligations under this Participation Agreement and shall in no event give rise to any liability on the part of HSBC TFS or any of its Affiliates. With respect to such opinions for a particular Calculation Period, (i) BFC shall request such opinions as soon as reasonably possible during the immediately preceding calendar year, and in any event, no later than September 1st of such preceding calendar year absent major

structural changes to the terms of any Program Contract made or proposed by HSBC TFS or its Affiliates, (ii) BFC shall identify the entity, if any, with whom it intends to effectuate any financing or sale transaction, and the proposed structure of such financing or sale transaction, as soon as reasonably possible during the immediately preceding calendar year, and in any event, no later than September 1st of such preceding calendar year absent major structural changes to the terms of any Program Contract made or proposed by HSBC TFS or its Affiliates, and (iii) BFC, HSBC TFS and its Affiliates shall cooperate and use commercially reasonable efforts to complete all changes to the terms of all Program Contracts, if any, and the legal documents and agreements reflecting such changes, if any, as soon as reasonably possible during the immediately preceding calendar year, and in any event no later than October 15th of such preceding calendar year absent major structural changes to any such agreement made or proposed by BFC or HSBC TFS or its Affiliates. BFC shall be solely responsible for all legal fees of the parties associated with any opinion undertaken pursuant to this Section 4.7. In connection with any request by BFC for an opinion pursuant to this Section 4.7 for a particular Calculation Period, HSBC TFS shall, upon reasonable request by BFC, provide to BFC copies of all material operative agreements executed by HSBC TFS or its Affiliates relating to the origination of HSBC RALs and HSBC IMAs by the Originator, or the sale and servicing of HSBC TFS's retained interests in the HSBC RALs and HSBC IMAs, for such Calculation Period, as well as all material operative agreements executed by HSBC TFS or its Affiliates relating to the financing or sale of such retained interests for such Calculation Period, in each case only to the extent (y) such agreements are reasonably necessary to be reviewed by BFC in connection with the opinions contemplated by this Section 4.7, and (z) the terms of such agreements permit disclosure to third parties; provided, however, that HSBC TFS shall not add any provision to any such agreement that unreasonably prohibits disclosure to BFC, its accountants or counsel engaged in connection with the issuance of any opinion pursuant to this Section 4.7, or the entity, if any, engaged by BFC to effectuate any financing or sale transaction. BFC hereby agrees to hold all such agreements in strict confidence and not to provide any copies or disclose any terms therein to any party other than its accountants, its counsel and the entity, if any, with whom BFC proposes to effectuate any financing or sale transaction, subject to the terms and provisions of Section 16.1 of the Retail Distribution Agreement (provided that references therein to any Program Contract shall be deemed to be references to such material operative agreements for purposes of this sentence); provided, however, that, notwithstanding any other provision in this Participation Agreement, if such entity or an Affiliate of such entity is deemed by HSBC TFS to be a competitor of HSBC TFS in the making or servicing of RALs or IMAs, then the disclosure of such agreements to such entity may be restricted by HSBC TFS to the extent deemed necessary by HSBC TFS, in its sole discretion, to protect its business interests and trade secrets.

Section 4.8. Right of BFC to Sell Participation Rights. If BFC has elected not to purchase a Participation Interest as to any Calculation Period, BFC shall have the right to sell, assign and transfer its rights to purchase Participation Interests as to such Calculation Period without the consent of HSBC TFS if (a) such contemplated sale and assignment will not materially adversely affect any right or obligation of HSBC TFS under this Participation Agreement, and (b) the contemplated purchasers and assignees (i) have the operational and financial capacity to meet all obligations of BFC under this Participation Agreement contemplated to be assigned to them and (ii) are not, and will not become upon effectiveness of such contemplated purchase and assignment, subject to any Law or consent that could reasonable

be deemed to require any Governmental Approval or third-party consent, that has not been obtained, to carry out any of the obligations contemplated to be purchased and assigned to them. BFC shall provide HSBC TFS at least five (5) Business Days prior notice of any contemplated sale and assignment, which notice shall specify the portion of BFC's rights to purchase Participation Interests which it proposes to sell, the Person or Persons to whom it proposes to sell such rights, the price and the terms and conditions of the proposed sale of such rights contained in any bona fide offer to purchase such rights (the "Offer"). Within five (5) Business Days after such notice, HSBC TFS or its Affiliates may elect, upon notice to BFC, to purchase from BFC the rights to purchase Participation Interests proposed to be sold, at the price and on the terms and conditions set forth in the Offer. If HSBC TFS or its Affiliates do not so elect to purchase BFC's rights, BFC shall have the right to sell such rights to the Person or Persons, at the price and on the terms and conditions specified in the Offer, for a period of forty (40) days after BFC's notice of the Offer to HSBC TFS.

ARTICLE V
SERVICING OF PARTICIPATED HSBC RALS AND HSBC IMAS

Section 5.1. Servicing Agreement. HSBC Bank, HSBC Trust, BFC and HSBC TFS (on its own behalf and as Servicer) are parties to the First A&R Servicing Agreement executed concurrently herewith. Pursuant to the terms of the Servicing Agreement, the Servicer shall perform all servicing acts with respect to Participated HSBC RALs and Participated HSBC IMAs including, but not limited to, performing payment processing, record keeping, collecting and monitoring all payments made with respect to Participated HSBC RALs and Participated HSBC IMAs, other routine customer service functions and distribution of funds.

ARTICLE VI
REPURCHASE OF PARTICIPATION INTERESTS

Section 6.1. Repurchase Events.

(a) If HSBC TFS shall breach any of its representations and warranties made in Section 2.3 and the HSBC RAL or HSBC IMA, as the case may be, underlying such Participation Interest was not fully collected (i) with respect to such HSBC RAL, by December 31 immediately following the Tax Period in which such HSBC RAL was originated, or (ii) with respect to such HSBC IMA, by December 31 immediately following the Calculation Period in which such HSBC IMA was originated, then BFC shall have the repurchase rights set forth in Section 6.2.

(b) If a Participated HSBC RAL or Participated HSBC IMA is not an Eligible RAL or Eligible IMA, as the case may be, as a result of the failure to satisfy the conditions set forth in the definition of Eligible RAL or Eligible IMA (contingent on that failure not being caused by any action or inaction by BFC to perform its explicit obligations under this Participation Agreement), and such Participated HSBC RAL or Participated HSBC IMA was not fully collected (i) with respect to such HSBC RAL, by December 31 immediately following the Tax Period in which such HSBC RAL was originated, or (ii) with respect to such HSBC IMA, by December 31 immediately following the Calculation Period in which such HSBC IMA was originated, then BFC shall have the repurchase rights set forth in Section 6.2.

Section 6.2. Repurchase Remedy. In the event of a breach as set forth in Section 6.1, then, upon the earlier to occur of the discovery by BFC of such breach or event, or receipt by BFC of notice from HSBC TFS of such breach or event, BFC may by notice then given in writing to HSBC TFS direct HSBC TFS to repurchase the Participation Interest in each such Participated HSBC RAL or Participated HSBC IMA, as the case may be, within thirty (30) days of such notice (or within such longer period as may be specified in such notice but in no event later than one hundred twenty (120) days) on a date specified by BFC occurring within such applicable period, on the terms and conditions set forth in Section 6.3.

Section 6.3. Procedures for Repurchase. When the provisions of Section 6.2 require repurchase of a Participation Interest, HSBC TFS shall purchase such Participation Interest by remitting to BFC an amount equal to the Repurchase Value of the Participation Interest as of the date of such repurchase. Such remittance shall be made to BFC at such account designated by BFC by notice to HSBC TFS, in United States dollars and in immediately available funds, without setoff, withholding, counterclaim or other deduction of any nature whatsoever. Upon such remittance, BFC shall automatically and without further action be deemed to transfer, assign, set over and otherwise convey to HSBC TFS, without recourse, representation or warranty (except for the warranty that since the date of conveyance by HSBC TFS to BFC, BFC has not sold, transferred or encumbered any such Participation Interest), all right, title and interest of BFC in and to such Participation Interest. BFC shall execute such documents and instruments of transfer and assignment and take other actions as shall reasonably be requested by HSBC TFS to evidence the conveyance of such Participation Interest, all monies due or to become due with respect thereto and all proceeds thereof pursuant to this Section 6.3. The obligation of HSBC TFS to repurchase Participation Interests in HSBC RALs and HSBC IMAs in accordance with this Section 6.3 shall constitute the sole remedy respecting the occurrence of the events specified in Section 6.1.

Section 6.4. Impairment. For the purposes of this Article VI, no proceeds of a HSBC RAL or HSBC IMA shall be deemed to be impaired hereunder solely because such proceeds are held by HSBC TFS for more than the applicable period under Section 9-315(d) of the UCC as in effect in the State of Delaware.

ARTICLE VII
TERM AND TERMINATION

Section 7.1. Term. The "Initial Term" of this Participation Agreement shall commence as of July 1, 2006 and shall expire on June 30, 2011. In the event the Block Companies elect to renew the Retail Distribution Agreement for not more than two (2) successive one year periods (each such one year period is referred to as a "Renewal Term"), this Participation Agreement shall be automatically renewed for each Renewal Term so elected by the Block Companies, unless BFC elects not to renew this Participation Agreement for a Renewal Term by providing written notice to HSBC Bank, HSBC Trust and HSBC TFS not later than ninety (90) days prior to the expiration of the Initial Term or, if the Participation Agreement was renewed, the Renewal Term. The Initial Term and any Renewal Term(s) are collectively referred to as the "Term". Notwithstanding the provisions of this Section 7.1, this Participation Agreement may be terminated prior to the expiration of the Initial Term or any Renewal Term in accordance with the provisions of Section 7.2.

Section 7.2. Termination.

(a) This Participation Agreement may be terminated as follows:

(1) upon the mutual written agreement of all of the parties hereto;

(2) upon the expiration or termination of the Retail Distribution Agreement;

(3) by BFC in accordance with Section 18.2(b) of the Retail Distribution Agreement; or

(4) by HSBC TFS in accordance with Section 19.2(b) of the Retail Distribution Agreement.

(b) BFC may terminate this Participation Agreement pursuant to Section 8.2(b).

(c) HSBC TFS may terminate this Participation Agreement pursuant to Section 9.2(b).

Section 7.3. Effect of Termination. Termination pursuant to Section 7.2 shall not affect the rights or obligations of the parties to this Participation Agreement or any other Program Contract arising prior to the termination of this Participation Agreement, including the obligations of the Servicer under the Servicing Agreement.

ARTICLE VIII
DEFAULT OF HSBC BANK, HSBC TRUST AND HSBC TFS AND REMEDIES OF BFC

Section 8.1. HSBC TFS Events of Default. The occurrence of any one or more of the following events for any reason whatsoever (whether voluntary or involuntary, by operation of Law or otherwise) shall constitute an event of default with respect to HSBC TFS. The occurrence of any one or more of the following events with respect to HSBC Bank or HSBC Trust, as applicable, for any reason whatsoever (whether voluntary or involuntary, by operation of Law or otherwise) shall constitute an event of default with respect to HSBC Bank or HSBC Trust, as applicable.

(a) HSBC Bank, HSBC Trust or HSBC TFS, as applicable, fails to observe or perform any covenant applicable to it contained in this Participation Agreement (or, in the event such covenant does not contain a Material Adverse Effect qualification, so long as such failure could reasonably be expected to have a Material Adverse Effect), following receipt of notice of such failure and the same shall remain unremedied for five (5) days or more following receipt of such notice;

(b) any representation, warranty, certification or statement made by HSBC Bank, HSBC Trust or HSBC TFS, as applicable, in this Participation Agreement is incorrect in any respect (or, in the event such representation, warranty, certification or statement made in this Participation Agreement does not contain a Material Adverse Effect qualification, so long as

such incorrect representation, warranty, certification or statement could reasonably be expected to have a Material Adverse Effect); or

(c) a HSBC Event of Default occurs under the Retail Distribution Agreement.

Section 8.2. Remedies. If any event of default by HSBC TFS under Section 8.1 has occurred and is continuing and adversely affects BFC, the following actions may be taken:

(a) Termination. BFC may terminate this Participation Agreement. If BFC terminates, this Participation Agreement under this Section 8.2(a), BFC shall promptly provide written notice to HSBC TFS. The effective date of termination shall be the date such corresponding notice was received by HSBC TFS.

(b) Other Rights and Remedies. BFC may exercise any rights and remedies provided to it under this Participation Agreement or at law or equity.

Section 8.3. Default Rate. If any event of default of HSBC TFS has occurred and is continuing, and all or any portion of the Obligations hereunder of HSBC TFS are outstanding, such Obligations or any portion thereof shall bear interest at the Default Rate until such Obligations or such portion thereof plus all interest thereon are paid in full.

Section 8.4. Waiver. BFC may waive, in writing, any event of default of HSBC Bank, HSBC Trust or HSBC TFS, as applicable. Upon any such waiver of a past event of default of HSBC Bank, HSBC Trust or HSBC TFS, as applicable, such event of default shall cease to exist; provided, however, that such waiver shall not excuse or discharge any Obligations relating to or liabilities arising from such event of default. No such waiver shall extend to any subsequent or other event of default of HSBC Bank, HSBC Trust or HSBC TFS, as applicable, or impair any right consequent thereon except to the extent expressly so waived.

ARTICLE IX
DEFAULT OF BFC AND REMEDIES OF HSBC TFS

Section 9.1. BFC Events of Default. The occurrence of any one or more of the following events for any reason whatsoever (whether voluntary or involuntary, by operation of Law or otherwise) shall constitute an event of default with respect to BFC:

(a) BFC fails to observe or perform any covenant applicable to it contained in this Participation Agreement (or, in the event such covenant does not contain a Material Adverse Effect qualification, so long as such failure could reasonably be expected to have a Material Adverse Effect), and the same shall remain unremedied for five (5) days or more following receipt of written notice of such failure;

(b) any representation, warranty, certification or statement made by BFC in or pursuant to this Participation Agreement is incorrect in any respect (or, in the event such representation, warranty, certificate or statement made in this Participation Agreement does not contain a Material Adverse Effect qualification, so long as such incorrect representation, warranty, certification or statement could reasonably be expected to have a Material Adverse Effect); or

(c) a Block Event of Default occurs under the Retail Distribution Agreement.

Section 9.2. Remedies. If any event of default by BFC under Section 9.1 has occurred and is continuing and adversely affects HSBC Bank, HSBC Trust or HSBC TFS, as applicable, the following actions may be taken:

(a) Termination. HSBC Bank, HSBC Trust or HSBC TFS, as applicable, may terminate this Participation Agreement. If any of HSBC Bank, HSBC Trust or HSBC TFS, as applicable, terminates this Participation Agreement under this Section 9.2(a), such party shall promptly provide written notice to BFC. The effective date of termination shall be the date such corresponding notice was received by BFC.

(b) Other Rights and Remedies. HSBC Bank, HSBC Trust or HSBC TFS, as applicable, may exercise any rights and remedies provided to it under this Participation Agreement or at law or equity.

Section 9.3. Default Rate. If any event of default of BFC has occurred and is continuing, and all or any portion of the Obligations hereunder of BFC are outstanding, such Obligations or any portion thereof shall bear interest at the Default Rate until such Obligations or such portion thereof plus all interest thereon are paid in full.

Section 9.4. Waiver. HSBC Bank, HSBC Trust or HSBC TFS, as applicable, may waive, in writing, any event of default of BFC. Upon any such waiver of a past event of default of BFC, such event of default of BFC shall cease to exist; provided, however, that such waiver shall not excuse or discharge any Obligations relating to or liabilities arising from such event of default of BFC. No such waiver shall extend to any subsequent or other event of default of BFC or impair any right consequent thereon except to the extent expressly so waived.

ARTICLE X
MISCELLANEOUS

Section 10.1. Independent Evaluation. BFC expressly acknowledges that except as provided in Article II and the other Program Contracts, HSBC Bank, HSBC Trust and HSBC TFS have not made any representation or warranty, express or implied, to BFC and no act by HSBC Bank, HSBC Trust or HSBC TFS heretofore or hereafter taken shall be deemed to constitute any representation or warranty by HSBC Bank, HSBC Trust or HSBC TFS to BFC**;** and (b) in connection with its entry into and its performance of its obligations under this Participation Agreement, BFC has made and shall continue to make its own independent investigation of the economic and credit risks associated with the purchase of Participation Interests**.**

Section 10.2. Survival.

(a) The rights and obligations of the parties hereto under Sections 1.1, 1.2, 1.3, 1.4(b), 4.5 and 4.6, Article V and Article VI of this Participation Agreement, shall survive the expiration or termination of this Participation Agreement until such time as no obligations of such parties thereunder are due and owing.

(b) The (i) representations and warranties of the parties hereto and (ii) the rights and obligations of the parties hereto under Sections 8.2, 8.3, 9.2 and 9.3 and Article X of this Participation Agreement shall survive the expiration or termination of this Participation Agreement indefinitely.

Section 10.3. No Waivers; Remedies Cumulative. No failure or delay by any party hereto in exercising any right, power or privilege under this Participation Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law, by other agreement or otherwise.

Section 10.4. Notices. All notices, requests and other communications to any party hereunder shall be provided in the manner set forth in Section 22.3 of the Retail Distribution Agreement.

Section 10.5. Severability. In case any provision of, or obligation under, this Participation Agreement shall be invalid, illegal or unenforceable in any applicable jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 10.6. Amendments and Waivers. Any provision of this Participation Agreement may be amended or waived only if such amendment or waiver is in writing and is signed by all of the parties hereto.

Section 10.7. Successors and Assigns. The provisions of this Participation Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, no such party may assign or otherwise transfer any of its rights under this Participation Agreement without the prior written consent of all parties signatory hereto except as provided in Sections 1.3, 4.8 or Article VI hereof.

Section 10.8. Headings. Headings and captions used in this Participation Agreement (including all exhibits and schedules thereto) are included herein for convenience of reference only and shall not constitute a part of this Participation Agreement for any other purpose or be given any substantive effect.

Section 10.9. Alternative Dispute Resolution. ANY DISPUTE BETWEEN OR AMONG THE PARTIES HERETO ARISING OUT OF OR RELATING TO THIS PARTICIPATION AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREIN (EXCEPT JUDICIAL ACTION FOR SPECIFIC PERFORMANCE OR INJUNCTIVE RELIEF) SHALL BE RESOLVED AMONG THE PARTIES TO SUCH DISPUTE BY NEGOTIATION, MEDIATION AND ARBITRATION IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE XXI OF THE RETAIL DISTRIBUTION AGREEMENT, WHICH ARE INCORPORATED HEREIN BY REFERENCE.

Section 10.10. Governing Law; Submission To Jurisdiction. THIS PARTICIPATION AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH

THE INTERNAL LAWS OF THE STATE OF MISSOURI. WITHOUT LIMITING THE EFFECT OF SECTION 10.9 HEREOF AND ARTICLE XXI OF THE RETAIL DISTRIBUTION AGREEMENT, EACH OF THE PARTIES HERETO HEREBY (A) SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE FEDERAL AND/OR STATE COURTS SITTING IN ST. LOUIS, MISSOURI FOR PURPOSES OF ALL LEGAL PROCEEDINGS FOR SPECIFIC PERFORMANCE OR INJUNCTIVE RELIEF PERMITTED BY SECTION 21.12 OF THE RETAIL DISTRIBUTION AGREEMENT, (B) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM, (C) IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN SUCH PROCEEDING THE MANNER PROVIDED FOR NOTICES IN SECTION 10.4 AND (D) AGREES THAT NOTHING IN THIS PARTICIPATION AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS PARTICIPATION AGREEMENT TO SERVE PROCESS IN ANY SUCH PROCEEDING IN ANY OTHER MANNER PERMITTED BY LAW.

Section 10.11. Waiver of Jury Trial. WITHOUT LIMITING THE EFFECT OF SECTION 10.9, EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING OUT OF OR RELATING TO THIS PARTICIPATION AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 10.12. Counterparts. This Participation Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Participation Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

Section 10.13. Entire Agreement. This Participation Agreement and the other Program Contracts, as amended through the date hereof, constitute the entire agreement and understanding among the parties hereto, and supersede and extinguish any and all prior agreements and understandings, oral or written relating to the operation of the Settlement Products Program on and after July 1, 2006. For the avoidance of doubt, (i) this Participation Agreement and the other Program Contracts, as amended through the date hereof, shall govern the operation of the Settlement Products Program on and after July 1, 2006, (ii) the Prior Program Agreements shall continue to govern the operation of the current program until their expiration on June 30, 2006 in accordance with their terms, and (iii) nothing in this Participation Agreement or the other Program Contracts shall affect the rights and obligations of the parties to the Prior Program Agreements, whenever arising, under such Prior Program Agreements, which remain valid and enforceable in accordance with their terms.

Section 10.14. Reinstatement. This Participation Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any party hereto for liquidation or reorganization, should any party hereto become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of any party’s assets or properties, and shall continue to be effective

or to be reinstated, as the case may be, if at any time payment and performance of the obligations hereunder, or any part thereof, is, pursuant to applicable Law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of such obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the obligations hereunder shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

Section 10.15. Advice of Counsel. Each of the parties represents to each other party hereto that it has discussed this Participation Agreement with its counsel.

Section 10.16. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Participation Agreement. In the event any ambiguity or question of intent or interpretation arises, this Participation Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Participation Agreement.

Section 10.17. Conflict of Terms. Except as otherwise provided in this Participation Agreement or any of the other Program Contracts by specific reference to the applicable provisions of this Participation Agreement, if any provision contained in this Participation Agreement conflicts with any provision in any of the other Program Contracts, other than the Indemnification Agreement or the Retail Distribution Agreement, the provisions contained in this Participation Agreement shall govern and control. If there is a conflict between this Participation Agreement and the Retail Distribution Agreement (but not the Indemnification Agreement), then the Retail Distribution Agreement shall control. If there is a conflict between this Participation Agreement and the Indemnification Agreement, the Indemnification Agreement shall control.

Section 10.18. Further Execution. Each party hereto shall execute any and all documents as are necessary or desirable to consummate the transactions contemplated hereby.

Section 10.19. Expenses. Except as otherwise provided herein or in any Program Contract, each party hereto shall pay its own expenses, including the expenses of its own counsel and its own accountants, in connection with the consummation of the transactions contemplated by this Participation Agreement.

Section 10.20. No Implied Relationship. Notwithstanding any provision herein to the contrary:

(a) This Participation Agreement shall not be construed to establish a partnership or joint venture between the parties hereto.

(b) All personnel employed or otherwise engaged by any party hereto to perform the obligations and duties of such party hereunder shall not be deemed to be employees of any other party hereto. In addition, the party employing or otherwise engaging such employees, shall at all times be responsible for the compensation of, and payment of applicable

state and federal income taxes with respect to, any personnel employed by such party to perform any services hereunder.

Section 10.21. No Third Party Beneficiaries. This Participation Agreement is for the sole benefit of the parties hereto and their permitted successors and assigns and nothing in this Participation Agreement, express or implied, is intended to or shall confer upon any other person any legal or equitable right, benefit or remedy, of any nature whatsoever under or by reason of this Participation Agreement.

Section 10.22. Limitation of Scope of Representations and Warranties and Other Disclosures. The representations, warranties and other disclosures set forth by each party hereto are only made for the benefit of the parties hereto and the purpose of the transactions contemplated hereby and are not intended for use by any person with respect to any acquisition or disposition of any security of any party hereto.

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THIS PARTICIPATION AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

IN WITNESS WHEREOF, the parties hereto have caused this HSBC Refund Anticipation Loan Participation Agreement to be executed by their respective duly authorized officers as of the date set forth above.

HSBC BANK USA, NATIONAL ASSOCIATION,
a national banking association

By: _____
Name:
Title:

HSBC TRUST COMPANY (DELAWARE), N.A.,
a national banking association

By: _____
Name:
Title:

HSBC TAXPAYER FINANCIAL SERVICES, INC.,
a Delaware corporation

By: _____
Name:
Title:

BLOCK FINANCIAL CORPORATION,
a Delaware corporation

By: _____
Name:
Title:

Exhibit 10.28

Execution Copy

FIRST AMENDED AND RESTATED
HSBC SETTLEMENT PRODUCTS
SERVICING AGREEMENT

Dated as of November 13, 2006

NOTE: CERTAIN MATERIAL HAS BEEN OMMITTED FROM THIS AGREEMENT PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24b-2. THE LOCATIONS OF THESE OMISSIONS ARE INDICATED THROUGHOUT THE AGREEMENT BY THE FOLLOWING MARKINGS: [***].

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FIRST AMENDED AND RESTATED
HSBC SETTLEMENT PRODUCTS SERVICING AGREEMENT

This First Amended and Restated HSBC Settlement Products Servicing Agreement (this "Servicing Agreement"), dated as of November 13, 2006, is made by and among the following parties:

HSBC Bank USA, National Association, a national banking association ("HSBC NA");

HSBC Taxpayer Financial Services, Inc., a Delaware corporation ("HSBC TFS");

HSBC Trust Company (Delaware), N.A., a national banking association ("HSBC Trust"); and

Block Financial Corporation, a Delaware corporation ("BFC").

RECITALS

A. HSBC NA offers banking products and services, including Settlement Products offered through Block Offices in Retained Locations.

B. HSBC Trust offers banking products and services, including RALs and RACs offered through Block Offices in Assigned Locations and through the Block Digital Channel.

C. HSBC TFS purchases loans and participation interests in loans originated by HSBC NA and HSBC Trust.

D. BFC offers financial products and services to individuals and business entities, and purchases loans and participation interests in loans originated by third party lenders.

E. HSBC TFS is in the business of servicing loans and other financial products and services, including Settlement Products, for HSBC Bank, HSBC Trust and other financial services companies.

F. HSBC NA, HTMAC, HSBC TFS and certain of their Affiliates, and BFC and certain of its Affiliates, previously entered into the HSBC Settlement Products Retail Distribution Agreement, dated as of September 23, 2005, as amended by that certain Joinder and First Amendment to Program Contracts, dated as of November 10, 2006 pursuant to which, *inter alia*, HTMAC was removed as a party to the Program Contracts and HSBC TFS replaced HTMAC as a party thereto, as further amended by that certain Second Amendment to Program Contracts, dated as of the date hereof, and as from time to time further amended, restated, supplemented or otherwise modified (the "Retail Distribution Agreement"), and other agreements related thereto.

G. Simultaneously with the execution of this Servicing Agreement, HSBC NA, HSBC Trust, HSBC TFS and BFC are entering into the Amended and Restated HSBC Refund Anticipation Loan and Instant Money Advance Participation Agreement, as from time to time amended, restated or otherwise modified (the "Participation Agreement"), pursuant to which

HSBC Bank may sell, and BFC may purchase, Participation Interests in certain Settlement Products originated by HSBC Bank.

H. HSBC NA, HSBC TFS, HTMAC and BFC previously entered into a Servicing Agreement, dated as of September 23, 2005 (the "Original Servicing Agreement") to appoint HSBC TFS as the Servicer of the Settlement Products and to administer all Refunds Paid with respect to such Settlement Products.

I. HSBC NA, HSBC Trust, HSBC TFS and BFC desire to amend and restate the Original Servicing Agreement to reflect the addition of HSBC Trust as the Originator for the Assigned Locations, to reflect the removal of HTMAC as a party, to reflect the replacement of HTMAC by HSBC TFS and to make certain other modifications to the terms of the Original Servicing Agreement, each as more fully set forth herein.

AGREEMENT

ACCORDINGLY, the parties to this Servicing Agreement agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. For all purposes of this Servicing Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Appendix of Defined Terms and Rules of Construction attached to the Retail Distribution Agreement as **Appendix A**, which is hereby incorporated by reference herein. All other capitalized terms used herein shall have the meanings set forth below. In the event that any definition specified in this Servicing Agreement for any capitalized term is inconsistent with the definition specified for such term in the Appendix of Defined Terms and Rules of Construction attached to the Retail Distribution Agreement as **Appendix A**, the definition in the Appendix of Defined Terms and Rules of Construction attached to the Retail Distribution Agreement as **Appendix A** shall govern.

"**2005 Baseline Percentage**" shall mean the IRS Collections Percentage for the 2005 Tax Year.

"**Base Servicing Fee Factor**" shall mean, for each applicable Calculation Period, an amount (i) reasonably determined by the Servicer to cover its anticipated base servicing expenses for such Calculation Period, and (ii) set forth in a notice delivered to the other HSBC Companies and the Block Companies on or before the first December 15th of such Calculation Period; provided, however, that for each Calculation Period such amount shall not exceed the following:

Calculation Period	Maximum Amount
Nov. 1, 2006 — Dec. 31, 2007	[***]
Nov. 1, 2007 — Dec. 31, 2008	[***]
Nov. 1, 2008 — Dec. 31, 2009	[***]
Nov. 1, 2009 — Dec. 31, 2010	[***]
Nov. 1, 2010 — Dec. 31, 2011	[***]
Nov. 1, 2011 — Dec. 31, 2012	$0 if the Participation Agreement is not renewed for such Calculation Period; and, if the Participation Agreement is renewed for such Calculation Period, an amount as agreed to by the Servicer and BFC on or before the commencement of the Renewal Term (as defined in the Participation Agreement) related to such Calculation Period; provided, however, that if no such amount is agreed to, then such amount shall be deemed to be [***] .
Nov. 1, 2012 — Dec. 31, 2013	$0 if the Participation Agreement is not renewed for such Calculation Period; and, if the Participation Agreement is renewed for such Calculation Period, an amount as agreed to by the Servicer and BFC on or before the commencement of the Renewal Term (as defined in the Participation Agreement) related to such Calculation Period; provided, however, that if no such amount is agreed to, then such amount shall be deemed to be [***] .
Nov. 1, 2013 and thereafter	$ 0

"**Base Servicing Fee Percentage**" shall mean, with respect to a Calculation Period, an amount, expressed as a percentage rounded to six decimal places, equal to the weighted average of (A) with respect to HSBC RALs, the remainder of (I) the product of (a) [***] percent ([***] %), multiplied by (b) the ratio of (i) the RAL and IMA Net Revenues for such Calculation Period, divided by (ii) the portion of Gross RAL and IMA Loan Volume represented by HSBC RALs for such Calculation Period, minus (II) the applicable Service Carry Percentage, but in no event less than zero percent (0%), and (B) with respect to HSBC IMAs, the product of (a) [***] percent ([***] %), multiplied by (b) the ratio of (i) the RAL and IMA Net Revenues for such Calculation Period, divided by (ii) the portion of Gross RAL and IMA Loan Volume represented by HSBC IMAs for such Calculation Period.

"**Block Servicing Fee**" shall mean, with respect to a Calculation Period, an amount equal to the product of (a) the remainder (but not less than zero) of (i) the Base Servicing Fee Factor for such Calculation Period, minus (ii) the HSBC Base Servicing Fee for such Calculation Period, multiplied by (b) a percentage equal to the sum of one hundred percent (100%) plus the applicable TVM.

"**Defaulted RAL/IMA Collection Fee Adjustment Factor**" shall mean, with respect to all HSBC RALs and HSBC IMAs (computed separately with respect to all HSBC RALS and all

HSBC IMAs) collected during a Tax Year but originated in a specific earlier Calculation Period, a percentage rounded to six decimal points, computed as follows

[{A multiplied by (1 – B)} divided by C] divided by D,

where

A = the HSBC Base Servicing Fee for the Calculation Period of origination,

B = the applicable Defaulted RAL/IMA Collection Fee Percentage for the Calculation Period of collection,

C = the weighted average Applicable Percentage (by original Principal Amount) for all Participated HSBC RALs and Participated HSBC IMAs originated during such Calculation Period of origination, and

D = the RAL and IMA Net Revenues for such Calculation Period of origination.

"**Defaulted RAL/IMA Collection Fee**" shall mean, with respect to each Defaulted HSBC RAL and Defaulted HSBC IMA, a collection fee payable to the Servicer equal to the product of (a) the applicable Defaulted RAL/IMA Collection Fee Percentage multiplied by (b) certain amounts otherwise distributable to the Originator, a Participant or other creditor, as set forth in the provisos to Sections 3.4(b), 3.5(b) and 3.6(b) of this Servicing Agreement.

"**Defaulted RAL/IMA Collection Fee Credit**" shall mean, as of the first day of any Tax Period, the remainder of [***] .

"**Defaulted RAL/IMA Collection Fee Percentage**" shall be, (a) with respect to all Defaulted HSBC IMAs collected during a specific Calculation Period, [***] percent ([***] %), and (b) with respect to all Defaulted HSBC RALs collected during a specific Tax Year, [***] percent ([***] %), unless the IRS Collections Percentage for the immediately preceding Calculation Period was less than the 2005 Baseline Percentage by at least [***] percent ([***] %), in which event the Defaulted RAL/IMA Collection Fee Percentage for HSBC RALs shall be determined as follows:

Reduction in IRS Collections Percentage During the Calculation Period Compared to 2005 Baseline Percentage	**Defaulted RAL/IMA Collection Fee Percentage**
at least [***] % but less than [***] %	[***]%
at least [***] % but less than [***] %	[***]%
at least [***] % but less than [***] %	[***]%
at least [***] % but less than [***] %	[***]%
at least [***] % but less than [***] %	[***]%

By way of example only, if the 2005 Base Percentage was [***] % and the IRS Collections Percentage for the 2007 Tax Year was [***] % (i.e., a reduction of the IRS Collections Percentage by [***] %), the Defaulted RAL/IMA Collection Fee Percentage for all HSBC RALs collected during the 2008 Calculation Period would be [***] %.

"**Defaulted RAL/IMA Pool Collection Fee Credit**" shall mean, in any computation of the Defaulted RAL/IMA Collection Fee Credit generated in a particular Calculation Period with respect to HSBC RALs and HSBC IMAs originated in a specific Calculation Period (such amounts computed separately with respect to all HSBC RALS and all HSBC IMAs, then combined to determine the overall credit), the product of [***] .

"**Delinquent ERO Charge Collection Fee**" shall mean an amount equal to [***] percent ([***] %) of those amounts collected by the Servicer on account of those Delinquent ERO Charges which BFC has identified in writing to the Servicer and specifically authorized the Servicer to collect on behalf of the related ERO.

"**Gross RAL and IMA Loan Volume**" shall mean, with respect to a Calculation Period, the aggregate gross initial principal amounts of all HSBC RALs and HSBC IMAs made during such Calculation Period.

"**HSBC Base Servicing Fee**" shall mean, with respect to a Calculation Period, the product of [***] .

"**HSBC Servicing Agreement**" shall have the meaning set forth in Section 3.1.

"**HSBC Servicing Fee**" shall mean, with respect to any Calculation Period, the sum of (i) the HSBC Base Servicing Fee, plus (ii) the HSBC Variable Servicing Fee.

"**HSBC Variable Servicing Fee**" shall mean, with respect to any Calculation Period, the product of [***] .

"**IRS Collections Percentage**" shall mean, as to any Tax Year, the percentage of [***] .

"**Permitted Block Assignment**" shall have the meaning set forth in Section 1.3(a).

"**Permitted HSBC Assignment**" shall have the meaning set forth in Section 1.3(b).

"**RAL and IMA Loan Volume Corridor Peak**" shall mean, with respect to any Calculation Period, the following amounts:

Calculation Period	Amount
Nov. 1, 2006 - Dec. 31, 2007	[***]
Nov. 1, 2007 - Dec. 31, 2008	[***]
Nov. 1, 2008 - Dec. 31, 2009	[***]
Nov. 1, 2009 - Dec. 31, 2010	[***]
Nov. 1, 2010 - Dec. 31, 2011	[***]
Nov. 1, 2011 - Dec. 31, 2012	[***]
Nov. 1, 2012 - Dec. 31, 2013	[***]

"**RAL and IMA Loan Volume Overage**" shall mean, with respect to a Calculation Period, [***] .

"**RAL and IMA Net Revenues**" shall mean, with respect to a Calculation Period, the remainder of (a) the aggregate amount of all RAL Fees, IMA Fees and Refund Account Fees charged or accrued by the Originator with respect to HSBC RALs and HSBC IMAs made during such Calculation Period, plus the RAL and IMA Price Reduction Amount minus (b) the aggregate unpaid Principal Amount of all outstanding HSBC RALs and HSBC IMAs that were made during such Calculation Period, determined as of the December 31st that is the last day of such Calculation Period.

"**Service Carry Percentage**" shall mean, with respect to a Calculation Period, an amount expressed as a percentage (rounded to six decimal points) equal to [***] .

"**Settlement Products Servicing**" shall have the meaning set forth in Section 3.1.

"**TVM**" shall mean a percentage equal to the 12 month average of one year LIBOR for the preceding 12 months (measured on each December 15 following a Tax Period) plus 0.20% (20 basis points).

Section 1.2. Rules of Construction. For all purposes of this Servicing Agreement, unless the context otherwise requires, the rules of construction set forth in the Appendix of Defined Terms and Rules of Construction attached to the Retail Distribution Agreement as **Appendix A** shall be applicable to this Servicing Agreement.

Section 1.3. Corporate Reorganizations.

(a) The Block Companies may assign their rights and obligations under this Servicing Agreement to one or more Subsidiaries of H&R Block without the consent of the HSBC Companies if (i) such assignment is desirable in connection with a reorganization of the business operations of H&R Block's Subsidiaries, (ii) such contemplated assignment will not materially adversely affect any right or obligation of any HSBC Company under this Servicing Agreement, and (iii) the contemplated assignee (A) is a wholly owned (direct or indirect) Subsidiary of H&R Block and (B) has the operational and financial capacity to meet all obligations of the assigning Block Company under this Servicing Agreement contemplated to be assigned to it (a "Permitted Block Assignment"). The assigning Block Companies shall provide each of the HSBC Companies at least sixty (60) days prior written notice of any contemplated Permitted Block Assignment. The parties hereto agree to amend this Servicing Agreement to the extent necessary to reflect such Permitted Block Assignment.

(b) The HSBC Companies may assign their rights and obligations under this Servicing Agreement to one or more Subsidiaries of HSBC North American Holdings, Inc., without the consent of the Block Companies if (i) such assignment is desirable in connection with a reorganization of the business operations of HSBC North American Holdings, Inc.'s Subsidiaries, (ii) such contemplated assignment will not materially adversely affect any right or obligation of any Block Company under this Servicing Agreement, and (iii) the contemplated assignee (A) is a wholly owned (direct or indirect) Subsidiary of HSBC North American Holdings, Inc., (B) only with respect to any assignment by HSBC Bank under this Section 1.3(b), is a national bank or federal savings association and (C) has the operational and financial capacity to meet all obligations of the assigning HSBC Company under this Servicing

Agreement contemplated to be assigned to it (a "Permitted HSBC Assignment"). The assigning HSBC Companies shall provide each of the Block Companies at least sixty (60) days prior written notice of any contemplated Permitted HSBC Assignment. The parties hereto agree to amend this Servicing Agreement to the extent necessary to reflect such Permitted HSBC Assignment.

(c) If HSBC Bank assigns this Servicing Agreement by a Permitted HSBC Assignment, then HSBC Bank shall also assign to such Subsidiary(ies) its rights and obligations under the HSBC Servicing Agreement with respect to this Servicing Agreement.

ARTICLE II
RETENTION OF SERVICER

Section 2.1. Engagement. The Originator hereby appoints the Servicer, and the Servicer hereby accepts such appointment, to act exclusively as the agent of the Originator to perform the Settlement Products Servicing (as defined in Section 3.1 below) with respect to each of the Settlement Products throughout the term of this Servicing Agreement or for such other period of time as set forth herein, upon and subject to the terms, covenants and provisions hereof.

ARTICLE III
SERVICES TO BE PERFORMED

Section 3.1. Services as Settlement Product Servicer. The Servicer hereby agrees to serve as the servicer with respect to each of the Settlement Products on behalf of the Originator and for the benefit of each Participant. The Servicer shall service and administer each Settlement Product upon and subject to the terms of this Servicing Agreement and that certain Amended and Restated Services Agreement (as amended from time to time, the "HSBC Servicing Agreement"), dated as of January 20, 2005, by and between HSBC TFS and HSBC Bank ("Settlement Products Servicing"). In the event of any inconsistency between the terms and provisions of this Servicing Agreement and the HSBC Servicing Agreement, the terms and provisions of this Servicing Agreement shall govern and control. The HSBC Servicing Agreement shall not be terminated or permitted to lapse during the term of this Servicing Agreement, except as provided in Section 11.2(a)(ii). Notwithstanding any provision of this Servicing Agreement to the contrary, Originator and Servicer may amend the HSBC Servicing Agreement without the consent of any Participant if such amendment (a) (i) to the extent it pertains to refund anticipation loan programs, pertains uniformly to all refund anticipation loan programs serviced by the Servicer and (ii) to the extent it pertains to instant money advance loan programs, pertains uniformly to all instant money advance loan programs serviced by the Servicer, and (b) does not cause a Material Adverse Effect with respect to any Participant, Block Company or Affiliate thereof, or Franchisee. The Originator and the Servicer shall give prompt notice to each Participant of any breach by the Servicer of its obligations under the HSBC Servicing Agreement, or any termination of the HSBC Servicing Agreement. The Originator hereby makes to each Participant the representations and warranties set forth in Section 13(a) of the HSBC Servicing Agreement (provided that all references therein to "Agreement" shall mean the HSBC Servicing Agreement) as of the date hereof. The Servicer hereby makes to each Participant the representations and warranties set forth in Section 13(b) of the HSBC Servicing

Agreement (provided that all references therein to "Agreement" shall mean the HSBC Servicing Agreement) as of the date hereof.

Section 3.2. Accounts.

(a) Deposit Accounts. With respect to each HSBC RAL and HSBC RAC, the Servicer shall establish and maintain, as appropriate, one Refund Deposit Account or one General Collection Deposit Account, or both, in compliance, as applicable, with the Internal Revenue Code and other applicable law, the RAL Documents and/or the Program Contracts, for the benefit, as applicable, of the relevant Settlement Product Client, and the owners of, and participants in, the relevant Settlement Product, for the purposes set forth herein. The Servicer shall deposit into the related Refund Deposit Account, on the day of receipt, any refund paid on account of any HSBC RAL or HSBC RAC. The Servicer shall deposit into the related General Collections Deposit Account, on the day of receipt, all payments and collections received by it on or after the date hereof with respect to the related HSBC RAL or HSBC RAC which do not constitute the Refund Paid.

(b) IMA Collection Ledger. With respect to the HSBC IMAs, the Servicer shall establish and maintain an appropriate ledger system (the "IMA Collection Ledger") in compliance with applicable law, the IMA Documents and the Program Contracts, for the benefit of the owners or, and the participants in, the HSBC IMAs, for the purposes set forth herein. The Servicer shall record on the IMA Collection Ledger all amounts deposited in any Deposit Account with respect to the HSBC IMAs pursuant to Section 3.3, Section 3.4 or Section 3.5, as applicable, of this Servicing Agreement, all payments and collections received by it through the cross collection process on account of any delinquent HSBC IMA, to the extent HSBC Companies elect to participate in cross collections with respect to IMAs, and all other payments and collections received by the Servicer on account of a HSBC IMA.

Section 3.3. Authorized Withdrawals Related to Unparticipated HSBC RALs. With respect to any Deposit Account related to an Unparticipated HSBC RAL and in accordance with the corresponding Application and other related documents including, without limitation, any related RAL Document, the Servicer, following the deposit of any payment or collection into such Deposit Account pursuant to Section 3.2, shall make allocations and withdrawals from such Deposit Account only as follows (the order set forth below constituting an order of priority for such allocations and withdrawals); provided, however, that if the Servicer has established and is maintaining both a Refund Deposit Account and a General Collections Deposit Account with respect to such Unparticipated HSBC RAL and deposits are made concurrently into such accounts, then allocations and withdrawals of such concurrent deposits shall be made first from the related General Collections Deposit Account and then from the related Refund Deposit Account:

(a) to withdraw any amount deposited in such Deposit Account which was not required to be deposited therein;

(b) except as otherwise specified below, to allocate on its servicing records all amounts on deposit in such Deposit Account (that represent good funds, net of any prior withdrawals or allocations from the Deposit Account pursuant to this Section 3.3) no later than

4:30 p.m. Eastern time on the Business Day following receipt, in the order listed below; provided, however, that except as provided below, amounts on deposit must be received by the Servicer prior to 8:00 p.m. Eastern time on a Business Day; provided, further, that except as provided below, any amounts received at or after 8:00 p.m. Eastern time on a Business Day shall be deemed to have been received on the following Business Day:

(i) to the applicable ERO, the Delinquent ERO Charges (payable solely out of the Refund Paid), in the manner and at such times as set forth in Section 9.8(a) of the Retail Distribution Agreement, net of Delinquent ERO Charge Collection Fees (if any, but in any event subject to Section 5.2(b)), which shall be retained by the Servicer;

(ii) to allocate to the IMA Collection Ledger, all amounts outstanding with respect to any HSBC IMA originated during the related Calculation Period on which the related Settlement Product Client is the obligor;

(iii) to the Originator, the related RAL Principal Amount;

(iv) to the Originator, the Late Fees, if any;

(v) to the applicable creditor or creditors, the First Priority Prior Indebtedness (payable in order of oldest to most recent First Priority Prior Indebtedness, in each case allocated in accordance with the priorities set forth in Section 3.4(b) or Section 3.6(b), as applicable, of this Servicing Agreement); provided, however, that if the source of payment of such amounts is the Refund Paid and if the Servicer receives an information file from the IRS regarding such Refund Paid on or before the second Business Day preceding receipt of such Refund Paid, then if the calendar day following receipt is not a Business Day, such amounts shall be allocated no later than 4:30 p.m. Eastern time on the day of receipt;

(vi) to the applicable creditor or creditors, via ACH credit or otherwise in accordance with the servicing standard specified in the HSBC Servicing Agreement, the Second Priority Prior Indebtedness;

(vii) to the applicable Person or Persons entitled thereto, via ACH credit or otherwise in accordance with the servicing standard specified in the HSBC Servicing Agreement, the Other Required Deductions;

(viii) to the Person or Persons entitled thereto, via ACH credit or otherwise in accordance with the servicing standard specified in the HSBC Servicing Agreement, such other Authorized Deductions as the Settlement Products Client shall have authorized in writing, including any custodian for an XIRA; and

(ix) to the Settlement Product Client, any remaining amounts to be processed as a Disbursement by the Originator;

provided, with respect to amounts specified in clauses (i), (iv), (v), (vi) and (vii) of Section 3.3(b) above, the Servicer shall on the later of (A) 38 days following the date of

Application, or (B) such later date as may be required by applicable law, transfer to the appropriate account or withdraw and remit to the appropriate recipient, pursuant to wiring instructions from the Originator, all funds allocated pursuant to Section 3.3(b); and with respect to all other amounts specified in Section 3.3(b), the Servicer shall withdraw and remit such amounts to the appropriate recipient, pursuant to wiring instructions from the Originator, on such date of allocation; and further provided, that if any such amount is the subject of a dispute with any Settlement Product Client or third Person, no such disputed amounts shall be allocated or withdrawn from any Deposit Account until a final decision has been made by the Servicer regarding such disputed amount; and, then

(c) to clear and terminate such Deposit Account upon the termination of the Servicer's obligations with respect to such Deposit Account under this Servicing Agreement.

The parties hereto acknowledge that, with respect to Unparticipated HSBC RALs, any related ERO Charges shall have already been paid out of related RAL proceeds pursuant to Section 9.8 of the Retail Distribution Agreement. Notwithstanding the foregoing, the order of priority of allocations and distributions specified in clause (b) above shall be subject to the priority of distributions specified in any existing collection agreement related to applicable Second Priority Prior Indebtedness and to which the Servicer is party; provided, however, that any new collection agreement entered into by the Servicer (which shall include any existing collection agreement to which the Servicer is party and as to which the Servicer exercises an option held by it to extend the term of such collection agreement beyond December 31, 2007) shall provide for priority of distributions consistent with clause (b) above.

Section 3.4. Authorized Withdrawals Related to Participated HSBC RALs. With respect to any Deposit Account related to a Participated HSBC RAL and in accordance with the corresponding Application and other related documents including, without limitation, any related RAL Document, the Servicer, following the deposit of any payment or collection into such Deposit Account pursuant to Section 3.2, shall make allocations and withdrawals from such Deposit Account only as follows (unless otherwise provided below, the order set forth below constituting an order of priority for such allocations and withdrawals)); provided, however, that if the Servicer has established and is maintaining both a Refund Deposit Account and a General Collections Deposit Account with respect to such Participated HSBC RAL and deposits are made concurrently into such accounts, then allocations and withdrawals of such concurrent deposits shall be made first from the related General Collections Deposit Account and then from the related Refund Deposit Account:

(a) to withdraw any amount deposited in such Deposit Account which was not required to be deposited therein;

(b) except as otherwise specified below, to allocate on its servicing records all amounts on deposit in such Deposit Account (that represent good funds, net of any prior withdrawals or allocations from the Deposit Account pursuant to this Section 3.4) no later than 4:30 p.m. Eastern time on the Business Day following receipt, in the order listed below; provided, however, that except as provided below, amounts on deposit must be received by the Servicer prior to 8:00 p.m. Eastern time on a Business Day; provided, further, that except as

provided below, any amounts received at or after 8:00 p.m. Eastern time on a Business Day shall be deemed to have been received on the following Business Day:

(i) to the applicable ERO, the Delinquent ERO Charges, (payable solely out of the Refund Paid), in the manner set forth in Section 9.8(a) of the Retail Distribution Agreement, net of Delinquent ERO Charge Collection Fees (if any, but in any event subject to Section 5.2(b)), which shall be retained by the Servicer;

(ii) to allocate to the IMA Collection Ledger, all amounts outstanding with respect to any HSBC IMA originated during the related Calculation Period on which the related Settlement Product Client is the obligor;

(iii) to the Originator in accordance with its RAL Ownership Interest, to each Participant in accordance with its respective Participation Interest, and to each holder of any other related participation interest in accordance with such interest (such rights of each Participant and holder under this clause (ii) being *pari passu* with the rights of the Originator and each other under this clause (ii)), the related RAL Principal Amount; provided, however, that if the source of payment of such amounts is the Refund Paid and if the Servicer receives an information file from the IRS regarding such Refund Paid on or before the second Business Day preceding receipt of such Refund Paid, then if the calendar day following receipt is not a Business Day, such amounts shall be allocated no later than 4:30 p.m. Eastern time on the day of receipt;

(iv) to the Originator in accordance with its RAL Ownership Interest, to each Participant in accordance with its respective Participation Interest, and to each holder of any other related participation interest in accordance with such interest (such rights of each Participant and holder under this clause (iii) being *pari passu* with the rights of the Originator and each other under this clause (iii)), the Late Fees, if any; provided, however, that if the source of payment of such amounts is the Refund Paid and if the Servicer receives an information file from the IRS regarding such Refund Paid on or before the second Business Day preceding receipt of such Refund Paid, then if the calendar day following receipt is not a Business Day, such amounts shall be allocated no later than 4:30 p.m. Eastern time on the day of receipt;

(v) to the applicable creditor or creditors, the First Priority Prior Indebtedness (payable in order of oldest to most recent First Priority Prior Indebtedness, in each case allocated in accordance with the priorities set forth in Section 3.4(b) or Section 3.6(b), as applicable, of this Servicing Agreement); provided, however, that if the source of payment of such amounts is the Refund Paid and if the Servicer receives an information file from the IRS regarding such Refund Paid on or before the second Business Day preceding receipt of such Refund Paid, then if the calendar day following receipt is not a Business Day, such amounts shall be allocated no later than 4:30 p.m. Eastern time on the day of receipt;

(vi) to the applicable creditor or creditors, via ACH credit or otherwise in accordance with the servicing standard specified in the HSBC Servicing Agreement, the Second Priority Prior Indebtedness;

(vii) to the applicable Person or Persons entitled thereto, via ACH credit or otherwise in accordance with the servicing standard specified in the HSBC Servicing Agreement, the Other Required Deductions;

(viii) to the Person or Persons entitled thereto, via ACH credit or otherwise in accordance with the servicing standard specified in the HSBC Servicing Agreement, such other Authorized Deductions as the Settlement Products Client shall have authorized in writing, including any custodian for an XIRA; and

(ix) to the Settlement Product Client, any remaining amounts to be processed as a Disbursement by the Originator;

provided, however, that if the Participated HSBC RAL is a Defaulted HSBC RAL, then the Servicer shall collect the applicable Defaulted RAL Collection Fee by withholding and retaining an amount (subject to Section 5.2(b)) equal to the product of (a) the applicable Defaulted RAL/IMA Collection Fee Percentage multiplied by (b) the applicable amounts otherwise distributable pursuant to subparagraphs (iii), (iv) and (v) above; and further provided, with respect to amounts specified in clauses (i), (iv), (v), (vi) and (vii) of Section 3.4(b) above, the Servicer shall on the later of (A) 38 days following the date of Application), or (B) such later date as may be required by applicable law, transfer to the appropriate account or withdraw and remit to the appropriate recipient, pursuant to wiring instructions from the Originator, all funds allocated pursuant to Section 3.4(b); and with respect to all other amounts specified in Section 3.4(b), the Servicer shall withdraw and remit such amounts to the appropriate recipient, pursuant to wiring instructions from the Originator, on such date of allocation; and further provided, that if any such amount is the subject of a dispute with any Settlement Product Client or third Person, no such disputed amounts shall be allocated or withdrawn from any Deposit Account until a final decision has been made by the Servicer regarding such disputed amount; and, then

(c) to clear and terminate such Deposit Account upon the termination of the Servicer's obligations with respect to such Deposit Account under this Servicing Agreement.

The parties hereto acknowledge that, with respect to Participated HSBC RALs, any related ERO Charges shall have already been paid out of related RAL proceeds pursuant to Section 9.8 of the Retail Distribution Agreement. Notwithstanding the foregoing, the order of priority of distributions specified in clause (b) above shall be subject to the priority of distributions specified in any existing collection agreement related to applicable Second Priority Prior Indebtedness and to which the Servicer is party; provided, however, that any new collection agreement entered into by the Servicer (which shall include any existing collection agreement to which the Servicer is party and as to which the Servicer exercises an option held by it to extend the term of such collection agreement beyond December 31, 2007) shall provide for priority of distributions consistent with clause (b) above.

Section 3.5. Authorized Withdrawals Related to RACs, Denied Classic RALs and Denied Classic eRALs. With respect to any Deposit Account related to a RAC, Denied Classic RAL or Denied Classic eRAL, and in accordance with the corresponding Application and other

related documents, the Servicer, following the deposit of any payment or collection into such Deposit Account pursuant to Section 3.2, shall make allocations and withdrawals from such Deposit Account only as follows (the order set forth below constituting an order of priority for such allocations and withdrawals):

(a) to withdraw any amount deposited in such Deposit Account which was not required to be deposited therein;

(b) except as otherwise specified below, to allocate on its servicing records all amounts on deposit in such Deposit Account (that represent good funds, net of any prior allocations or withdrawals from the Deposit Account pursuant to this Section 3.5) no later than 4:30 p.m. Eastern time on the Business Day following receipt, in the order listed below; provided, however, that except as provided below, amounts on deposit must be received by the Servicer prior to 8:00 p.m. Eastern time on a Business Day; provided, further, that except as provided below, any amounts received at or after 8:00 p.m. Eastern time on a Business Day shall be deemed to have been received on the following Business Day:

(i) to the applicable ERO, the ERO Charges, (payable solely out of the Refund Paid), in the manner and at such times as set forth in Section 9.8(a) or Section 9.8(b), as applicable, of the Retail Distribution Agreement;

(ii) to the applicable ERO, the Delinquent ERO Charges, (payable solely out of the Refund Paid), in the manner set forth in Section 9.8(a) of the Retail Distribution Agreement, net of Delinquent ERO Charge Collection Fees (if any, but in any event subject to Section 5.2(b)), which shall be retained by the Servicer;

(iii) to the Originator, the Refund Account Fee;

(iv) to allocate to the IMA Collection Ledger, all amounts outstanding with respect to any HSBC IMA originated during the related Calculation Period on which the related Settlement Product Client is the obligor;

(v) to the applicable creditor or creditors, the First Priority Prior Indebtedness (payable in order of oldest to most recent First Priority Prior Indebtedness, in each case allocated in accordance with the priorities set forth in Section 3.4(b) or Section 3.6(b), as applicable, of this Servicing Agreement); provided, however, that if the source of payment of such amounts is the Refund Paid and if the Servicer receives an information file from the IRS regarding such Refund Paid on or before the second Business Day preceding receipt of such Refund Paid, then if the calendar day following receipt is not a Business Day, such amounts shall be allocated no later than 4:30 p.m. Eastern time on the day of receipt;

(vi) to the applicable creditor or creditors, via ACH credit or otherwise in accordance with the servicing standard specified in the HSBC Servicing Agreement, the Second Priority Prior Indebtedness;

(vii) to the Person or Persons entitled thereto, via ACH credit or otherwise in accordance with the servicing standard specified in the HSBC Servicing Agreement, the Other Required Deductions;

(viii) to the Person or Persons entitled thereto, via ACH credit or otherwise in accordance with the servicing standard specified in the HSBC Servicing Agreement, such other Authorized Deductions as the Settlement Products Client shall have authorized in writing, including any custodian for an XIRA; and

(ix) to the Settlement Product Client, any remaining amounts to be processed as a RAC;

provided, however, that the Servicer shall collect the applicable Defaulted RAL Collection Fee, if any, by withholding and retaining an amount (subject to Section 5.2(b)) equal to the product of (a) the applicable Defaulted RAL Collection Fee Percentage multiplied by (b) the applicable amounts otherwise distributable pursuant to subparagraph (v) above; and further provided, with respect to amounts specified in clauses (ii), (v), (vi) and (vii) of Section 3.5(b) above, the Servicer shall on the later of (A) 38 days following the date of Application, or (B) such later date as may be required by applicable law, transfer to the appropriate account or withdraw and remit to the appropriate recipient, pursuant to wiring instructions from the Originator, all funds allocated pursuant to Section 3.5(b); and with respect to all other amounts specified in Section 3.5(b), the Servicer shall withdraw and remit such amounts to the appropriate recipient, pursuant to wiring instructions from the Originator, on such date of allocation; and further provided, that if any such amount is the subject of a dispute with any Settlement Product Client or third Person, no such disputed amounts with shall be allocated or withdrawn from any Deposit Account until a final decision has been made by the Servicer regarding such disputed amount; and, then

(c) to clear and terminate such Deposit Account upon the termination of the Servicer's obligations with respect to such Deposit Account under this Servicing Agreement.

Notwithstanding the foregoing, the order of priority of distributions specified in clause (b) above shall be subject to the priority of distributions specified in any existing collection agreement related to applicable Second Priority Prior Indebtedness and to which the Servicer is party; provided, however, that any new collection agreement entered into by the Servicer (which shall include any existing collection agreement to which the Servicer is party and as to which the Servicer exercises an option held by it to extend the term of such collection agreement beyond December 31, 2007) shall provide for priority of distributions consistent with clause (b) above.

Section 3.6. Authorized Withdrawals of Amounts Recorded on the IMA Collection Ledger. With respect to any amount recorded on the IMA Collection Ledger and in accordance with the corresponding Application and other related documents including, without limitation, any related IMA Document, the Servicer, following the deposit of any payment or collection into such Deposit Account pursuant to Section 3.2 shall make withdrawals on account of the IMAs recorded on the IMA Collection Ledger only as follows (unless otherwise provided below, the order set forth below constituting an order of priority for such withdrawals):

(a) to reallocate any such amount recorded on such IMA Collection Ledger which was not required to be recorded thereon;

(b) except as otherwise specified below, to remit all such amounts recorded on such IMA Collection Ledger (that represent good funds, net of any prior withdrawals or reallocations of amount recorded on the IMA Collection Ledger pursuant to this Section 3.6) no later than 4:30 p.m. Eastern time on the Business Day following receipt, pursuant to wiring instructions from the Originator, in the order listed below; provided, however, that except as provided below, any such amounts on deposit must be received by the Servicer prior to 8:00 p.m. Eastern time on a Business Day; provided, further, that except as provided below, any such amounts received at or after 8:00 p.m. Eastern time on a Business Day shall be deemed to have been received on the following Business Day:

(i) with respect to each related HSBC IMA, to the Originator in accordance with its IMA Ownership Interest, to each Participant in accordance with its respective Participation Interest, and to each holder of any other related participation interest in accordance with such interest (such rights of each Participant and holder under this clause (i) being *pari passu* with the rights of the Originator and each other under this clause (i)), the related IMA Fee;

(ii) with respect to each related HSBC IMA, to the Originator in accordance with its IMA Ownership Interest, to each Participant in accordance with its respective Participation Interest, and to each holder of any other related participation interest in accordance with such interest (such rights of each Participant and holder under this clause (ii) being *pari passu* with the rights of the Originator and each other under this clause (ii)), the related Principal Amount;

(iii) with respect to each related HSBC IMA, to the Originator in accordance with its IMA Ownership Interest, to each Participant in accordance with its respective Participation Interest, and to each holder of any other related participation interest in accordance with such interest (such rights of each Participant and holder under this clause (iii) being *pari passu* with the rights of the Originator and each other under this clause (iii), the Late Fees, if any;

provided, however, that if any such HSBC IMA is a Defaulted HSBC IMA and that the Servicer has not already collected the applicable Defaulted RAL/IMA Collection Fee pursuant to Section 3.4(b) or Section 3.5(b), then the Servicer shall collect the applicable Defaulted RAL/IMA Collection Fee by withholding and retaining an amount (subject to Section 5.2(b)) equal to the product of (a) the applicable Defaulted RAL/IMA Collection Fee Percentage multiplied by (b) the applicable amounts otherwise distributable pursuant to subparagraphs (i), (ii) and (iii) above; and

(c) to clear and terminate such Deposit Account upon the termination of the Servicer's obligations with respect to such Deposit Account under this Servicing Agreement.

Section 3.7. Priority. The Servicer shall not withdraw from any Deposit Account and remit to any party any amounts in satisfaction of any indebtedness, obligations or otherwise of

any Settlement Products Client prior to satisfaction of all obligations, indebtedness and otherwise of such Settlement Products Client under subsections (a) and (b) of Sections 3.3, 3.4 or 3.5, as applicable.

Section 3.8. No Set-off. Except as otherwise specifically provided in this Article III with respect to retention of Defaulted RAL/IMA Collection Fees, none of the Servicer, the Originator or any Affiliate thereof shall have any right to set-off against amounts payable hereunder to any Participant or any Affiliate thereof. The parties agree that the preceding sentence shall not be construed to limit or adversely affect the ability of any Block Company to apply or offset the Defaulted RAL/IMA Collection Fee Credit against amounts payable to any HSBC Company in the manner set forth in Section 5.2.

ARTICLE IV
STATEMENTS AND REPORTS

Section 4.1. Reporting by the Servicer.

(a) The Servicer shall provide, or cause to be provided, as applicable, to the relevant Originator and each Participant the following:

(i) No later than 8:30 a.m. Eastern time on each Business Day, a report setting forth (A) the aggregate amount of collections processed by Servicer on the immediately preceding Business Day and the Originator's and each Participant's share thereof, (B) the number of and aggregate amount outstanding of HSBC RALs and HSBC IMAs as of the close of business on the immediately preceding Business Day and the relevant Originator's and each Participant's share thereof, and (C) the number and principal amount of HSBC RALs and HSBC IMAs funded by such Originators on the immediately preceding Business Day on a "checks cleared" basis and such Originators' and each Participant's share of collections related thereto;

(ii) On the second Business Day following December 15 of each Tax Year, estimates (based upon information available as of December 15 of such Tax Year) of (a) the IRS Collections Percentage with respect to such Tax Year and the Defaulted RAL/IMA Collection Fee Credit, and (b) the HSBC Servicing Fee and the Block Servicing Fee for the related Calculation Period, along with supporting data, documentation and computations for each such estimate;

(iii) On the second Business Day following the conclusion of each Tax Year, its determination (as of the end of such Tax Year) of (a) the IRS Collections Percentage with respect to such Tax Year and the Defaulted RAL/IMA Collection Fee Credit, and (b) the HSBC Servicing Fee and the Block Servicing Fee for the related Calculation Period, along with supporting data, documentation and computations for each such determination;

(iv) Unless a Type II SAS 70 report (or any equivalent thereof or successor thereto) has been previously delivered pursuant to Section 6.10 of the Retail Distribution Agreement in the then-current calendar year, on the thirtieth (30th) day of the

second month immediately following the end of each of the Originator's and Servicer's fiscal year, as applicable, a report prepared by a nationally recognized independent accounting firm regarding its evaluation of the Originator's or Servicer's, as applicable, internal accounting controls relative to its respective obligations under the Program Contracts with respect to the Settlement Products, such report including an opinion (assuming the accuracy of any reports generated by the agents of Originator or Servicer, as applicable) of such accounting firm that the systems of internal accounting controls of the Originator or the Servicer, as applicable, in effect on the day set forth in the report were sufficient for the prevention and detection of errors for such exceptions, errors or irregularities as such firm shall believe to be immaterial to the financial statements of the Originator or the Servicer, as applicable, and such other exceptions, errors or irregularities as shall be set forth in such report; provided, however, that the HSBC Companies and the Block Companies shall split equally expenses incurred by the HSBC Companies in connection with the preparation of any such reports; provided, further, that the Block Companies' portion of such expenses shall not exceed Fifty Thousand Dollars ($50,000) in any year of the Term of this Servicing Agreement;

(v) At the request of any Participant (but not more often than annually), on or before June 30 of each year, a special report that the Servicer shall obtain from its independent certified public accountants (in such form and subject to such assumptions, limitations and qualifications as such accountants generally require for special reports of such type) that shall in effect state that the amounts calculated for the Servicer's Block Servicing Fee, the HSBC Servicing Fee, the IRS Collections Percentage, the Defaulted RAL/IMA Collection Fee Percentage and the Defaulted RAL/IMA Collection Fee Credit for the previous Calculation Period or Tax Year, as applicable, under Article V hereof are in compliance with the terms of this Servicing Agreement or stating the nature of any variance from the terms of this Servicing Agreement, provided, that each requesting Participant and the Servicer shall share the cost of such report equally (with each such Participant reimbursing the Servicer for such Participant's share such cost); and

(vi) Any statement, report or information reasonably requested by the Originator or any Participant; provided, however, that the Servicer shall not be required to provide copies of any statement, report or information requested by, or provided to, any applicable regulatory agency; provided, further, that the preceding proviso shall not preclude the provision of the same or similar information to the extent that the request therefor is not specifically framed in the context of responses to requests of applicable regulatory agencies.

(b) Unless otherwise specifically stated herein, if the Servicer is required to deliver any statement, report or information under any provision of this Servicing Agreement, the Servicer shall satisfy such obligation by delivering such statement, report or information in a commonly used electronic format.

ARTICLE V
SERVICER COMPENSATION AND EXPENSES

Section 5.1. HSBC Servicing Fee and Block Servicing Fee.

(a) In consideration for the Settlement Products Servicing performed by the Servicer pursuant to this Servicing Agreement, as soon as possible after December 31st, but in any event on or before the fifth Business Day after such date, following each Tax Period during the Term of the Retail Distribution Agreement (beginning in December 2007):

(i) HSBC TFS shall pay to the Servicer the applicable HSBC Servicing Fee; and

(ii) BFC shall pay to the Servicer the applicable Block Servicing Fee;

in each case via wire transfer of immediately available funds to an account designated in writing by the Servicer.

(b) The Servicer shall not have a right of set-off to collect the HSBC Servicing Fee or the Block Servicing Fee from any funds held, or amount payable, by the Servicer pursuant to the Servicing Agreement. The Servicer shall not have any lien on amounts payable to any Participant hereunder.

Section 5.2. Defaulted RAL/IMA Collection Fee; Defaulted RAL/IMA Collection Fee Credit.

(a) In addition to the servicing fees described in section 5.1 above, as consideration for collection of certain Defaulted HSBC RALs and Defaulted HSBC IMAs, the Servicer shall be entitled to receive a Defaulted RAL/IMA Collection Fee for each Defaulted HSBC RAL and Defaulted HSBC IMA solely from the funds, and in accordance with the payment provisions, specified in Article III of this Servicing Agreement.

(b) Notwithstanding any provision of any Program Contract to the contrary, the Defaulted RAL/IMA Collection Fee Credit shall, at the sole option of the applicable Block Company, be offset against any amount owed (either directly or by way of allocation of losses) by any of the Block Companies to any of the HSBC Companies with respect to the Settlement Products Program, including but not limited to any portion of Defaulted RAL/IMA Collection Fees or Delinquent ERO Charge Collection Fees allocable to a Block Company (or an Affiliate thereof, but in no event allocable to a Franchisee) in its capacity as a Participant or an ERO.

Section 5.3. Servicing Expense. The Servicer shall pay all expenses incurred by it in connection with its Settlement Products Servicing activities hereunder and shall not be entitled to reimbursement thereof except as specifically provided for herein or as provided in the HSBC Servicing Agreement (but only to the extent that the HSBC Servicing Agreement does not provide for payment of such amounts by any Participant out of its own funds or by retention or offset of amounts otherwise payable to any Participant hereunder or the Participation Agreement).

ARTICLE VI
THE SERVICER, THE ORIGINATOR AND
THE PARTICIPANTS

Section 6.1. Subservicing. The Servicer shall provide oversight and supervision with regard to the performance of all subcontracted services and any subservicing agreement shall be consistent with and subject to the provisions of this Servicing Agreement. Neither the existence of any subservicing agreement nor any of the provisions of this Servicing Agreement relating to subservicing shall relieve the Servicer of its obligations hereunder. Notwithstanding any such subservicing agreement, the Servicer shall be obligated to the same extent and under the same terms and conditions as if the Servicer alone was servicing and administering the related Settlement Products in accordance with the terms of this Servicing Agreement. The Servicer shall be solely liable for all fees owed by it to any subservicer, regardless of whether the Servicer's compensation hereunder is sufficient to pay such fees.

Section 6.2. Servicer Not to Assign. Except as otherwise provided in Section 1.3(b), the Servicer may not assign this Servicing Agreement or any of its rights, powers, duties or obligations hereunder without the written consent of the Originator and each Participant.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES OF THE BLOCK COMPANIES

Section 7.1. Representations Incorporated by Reference. Each Block Company that is a party to this Servicing Agreement represents and warrants, with respect to itself only, to each of the HSBC Companies that is a party to this Servicing Agreement that each representation and warranty made by it in Article III of the Retail Distribution Agreement is true and correct, each and all of which are made as of the date hereof (except the representations and warranties in Section 3.6 of the Retail Distribution Agreement) and as of each day during the term of this Servicing Agreement.

ARTICLE VIII
REPRESENTATIONS AND WARRANTIES OF THE HSBC COMPANIES

Section 8.1. Representations Incorporated by Reference. Each HSBC Company that is a party to this Servicing Agreement represents and warrants, with respect to itself only, to each of the Block Companies that is a party to this Servicing Agreement that each representation and warranty made by it in Article IV of the Retail Distribution Agreement is true and correct, each and all of which are made as of the date hereof and (except the representations and warranties in Section 4.6 of the Retail Distribution Agreement) as of each day during the term of this Servicing Agreement.

ARTICLE IX
DEFAULT OF BFC AND REMEDIES OF HSBC COMPANIES AND THE SERVICER

Section 9.1. BFC Events of Default. The occurrence of any one or more of the following events for any reason whatsoever (whether voluntary or involuntary, by operation of law or otherwise) shall constitute an event of default with respect to BFC:

(a) BFC fails to observe or perform any covenant applicable to it contained in this Servicing Agreement (or, in the event such covenant does not contain a Material Adverse Effect qualification, so long as such failure could reasonably be expected to have a Material Adverse Effect) and the same shall remain unremedied for five (5) days or more following receipt of written notice of such failure;

(b) any representation, warranty, certification or statement made by BFC in this Servicing Agreement shall prove to have been incorrect in any respect (or, in the event such representation, warranty, certificate or statement made in this Servicing Agreement does not contain a Material Adverse Effect qualification, so long as such incorrect representation, warranty, certification or statement could reasonably be expected to have a Material Adverse Effect); or

(c) a Block Event of Default occurs under the Retail Distribution Agreement.

Section 9.2. Remedies.

(a) If any event of default by BFC under Section 9.1 has occurred and is continuing and adversely affects any HSBC Company party hereto, other than the Servicer, the following actions may be taken:

(i) Termination. Any HSBC Company other than the Servicer may terminate itself as a party to this Servicing Agreement. Such HSBC Company terminating itself as a party to this Servicing Agreement under this Section 9.2(a)(i) shall promptly provide written notice to BFC and the Servicer. The effective date of any termination shall be the date such corresponding notice was received by BFC. For purposes of this Section 9.2(a)(i), a termination by such HSBC Company shall only be with respect to itself as a party to this Servicing Agreement and shall not be deemed to be a termination of this Servicing Agreement with respect to any other party.

(ii) Other Rights and Remedies. Subject to Section 9.2(b), any HSBC Company may exercise any rights and remedies provided to it under the Servicing Agreement or at law or equity.

(b) If any event of default by BFC under Section 9.1 has occurred and is continuing and adversely affects the Servicer, the Servicer may exercise any rights and remedies provided to it under the Servicing Agreement or at law or equity; provided, however, the Servicer shall be prohibited from terminating this Servicing Agreement or suspending, in whole or in part, its performance hereunder.

Section 9.3. Default Rate. If any event of default of BFC has occurred and is continuing, and all or any portion of the Obligations hereunder of BFC are outstanding, such Obligations or any portion thereof shall bear interest at the Default Rate until such Obligations or such portion thereof plus all interest thereon are paid in full.

Section 9.4. Waiver. Any HSBC Company may waive, in writing, any event of default of BFC. Upon any such waiver of a past event of default of BFC, such event of default of BFC shall cease to exist; provided, however, that such waiver shall not excuse or discharge any

Obligations relating to or liabilities arising from such event of default of BFC. No such waiver shall extend to any subsequent or other event of default of BFC or impair any right consequent thereon except to the extent expressly so waived.

ARTICLE X
DEFAULT OF HSBC COMPANIES AND REMEDIES OF BFC AND THE SERVICER

Section 10.1. HSBC Company Events of Default. The occurrence of any one or more of the following events for any reason whatsoever (whether voluntary or involuntary, by operation of law or otherwise) shall constitute an event of default with respect to any HSBC Company party hereto:

(a) such HSBC Company fails to observe or perform any covenant applicable to it contained in this Servicing Agreement (or, in the event such covenant does not contain a Material Adverse Effect qualification, so long as such failure could reasonably be expected to have a Material Adverse Effect), following receipt of notice of such failure and the same shall remain unremedied for five (5) days or more following receipt of such notice;

(b) any representation, warranty, certification or statement made by such HSBC Company in this Servicing Agreement is incorrect in any respect (or, in the event such representation, warranty, certificate or statement made in this Servicing Agreement does not contain a Material Adverse Effect qualification, so long as such incorrect representation, warranty, certification or statement could reasonably be expected to have a Material Adverse Effect); or

(c) a HSBC Event of Default occurs under the Retail Distribution Agreement.

Section 10.2. Remedies.

(a) If any event of default by any HSBC Company under Section 10.1 has occurred and is continuing and adversely affects BFC, the following actions may be taken:

(i) Termination. BFC may terminate this Servicing Agreement. In the event BFC terminates this Servicing Agreement under this Section 10.2(a)(i), it shall promptly provide written notice to each HSBC Company and the Servicer. The effective date of any termination shall be the earliest date such corresponding notice was received by any HSBC Company.

(ii) Other Rights and Remedies. BFC may exercise any rights and remedies provided to it under the Servicing Agreement or at law or equity.

(b) If any event of default by any HSBC Company under Section 10.1 has occurred and is continuing and adversely affects the Servicer, the Servicer may exercise any rights and remedies provided to it under the Servicing Agreement or at law or equity; provided, however, the Servicer shall be prohibited from terminating this Servicing Agreement or suspending, in whole or in part, its performance hereunder.

Section 10.3. Default Rate. If any event of default of any HSBC Company has occurred and is continuing, and all or any portion of the Obligations hereunder of the HSBC Companies parties hereto are outstanding, such Obligations or any portion thereof shall bear interest at the Default Rate until such Obligations or such portion thereof plus all interest thereon are paid in full.

Section 10.4. Waiver. BFC may waive, in writing, any event of default of any HSBC Company. Upon any such waiver of a past event of default of any HSBC Company, such event of default of such HSBC Company shall cease to exist; provided, however, that such waiver shall not excuse or discharge any Obligations relating to or liabilities arising from such event of default of such HSBC Company. No such waiver shall extend to any subsequent or other event of default of any HSBC Company or impair any right consequent thereon except to the extent expressly so waived.

ARTICLE XI
DEFAULT OF THE SERVICER AND REMEDIES OF BFC AND HSBC COMPANIES

Section 11.1. Servicer Events of Default. The occurrence of any one or more of the following events for any reason whatsoever (whether voluntary or involuntary, by operation of law or otherwise) shall constitute an event of default with respect to the Servicer (each, a "Servicer Event of Default"):

(a) the Servicer fails to remit to HSBC Bank or any Participant any payment required to be so remitted by the Servicer under the terms of this Servicing Agreement when and as due;

(b) the Servicer fails to observe or perform any other covenant applicable to it contained in the HSBC Servicing Agreement or this Servicing Agreement (or, in the event such covenant does not contain a Material Adverse Effect qualification, so long as such failure could reasonably be expected to have a Material Adverse Effect), following receipt of notice of such failure and the same shall remain unremedied for ten (10) days or more following receipt of such notice;

(c) any representation, warranty, certification or statement made by the Servicer in this Servicing Agreement shall prove to have been incorrect in any respect (or, in the event such representation, warranty, certificate or statement made in this Servicing Agreement does not contain a Material Adverse Effect qualification, so long as such incorrect representation, warranty, certification or statement could reasonably be expected to have a Material Adverse Effect);

(d) a HSBC Event of Default occurs under the Retail Distribution Agreement; or

(e) any termination of the HSBC Servicing Agreement.

Section 11.2. Remedies.

(a) If any Servicer Event of Default has occurred and is continuing and adversely affects HSBC Bank, the following actions may be taken:

(i) Termination. HSBC Bank may terminate itself as a party to this Servicing Agreement. In the event HSBC Bank terminates itself as a party to this Servicing Agreement under this Section 11.2(a)(i), it shall promptly provide written notice to the Servicer and the Participants. The effective date of any termination shall be the date such corresponding notice was received by the Servicer. For purposes of this Section 11.2(a)(i), a termination by HSBC Bank shall only be with respect to itself as a party to this Servicing Agreement and shall not be deemed to be a termination of this Servicing Agreement with respect to any other party.

(ii) Replacement of the Servicer. HSBC Bank may terminate this Servicing Agreement and the HSBC Servicing Agreement; provided, that the effective date of such termination shall be the date on which a substitute servicer reasonably acceptable to HSBC Bank and the Participants has entered into a substitute servicing agreement, substantially similar to this Servicing Agreement, with HSBC Bank and the Participants, and the HSBC Servicing Agreement, with HSBC Bank, immediately prior to such termination of Servicer as a party to this Servicing Agreement and the HSBC Servicing Agreement.

(iii) Other Rights and Remedies. HSBC Bank may exercise any rights and remedies provided to it under the Servicing Agreement or at law or equity.

(b) If any Servicer Event of Default has occurred and is continuing and adversely affects any Participant, the following actions may be taken:

(i) Termination. Such Participant may terminate itself as a party to this Servicing Agreement. Any Participant terminating itself as a party to this Servicing Agreement under this Section 11.2(b)(i) shall promptly provide written notice to the Servicer and HSBC Bank. The effective date of any termination shall be the date such corresponding notice was received by the Servicer. For purposes of this Section 11.2(b)(ii), a termination by any Participant shall only be with respect to itself as a party to this Servicing Agreement and shall not be deemed to be a termination of this Servicing Agreement with respect to any other party.

(ii) Replacement of the Servicer. Such Participant may terminate this Servicing Agreement; provided, that the effective date of such termination shall be the date on which a substitute servicer reasonably acceptable to HSBC Bank and the Participants has entered into a substitute servicing agreement, substantially similar to this Servicing Agreement, with HSBC Bank and the Participants immediately prior to such termination of Servicer as a party to this Servicing Agreement.

(iii) Other Rights and Remedies. Such Participant may exercise any rights and remedies provided to it under the Servicing Agreement or at law or equity.

Section 11.3. Default Rate. If any Servicer Event of Default has occurred and is continuing, and all or any portion of the Obligations hereunder of the Servicer are outstanding, such Obligations or any portion thereof shall bear interest at the Default Rate until such Obligations or such portion thereof plus all interest thereon are paid in full.

Section 11.4. Substitute Servicer. On or after the receipt by the Servicer of such written notice of termination of this Servicing Agreement, and if applicable, the HSBC Servicing Agreement, all authority and power of the Servicer under this Servicing Agreement, and if applicable, the HSBC Servicing Agreement, whether with respect to the Settlement Products or otherwise, shall pass to and be vested in the substitute servicer, and the Servicer agrees to cooperate with HSBC Bank and each Participant in terminating the Servicer's rights and responsibilities hereunder and under the HSBC Servicing Agreement, including, without limitation, the transfer to the substitute servicer of the servicing files and the funds held in the accounts as set forth in this Servicing Agreement.

ARTICLE XII
TERMINATION; TRANSFER OF PARTICIPATED HSBC RALS AND IMAS

Section 12.1. Term. The term of this Servicing Agreement shall begin as of October 15, 2006 and shall terminate in accordance with Section 12.2; provided, however, that notwithstanding any other provision of this Servicing Agreement, in the event HSBC Trust shall not have received by October 15, 2006 all regulatory approvals required for it to become subject to the terms of this Servicing Agreement that HSBC Trust deems reasonably necessary, this Servicing Agreement shall be effective as to HSBC Trust, and the term of this Servicing Agreement shall begin as to HSBC Trust, only on such later date, if any, as all such approvals are received.

Section 12.2. Termination.

(a) This Servicing Agreement shall terminate immediately, upon the mutual written agreement of all of the parties hereto.

(b) This Servicing Agreement shall terminate in accordance with Section 11.2(a)(ii) and Section 11.2(b)(ii).

Section 12.3. Termination of Agreement.

(a) In no event shall the Settlement Product Servicing obligations of the Servicer terminate prior to HSBC Bank and each Participant entering into a servicing agreement substantially similar hereto with a substitute servicer reasonably acceptable to HSBC Bank and each Participant.

(b) Termination pursuant to this Article XII or as otherwise provided herein shall be without prejudice to any rights of HSBC Bank, any Participant or the Servicer which may have accrued through the date of termination hereunder. Upon such termination, the Servicer shall (i) remit all funds in the Deposit Accounts to such Person as is designated in writing by HSBC Bank and the Participants; (ii) deliver all related servicing files to the Persons designated in writing by HSBC Bank and the Participants; and (iii) fully cooperate with HSBC

Bank, the Participants and any substitute servicer to effectuate an orderly transition of Settlement Product Servicing of the related Settlement Products.

ARTICLE XIII
MISCELLANEOUS PROVISIONS

Section 13.1. Survival.

(a) The rights and obligations of the parties hereto under Articles I, II, III, IV, V, VI, VII, VIII and XII of this Servicing Agreement shall survive the termination or expiration of this Servicing Agreement until such time as no liabilities hereunder are due and owing to the Originator or any Participant; except that Section 3.3(b)(i), Section 3.4(b)(i), Section 3.5(b)(i) and Section 3.5(b)(ii) shall survive the termination or expiration of this Servicing Agreement to and including December 31 occurring in the Tax Year in which the Participation Agreement is terminated or expires.

(b) The (i) representations and warranties of the parties hereto and (ii) the rights and obligations of the parties hereto under Articles IX, X, XI and XIII of this Servicing Agreement shall survive the termination or expiration of this Servicing Agreement indefinitely.

Section 13.2. No Waivers; Remedies Cumulative. No failure or delay by any party hereto in exercising any right, power or privilege under this Servicing Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law, by other agreement or otherwise.

Section 13.3. Notices. All notices, requests and other communications to any party hereunder shall be provided in the manner set forth in Section 22.3 of the Retail Distribution Agreement.

Section 13.4. Severability. In case any provision of or obligation under this Servicing Agreement shall be invalid, illegal or unenforceable in any applicable jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 13.5. Amendments and Waivers. Any provision of this Servicing Agreement may be amended or waived only if such amendment or waiver is in writing and is signed by all of the parties hereto.

Section 13.6. Successors and Assigns. The provisions of this Servicing Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, no such party may assign or otherwise transfer any of its rights under this Servicing Agreement without the prior written consent of all parties signatory hereto except as otherwise provided in Section 1.3 and Section 6.1 hereof.

Section 13.7. Headings. Headings and captions used in this Servicing Agreement (including all exhibits and schedules thereto) are included herein for convenience of reference

only and shall not constitute a part of this Servicing Agreement for any other purpose or be given any substantive effect.

Section 13.8. Alternative Dispute Resolution. ANY DISPUTE BETWEEN OR AMONG THE PARTIES HERETO ARISING OUT OF OR RELATING TO THIS SERVICING AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREIN (EXCEPT JUDICIAL ACTION FOR SPECIFIC PERFORMANCE OR INJUNCTIVE RELIEF) SHALL BE RESOLVED AMONG THE PARTIES TO SUCH DISPUTE BY NEGOTIATIONS, MEDIATION AND ARBITRATION IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE XXI OF THE RETAIL DISTRIBUTION AGREEMENT, WHICH ARE INCORPORATED HEREIN BY REFERENCE.

Section 13.9. Governing Law; Submission to Jurisdiction. THIS SERVICING AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MISSOURI. WITHOUT LIMITING THE EFFECT OF SECTION 13.8 HEREOF AND ARTICLE XXI OF THE RETAIL DISTRIBUTION AGREEMENT, EACH OF THE PARTIES HERETO HEREBY (A) SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE FEDERAL AND/OR STATE COURTS SITTING IN ST LOUIS, MISSOURI FOR PURPOSES OF ALL LEGAL PROCEEDINGS FOR SPECIFIC PERFORMANCE OR INJUNCTIVE RELIEF PERMITTED BY SECTION 21.12 OF THE RETAIL DISTRIBUTION AGREEMENT, (B) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM, (C) IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN ANY SUCH PROCEEDING IN THE MANNER PROVIDED FOR NOTICES IN SECTION 13.3 AND AGREES THAT NOTHING IN THIS SERVICING AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS SERVICING AGREEMENT TO SERVE PROCESS IN ANY SUCH PROCEEDING IN ANY OTHER MANNER PERMITTED BY LAW.

Section 13.10. Waiver of Jury Trial. WITHOUT LIMITING THE EFFECT OF SECTION 13.8 HEREOF, EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING OUT OF OR RELATING TO THIS SERVICING AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 13.11. Counterparts. This Servicing Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Servicing Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

Section 13.12. Entire Agreement. This Servicing Agreement and the other Program Contracts constitute the entire agreement and understanding among the parties hereto, and supersede and extinguish any and all prior agreements and understandings, oral or written relating to the operation of the Settlement Products Program on and after July 1, 2006. For the

avoidance of doubt, (i) this Servicing Agreement and the other Program Contracts shall govern the operation of the Settlement Products Program on and after July 1, 2006, (ii) the Prior Program Agreements shall continue to govern the operation of the current program until their expiration on June 30, 2006 in accordance with their terms, and (iii) nothing in this Servicing Agreement or the other Program Contracts shall affect the rights and obligations of the parties to the Prior Program Agreements, whenever arising, under such Prior Program Agreements, which remain valid and enforceable in accordance with their terms.

Section 13.13. Reinstatement. This Servicing Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any party hereto for liquidation or reorganization, should any party hereto become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of any party's assets or properties, and shall continue to be effective or to be reinstated, as the case may be, if at any time payment and performance of the obligations hereunder, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of such obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the obligations hereunder shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

Section 13.14. Advice of Counsel. Each of the parties represents to each other party hereto that it has discussed this Servicing Agreement with its counsel.

Section 13.15. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Servicing Agreement. In the event any ambiguity or question of intent or interpretation arises, this Servicing Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Servicing Agreement.

Section 13.16. Conflict of Terms. Except as otherwise provided in this Servicing Agreement or any of the other Program Contracts by specific reference to the applicable provisions of this Servicing Agreement, if any provision contained in this Servicing Agreement conflicts with any provision in any of the other Program Contracts, other than the Indemnification Agreement and the Retail Distribution Agreement, the provisions contained in this Servicing Agreement shall govern and control. If there if a conflict between this Servicing Agreement and the Retail Distribution Agreement (but not the Indemnification Agreement), then the Retail Distribution Agreement shall control. If there is a conflict between the Servicing Agreement and the Indemnification Agreement, the Indemnification Agreement shall control.

Section 13.17. Further Execution. Each party hereto shall execute any and all documents as are necessary or desirable to consummate the transactions contemplated hereby.

Section 13.18. Expenses. Except as otherwise provided herein or in any Program Contract, each party hereto shall pay its own expenses, including the expenses of its own counsel and its own accountants, in connection with the consummation of the transactions contemplated by this Servicing Agreement.

Section 13.19. No Implied Relationship. Notwithstanding any provision herein to the contrary:

(a) This Servicing Agreement shall not be construed to establish a partnership or joint venture between the parties hereto.

(b) All personnel employed or otherwise engaged by any party hereto to perform the obligations and duties of such party hereunder shall not be deemed to be employees of any other party hereto. In addition, the party employing or otherwise engaging such employees, shall at all times be responsible for the compensation of, and payment of applicable state and federal income taxes with respect to, any personnel employed by such party to perform any services hereunder.

Section 13.20. No Third Party Beneficiaries. This Servicing Agreement is for the sole benefit of the parties hereto and their permitted successors and assigns and nothing in this Servicing Agreement, express or implied, is intended to or shall confer upon any other person any legal or equitable right, benefit or remedy, of any nature whatsoever under or by reason of this Servicing Agreement.

Section 13.21. Force Majeure. No party hereto shall be liable for failure to satisfy or delays in the satisfaction of its Obligations, except failure or delay with respect to its payment obligations, as a result of a Force Majeure Event.

Section 13.22. Limitation of Scope of Representations and Warranties and Other Disclosures. The representations, warranties and other disclosures set forth by each party hereto are only made for the benefit of the parties hereto and the purpose of the transactions contemplated hereby and are not intended for use by any person with respect to any acquisition or disposition of any security of any party hereto.

Section 13.23. Inspection and Audit Rights. Each Participant shall have those inspection and audit rights set forth in Section 6.7 of the Retail Distribution Agreement.

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THIS SERVICING AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

IN WITNESS WHEREOF, the parties hereto have caused this HSBC Settlement Products Servicing Agreement to be executed by their respective duly authorized officers as of the date set forth above.

HSBC BANK USA, NATIONAL ASSOCIATION,
a national banking association

By: _____
Name:
Title:

HSBC TAXPAYER FINANCIAL SERVICES, INC.,
a Delaware corporation

By: _____
Name:
Title:

HSBC TRUST COMPANY (DELAWARE), NATIONAL ASSOCIATION,
a national banking association

By: _____
Name:
Title:

BLOCK FINANCIAL CORPORATION,
a Delaware corporation

By: _____
Name:
Title:

Exhibit 10.29

CREDIT AND GUARANTEE AGREEMENT

dated as of

January 2, 2007

among

BLOCK FINANCIAL CORPORATION,
as Borrower,

H&R BLOCK, INC.,
as Guarantor,

and

HSBC FINANCE CORPORATION,
as Lender

$3,000,000,000 REVOLVING CREDIT FACILITY

NOTE: CERTAIN MATERIAL HAS BEEN OMMITTED FROM THIS AGREEMENT PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24b-2. THE LOCATIONS OF THESE OMISSIONS ARE INDICATED THROUGHOUT THE AGREEMENT BY THE FOLLOWING MARKINGS: [***].

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CREDIT AND GUARANTEE AGREEMENT

CREDIT AND GUARANTEE AGREEMENT, dated as of January 2, 2007, among BLOCK FINANCIAL CORPORATION, a Delaware corporation, as Borrower, H&R BLOCK, INC., a Missouri corporation, as Guarantor, and HSBC FINANCE CORPORATION, a Delaware corporation, as Lender.

WHEREAS, the Borrower has requested that the Lender provide a short-term revolving credit facility in an amount of $3,000,000,000;

WHEREAS, the Guarantor has agreed to guarantee all of the Borrower's obligations hereunder; and

WHEREAS, the Lender is willing to provide a short-term revolving credit facility to the Borrower on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the agreements herein and in reliance upon the representations and warranties set forth herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Defined Terms. Capitalized terms used in this Agreement that are not defined below or otherwise herein shall have the meanings set forth in the Appendix of Defined Terms and Rules of Construction attached as Appendix A to the Retail Settlement Products Distribution Agreement. As used in this Agreement, the following terms have the meanings specified below:

"Adjusted Net Worth" means, at any time, Consolidated Net Worth of the Guarantor without giving effect to reductions in stockholders' equity as a result of repurchases by the Guarantor of its own Capital Stock subsequent to April 30, 2005 in an aggregate amount not exceeding $350,000,000.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. For the avoidance of doubt, neither the Guarantor nor any of its Subsidiaries shall be deemed to Control any of its franchisees by virtue of provisions in the relevant franchise agreement regulating the business and operations of such franchisee.

"Agreement" means this Credit and Guarantee Agreement.

"Availability Period" means the period from and including January 2, 2007 (or, if later, the Closing Date) to but excluding the earlier of the Revolving Termination Date and the date of termination of the Commitments.

"Average Weekly LIBOR" means [***] .

"Bank Revolvers" means, collectively, (i) the Five-Year Credit and Guarantee Agreement dated as of August 10, 2005 among the Borrower, the Guarantor, various financial institutions and JPMorgan Chase Bank N.A., as Administrative Agent, and any restatement, extension, renewal and replacement thereof (regardless of whether the amount available thereunder is changed or the term thereof is modified) and (ii) the Amended and Restated Five-Year Credit and Guarantee Agreement, dated as of August 10, 2005, among the Borrower, the Guarantor, various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent, and any restatement, extension, renewal and replacement thereof (regardless of whether the amount available thereunder is changed or the term thereof is modified).

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Block Financial Corporation, a Delaware corporation and a wholly-owned indirect Subsidiary of the Guarantor.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Capital Stock" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing.

"Cash Equivalents" means (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition; (b) certificates of deposit, time deposits, eurodollar time deposits or overnight bank deposits having maturities of six months or less from the date of acquisition issued by (i) any "Lender" as defined in a Bank Revolver, (ii) any commercial bank organized under the laws of the United States or any state thereof having combined capital and surplus of not less than $500,000,000 or (iii) any other bank if, and to the extent, covered by FDIC insurance; (c) commercial paper of an issuer rated at least A-1 by S&P or P-1 by Moody's, or carrying an equivalent rating

by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of commercial paper issuers generally, and maturing within six months from the date of acquisition; (d) repurchase obligations of any "Lender" as defined in a Bank Revolver or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than 30 days, with respect to securities issued or fully guaranteed or insured by the United States government; (e) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A2 by Moody's; (f) securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any "Lender" as defined in a Bank Revolver or any commercial bank satisfying the requirements of clause (b) of this definition; (g) money market mutual or similar funds that invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition; (h) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, as amended, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least $1,000,000,000; (i) interests in privately offered investment funds under Section 3(c)(7) of the U.S. Investment Company Act of 1940 where such interests are (i) freely transferable and (ii) rated AAA by S&P or Aaa by Moody's; and (j) one month LIBOR floating rate asset backed securities that are (i) freely transferable and (ii) rated AAA by S&P or Aaa by Moody's.

"Change in Control" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934, as amended, and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) of shares representing more than 25% of the aggregate ordinary voting power represented by the issued and outstanding Capital Stock of the Guarantor; (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Guarantor by Persons who were neither (i) nominated by the board of directors of the Guarantor nor (ii) appointed by directors so nominated; (c) the acquisition of direct or indirect Control of the Guarantor by any Person or group; or (d) the failure of the Guarantor to own, directly or indirectly, shares representing 100% of the aggregate ordinary voting power represented by the issued and outstanding Capital Stock of the Borrower.

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by the Lender (or, for purposes of Section 2.9(b), by any lending office of the Lender or by the Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Charges" has the meaning assigned to such term in Section 10.13.

"Closing Date" means the date on which the conditions specified in Section 4.2 are satisfied (or waived in accordance with Section 10.2).

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" means the commitment of the Lender to make Loans, subject to the terms and conditions of this Agreement, in an amount not to exceed (i) $3,000,000,000 from January 2, 2007 through and including March 30, 2007 and (ii) thereafter, $120,000,000, as such commitment may be reduced from time to time pursuant to Section 2.4.

"Consolidated Net Worth" means, at any time, the total amount of stockholders' equity of the Guarantor and its consolidated Subsidiaries at such time determined on a consolidated basis in accordance with GAAP.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Control Agreement" means the Investment Account Control Agreement between the Borrower, the Lender and the Securities Intermediary referred to therein in substantially the form of Exhibit B hereto.

"Credit Parties" means the collective reference to the Borrower and the Guarantor.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Disclosed Matters" means (a) matters disclosed in the Borrower's public filings with the Securities and Exchange Commission prior to December 12, 2006 and (b) the actions, suits, proceedings and environmental matters disclosed in Schedule 3.6.

"dollars" or "$" refers to lawful money of the United States of America.

"Effective Date" means the date on which the conditions specified in Section 4.1 are satisfied (or waived in accordance with Section 10.2).

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the

environment, preservation or reclamation of natural resources, to the management, release or threatened release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any Credit Party or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with any Credit Party, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by any Credit Party or any of their ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by any Credit Party or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by any Credit Party or any of their ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by any Credit Party or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from any Credit Party or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurodollar", when used in reference to any Loan, means that such Loan is bearing interest at a rate determined by reference to the LIBO Rate.

"Events of Default" has the meaning assigned to such term in Article VIII.

"Excluded Taxes" means, with respect to the Lender or any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise

taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which the Lender is organized or in which its principal office is located or in which its applicable lending office is located and (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located.

"Federal Funds Effective Rate" means for each day, the rate per annum which is the average of the rates on the offered side of the Federal funds market quoted by three interbank Federal funds brokers, selected by the Lender, at approximately 2:00 p.m., New York City time, on such day for dollar deposits in immediately available funds, in an amount comparable to the outstanding principal amount of the Loans, as determined by the Lender and rounded upwards, if necessary, to the nearest 1/100 of 1%.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower or the Guarantor, as the context may require.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state, provincial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Guarantee Obligation" means, as to any Person, any obligation of such Person guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of such Person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or

equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (d) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation shall be deemed to be an amount equal as of any date of determination to the stated determinable amount of the primary obligation in respect of which such Guarantee Obligation is made (unless such Guarantee Obligation shall be expressly limited to a lesser amount, in which case such lesser amount shall apply) or, if not stated or determinable, the amount as of any date of determination of the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith.

"Guarantor" means H&R Block, Inc., a Missouri corporation.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Hedging Agreement" means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"HSBC RAL" means "HSBC RAL" as such term is defined in the Appendix of Defined Terms and Rules of Construction attached as Appendix A to Retail Settlement Products Distribution Agreement.

"HSBC TFS" means HSBC Taxpayer Financial Services, Inc., a Delaware corporation.

"HSBC TFS Letter" means a letter agreement between the Borrower, HSBC TFS and the Lender in substantially the form of Exhibit C hereto.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable and accrued expenses incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on

property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances and (k) for purposes of Section 6.2 only, all preferred stock issued by a Subsidiary of such Person. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. Indebtedness of a Person shall not include obligations with respect to funds held by such Person in custody for, or for the benefit of, third parties which are to be paid at the direction of such third parties (and are not used for any other purpose).

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnitee" has the meaning assigned to such term in Section 10.3(b).

"Indirect RAL Participation Transaction" means any transaction by the Guarantor or any Subsidiary involving (a) an investment in a partnership, limited partnership, limited liability company, limited liability partnership, business trust or other pass-through entity which is partially owned by the Guarantor or any Subsidiary, (b) the purchase by such pass-through entity of refund anticipation loans or participation interests in refund anticipation loans (and/or related rights and interests), and (c) the distribution of cash flow received by such pass-through entity with respect to such refund anticipation loans or participation interests therein to the owners of such pass-through entity.

"Information" has the meaning assigned to such term in Section 10.12.

"LIBO Rate" means [***] .

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities; provided that clause (c) above shall be deemed not to include stock options granted by any Person to its directors, officers or employees with respect to the Capital Stock of such Person.

"Loan Documents" means this Agreement, the Security Agreement, the Control Agreement, the HSBC TFS Letter and the Notes, if any.

"Loans" means the loans made by the Lender to the Borrower pursuant to this Agreement.

"Margin" means [***] % per annum.

"Margin Stock" means any "margin stock" as defined in Regulation U of the Board.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, property or condition (financial or otherwise) of the Guarantor and the Subsidiaries taken as a whole, (b) the ability of any Credit Party to perform any of its obligations under this Agreement or (c) the rights of or benefits available to the Lenders under this Agreement.

"Material Indebtedness" means Indebtedness (other than the Loans), or obligations in respect of one or more Hedging Agreements, of any one or more of the Credit Parties and any Subsidiaries in an aggregate principal amount exceeding $40,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of any Credit Party or any Subsidiary in respect of any Hedging Agreement at any time shall be the aggregate amount (giving effect to any netting agreements) that the Credit Party or such Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

"Material Proceeding" means any suit, action or proceeding brought by the Lender against the Borrower or the Guarantor or both to collect payment of Obligations in the aggregate amount of $300,000,000 or more which are past due.

"Material Subsidiary" means any Subsidiary of any Credit Party, other than OOMC, the aggregate assets or revenues of which, as of the last day of the most recently ended fiscal quarter for which the Borrower has delivered financial statements pursuant to Section 5.1(a) or (b), when aggregated with the assets or revenues of all other Subsidiaries with respect to which the actions contemplated by Section 6.4 are taken, are greater than 5% of the total assets or total revenues, as applicable, of the Guarantor and its consolidated Subsidiaries, in each case as determined in accordance with GAAP.

"Maximum Rate" has the meaning assigned to such term in Section 10.13.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Notes" means the collective reference to any promissory note evidencing Loans.

"Obligations" means, collectively, the unpaid principal of and interest on the Loans and all other obligations and liabilities of the Borrower (including interest accruing at the then applicable rate provided herein after the maturity of the Loans and interest accruing at the then applicable rate provided herein after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) to the Lender, whether direct or indirect, absolute or

contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, the Security Agreement, the Control Agreement, the HSBC TFS Letter, any Note or any other document made, delivered or given in connection herewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including all fees and disbursements of counsel to the Lender that are required to be paid by the Borrower pursuant to the terms of any of the foregoing agreements).

"OOMC" means Option One Mortgage Corporation, a California corporation, and all of its subsidiaries.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

"Participant" has the meaning assigned to such term in Section 10.4(c).

"Participation Agreement" means the HSBC Refund Anticipation Loan Participation Agreement, dated as of September 23, 2005, as amended from time to time, and any restatement, extension, renewal and replacement thereof, by and among Household Tax Masters Acquisition Corporation, the Borrower, HSBC Bank USA, National Association, HSBC Taxpayer Financial Services, Inc. and HSBC Trust Company (Delaware), National Association.

"Participation Interest" means a "Participation Interest" as defined in the Participation Agreement.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Encumbrances" means:

(a) judgment Liens in respect of judgments not constituting an Event of Default under clause (k) of Article VIII;

(b) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.4;

(c) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in compliance with Section 5.4;

(d) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(e) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business; and

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Credit Parties or any Subsidiary;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which any Credit Party or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A., as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Proceeding" means any suit, action or proceeding described in clauses (1) through (4) of Section 10.15.

"Purchase Price" means "Purchase Price" as such term is defined in the Appendix of Defined Terms and Rules of Construction attached as Appendix A to Retail Settlement Products Distribution Agreement.

"RAL Receivables Amount" means, at any time, the difference (but not less than zero) between (i) the aggregate amount of funds received by the Guarantor, any Subsidiary or any qualified or unqualified special purpose entity created by any Subsidiary with respect to the transfer of refund anticipation loans, or participation interests in refund anticipation loans (and/or related rights and interests), to any third party in any RAL Receivables Transaction, at or prior to such time, minus (ii) the aggregate amount received by all such third parties with respect to the transferred refund anticipation loans, or participation interests in refund anticipation loans (and/or related rights and interests), in all RAL Receivables Transactions, at or prior to such time, excluding from the amounts received by such third parties, the aggregate amount of any origination, set up, structuring or similar fees, all implicit or explicit financing expenses and all indemnification and reimbursement payments paid to such any third party in connection with any RAL Receivables Transaction.

"RAL Receivables Transaction" means any securitization, on — or off — balance sheet financing or sale transaction, involving refund anticipation loans, or participation interests in refund anticipation loans (and/or related rights and interests), that were acquired by the Guarantor, any Subsidiary or any qualified or unqualified special purpose entity created by any Subsidiary.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Restricted Margin Stock" means all Margin Stock owned by the Guarantor and its Subsidiaries to the extent the value of such Margin Stock does not exceed 25% of the value of all assets of the Guarantor and its Subsidiaries (determined on a consolidated basis) that are subject to the provisions of Section 6.3 and 6.4.

"Retail Settlement Products Distribution Agreement" means the HSBC Retail Settlement Products Distribution Agreement, dated as of September 23, 2005, as amended from time to time, and any restatement, extension, renewal and replacement thereof, by and among the parties thereto, including, the Lender and the Guarantor.

"Revolving Credit Exposure" means with respect to the Lender at any time, the outstanding principal amount of the Lender's Loans.

"Revolving Termination Date" means the earlier of (i) June 30, 2007 and (ii) the first day after April 15, 2007 on which the aggregate outstanding amount of the Participation Interests purchased by the Borrower in HSBC RALs under the Participation Agreement which have been financed by the making of Loans is less than $50,000,000.

"RSM" means RSM McGladrey, Inc., a Delaware corporation.

"S&P" means Standard & Poor's Ratings Services.

"Security Agreement" means a Security Agreement between the Borrower and the Lender in substantially the form of Exhibit A hereto.

"Servicing Agreement" means the HSBC Settlement Products Servicing Agreement dated as of September 23, 2005 , as amended from time to time, and any restatement, extension, renewal and replacement thereof, among HSBC Bank USA, National Association, HSBC TFS, Household Tax Masters Acquisition Corporation, and the Borrower.

"Short-Term Debt" means, at any time, the aggregate amount of Indebtedness of the Guarantor and its Subsidiaries at such time (excluding seasonal Indebtedness of H&R Block Canada, Inc.) having a final maturity less than one year after such time, determined on a consolidated basis in accordance with GAAP, minus (a) to the extent otherwise included therein, Indebtedness outstanding at such time (i) under mortgage facilities secured by mortgages and related assets, (ii) incurred to fund servicing obligations required as part of servicing mortgage backed securities in the ordinary course of

business, (iii) incurred and secured by broker-dealer Subsidiaries in the ordinary course of business and (iv) deposits and other customary banking related liabilities incurred by banking Subsidiaries in the ordinary course of business, (b) the excess, if any, of (i) the aggregate amount of cash and Cash Equivalents held at such time in accounts of the Guarantor and its Subsidiaries (other than broker-dealer Subsidiaries and banking Subsidiaries) to the extent freely transferable to the Credit Parties and capable of being applied to the Obligations without any contractual, legal or tax consequences over (ii) $15,000,000 and (c) to the extent otherwise included therein, the current portion of long term debt.

"Subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent. Notwithstanding the foregoing, no entity shall be considered a "Subsidiary" solely as a result of the effect and application of FASB Interpretation No. 46R (Consolidation of Variable Interest Entities). Unless the context shall otherwise require, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Guarantor, including the Borrower and the Subsidiaries of the Borrower.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Total Facility Commitments" means the sum of the total "Commitments" under and as defined in the Bank Revolvers.

"Total Facility Loan Outstandings" has the meaning assigned to such term in Section 6.2.

"Transactions" means the execution, delivery and performance by the Credit Parties of the Loan Documents, the borrowing of Loans, the use of the proceeds thereof, and the granting of the security provided for in the Security Agreement.

"Unrestricted Margin Stock" means all Margin Stock owned by the Guarantor and its Subsidiaries other than Restricted Margin Stock.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.2. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.3. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Lender that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Lender notifies the Borrower that the Lender requests an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

THE CREDITS

SECTION 2.1. Commitment. Subject to the terms and conditions set forth herein (including the proviso at the end of Section 6.2), the Lender agrees to make revolving loans (“Loans”) to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in the Lender’s Revolving Credit Exposure exceeding the Lender’s Commitment as then in effect. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Loans.

SECTION 2.2. Loans. Subject to Section 2.8, all Loans shall be comprised entirely of Eurodollar Loans in accordance herewith. The Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

SECTION 2.3. Funding of Loans. As provided in the HSBC TFS Letter, HSBC TFS shall notify the Lender of the aggregate amount of the Purchase Price for the Participation Interests to be purchased by the Borrower under the Participation Agreement on any Business Day at the same time as HSBC TFS notifies the Borrower of such amount, but in any event not later than 9:30 a.m. New York City time on such Business Day. Subject to the terms and conditions of this Agreement, the Lender shall make a Loan in the amount so notified in respect of each Business Day by wire transfer of immediately available funds to or as instructed by HSBC TFS by 4:30 p.m., New York City time, on such Business Day; provided, that if the Borrower shall notify the Lender and HSBC TFS not later than one hour after the notification by HSBC TFS referred to in the preceding sentence that the Borrower does not wish to borrow all or some of the amount so notified by HSBC TFS, then the Lender shall make a Loan in such lesser amount, if any, specified in such notice of the Borrower. The Borrower hereby irrevocably (i) authorizes and instructs the Lender to make Loans by transfer of Loan proceeds directly to or as instructed by HSBC TFS as provided in the preceding sentence and (ii) acknowledges and agrees that Loans will not be disbursed in any other manner or for any other purpose than to fund the purchase by the Borrower of Participation Interests in HSBC RALs under the Participation Agreement. Notices under this Section 2.3 shall be made by telephone and promptly confirmed by fax. Absent manifest error, the Lender shall be entitled to rely without further inquiry on notices and information received from HSBC TFS or the Borrower as contemplated in this Section 2.3

SECTION 2.4. Termination and Reduction of Commitment. (a) Unless previously terminated, the Commitment shall terminate on the Revolving Termination Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitment; provided that (i) each reduction of the Commitment shall be in an amount that is an integral multiple of $1,000,000 and not less than $25,000,000 and (ii) the Borrower shall not terminate or reduce the Commitment if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.6, the Revolving Credit Exposure would exceed the Commitment.

(c) The Borrower shall notify the Lender of any election to terminate or reduce the Commitment under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitment delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Lender) on or prior to the specified effective date if such condition is not satisfied. Any termination or reduction of the Commitment shall be permanent.

SECTION 2.5. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay to the Lender (i) the unpaid principal amount of the Loans on March 31, 2007 to the extent that such principal amount exceeds the Commitment on such date and (ii) the then unpaid principal amount of each Loan on the Revolving Termination Date.

(b) The Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to the Lender resulting from each Loan made by the Lender, including the amounts of principal and interest payable and paid to the Lender from time to time hereunder.

(c) The entries made in the account maintained pursuant to paragraph (b) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of the Lender to maintain such account or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(d) The Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to the Lender a promissory note payable to the order of the Lender (or, if requested by the Lender, to the Lender and its assigns) and in a form approved by the Lender. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.4) be represented by one or more promissory notes in such form payable to the order of the payee named therein. In addition, upon receipt of an affidavit of an officer of the Lender as to the loss, theft, destruction or mutilation of the promissory note, the Borrower will issue, in lieu thereof, a replacement promissory note in the same principal amount thereof and otherwise of like tenor.

SECTION 2.6. Prepayment of Loans. (a) The Borrower (i) shall have the right at any time and from time to time voluntarily to prepay the Loans in whole or in part without premium or penalty, subject to prior notice in accordance with paragraph (b) of this Section, and (ii) shall prepay the Loans from time to time in whole or in part without premium or penalty in accordance with paragraph (c) of this Section.

(b) The Borrower shall notify the Lender by telephone (confirmed by telecopy) of any voluntary prepayment of Loans under Section 2.6(a)(i), not later than 12:00 noon, New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of Loans to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.4, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.4.

(c) The Borrower shall prepay the principal of the Loans in an amount equal to (i) 97% of the amount of all payments constituting repayment of HSBC RALs in which the Borrower has purchased a Participation Interest that has been financed by the Lender which are remitted to the Borrower by HSBC TFS under Section 3.4(b)(ii) of the Servicing Agreement, and (ii) 97% of the amount of all repurchases of Participation Interests by HSBC TFS under Section 6 of the Participation Agreement as to Participation Interests that have been financed by the Lender. In the HSBC TFS Letter, the Borrower will irrevocably authorize and instruct (A) HSBC TFS, as Servicer under the Servicing Agreement, to pay 97% of all amounts from time to time to be remitted to the Borrower by the Servicer under Section 3.4(b)(ii) of the Servicing Agreement in respect of Participation Interests financed by the Lender directly to the Lender for application to the prepayment of the Loans under this Section 2.6(c) and (B) HSBC TFS to pay

97% of all amounts otherwise payable to the Borrower in respect of the repurchase under Section 6 of the Participation Agreement of Participation Interests in HSBC RALs that have been financed by the Lender directly to the Lender for application to the prepayment of the Loans under this Section 2.6(c). The Lender shall be entitled to rely without further inquiry on notices and information received from HSBC TFS as contemplated in this Section 2.6(c). The Lender shall credit payments received from HSBC TFS under this Section 2.6(c) to prepayment of the principal of the Loans on the date of receipt.

SECTION 2.7. Interest. (a) The Loans shall bear interest for each day at a rate per annum equal to [***] .

(b) Notwithstanding the foregoing, if any principal of or interest on any Loan or any other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to 3% plus the rate of interest otherwise applicable to the Loans hereunder.

(c) Accrued interest on each Loan shall be payable monthly in arrears on the fifth Business Day of the following month and on the Revolving Termination Date; provided that interest accrued pursuant to paragraph (b) of this Section shall be payable on demand. On the second Business Day of such following month, the Lender shall deliver to the Borrower and HSBC TFS by e-mail an invoice for the amount of accrued interest on the Loans for the preceding month, together with a schedule in reasonable detail showing how such amount was calculated.

(d) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Prime Rate under Section 2.8 shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The LIBO Rate (and in the case of determinations under Section 2.8, the Federal Funds Effective Rate and the Prime Rate) shall be determined by the Lender, and such determination shall be conclusive absent manifest error. The Lender shall as soon as practicable notify the Borrower of the effective date and the amount of each change in interest rate.

SECTION 2.8. Alternate Rate of Interest. If at any time:

(a) the Lender determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate; or

(b) the Lender determines that the LIBO Rate will not adequately and fairly reflect the cost to the Lender of making or maintaining Loans;

then the Lender shall give notice thereof to the Borrower by telephone or telecopy as promptly as practicable thereafter and, until the Lender notifies the Borrower that the circumstances giving rise to such notice no longer exist, the Loans shall bear interest at a rate per annum equal to, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day [***] , and (b) the Federal Funds Effective Rate in effect on such day [***] . Any change in the Prime

Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

SECTION 2.9. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, the Lender; or

(ii) impose on the Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by the Lender;

and the result of any of the foregoing shall be to increase the cost to the Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to the Lender or to reduce the amount of any sum received or receivable by the Lender hereunder (whether of principal, interest or otherwise), then the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender for such additional costs incurred or reduction suffered.

(b) If the Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on the Lender's capital or on the capital of the Lender's holding company, if any, as a consequence of this Agreement or the Loans made by the Lender to a level below that which the Lender or the Lender's holding company could have achieved but for such Change in Law (taking into consideration the Lender's policies and the policies of the Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender or the Lender's holding company for any such reduction suffered.

(c) A certificate of the Lender setting forth the amount or amounts necessary to compensate the Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section (together with a statement of the reason for such compensation and a calculation thereof in reasonable detail) shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of the Lender to demand compensation pursuant to this Section shall not constitute a waiver of the Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate the Lender pursuant to this Section for any increased costs or reductions incurred more than six months prior to the date that the Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of the Lender's intention to claim compensation therefor; provided, further, that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.10. Taxes. (a) Any and all payments by or on account of any obligation of the Borrower or the Guarantor hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower or the Guarantor shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower or the Guarantor shall make such deductions and (iii) the Borrower or the Guarantor shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Lender and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by the Lender shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

SECTION 2.11. Payments Generally. (a) The Borrower shall make each payment required to be made by it hereunder (whether of principal or interest, or under Section 2.9 or 2.10, or otherwise) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Lender at its account at HSBC Bank USA, N.A., Buffalo, N.Y., ABA #021001088, Cash Ops W/T, A/C #001842609, or at such other bank or account as it shall specify from time to time by notice in writing to the Borrower. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars. Notwithstanding the foregoing, this Section 2.11 shall not apply to payments by HSBC TFS as contemplated by Section 2.6(c).

(b) If at any time insufficient funds are received by and available to the Lender to pay fully all amounts of principal, interest and any other amounts then due hereunder,

such funds shall be applied (i) first, to pay interest then due hereunder, (ii) second, to pay principal then due hereunder, and (iii) third, any other amounts due and owing hereunder.

SECTION 2.12. Mitigation Obligations. If the Lender requests compensation under Section 2.9, or if the Borrower is required to pay any additional amount to the Lender or any Governmental Authority for the account of the Lender pursuant to Section 2.10, then the Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of the Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.9 or 2.10, as the case may be, in the future and (ii) would not subject the Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to the Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by the Lender in connection with any such designation or assignment.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each of the Credit Parties represents and warrants to the Lender that:

SECTION 3.1. Organization; Powers. Each of the Credit Parties and the Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has the power and authority to carry on its business as now conducted and, except where the failure to be so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 3.2. Authorization; Enforceability. The Transactions are within each Credit Party's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. This Agreement has been duly executed and delivered by each Credit Party and constitutes a legal, valid and binding obligation of each Credit Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.3. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of any Credit Party or any Subsidiary or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, material agreement or other instrument (other than those to be terminated on or prior to the Closing Date) binding upon any Credit Party or any Subsidiary or their assets, or give rise to a right thereunder

to require any payment to be made by any Credit Party or any Subsidiary, and (d) except as provided in the Loan Documents, will not result in the creation or imposition of any Lien on any asset of any Credit Party or any Subsidiary.

SECTION 3.4. Financial Condition; No Material Adverse Change. (a) Each Credit Party has heretofore furnished to the Lender consolidated balance sheets and statements of income and cash flows (and, in the case of the Guarantor, of stockholders' equity) (i) as of and for the fiscal year ended April 30, 2006 (A) reported on by KPMG LLP, an independent registered public accounting firm, in respect of the financial statements of the Guarantor, and (B) certified by its chief financial officer, in respect of the financial statements of the Borrower, and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended October 31, 2006. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower and its consolidated Subsidiaries and of the Guarantor and its consolidated Subsidiaries as of such date and for such period in accordance with GAAP. Except as set forth on Schedule 3.4(a), neither the Guarantor nor any of its consolidated Subsidiaries had, at the date of the most recent balance sheet referred to above, any material Guarantee Obligation, contingent liability or liability for taxes, or any long-term lease or unusual forward or long-term commitment, including any interest rate or foreign currency swap or exchange transaction not in the ordinary course of business, which is not reflected in the foregoing statements or in the notes thereto. During the period from April 30, 2006 to and including the date hereof, and except as disclosed in filings made by the Guarantor with the U.S. Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, there has been no sale, transfer or other disposition by the Guarantor or any of its consolidated Subsidiaries of any material part of its business or property other than in the ordinary course of business and no purchase or other acquisition of any business or property (including any Capital Stock of any other Person), material in relation to the consolidated financial condition of the Guarantor and its consolidated Subsidiaries at April 30, 2006.

(b) From April 30, 2006 through the Effective Date, there has been no material adverse change in the business, assets, property or condition (financial or otherwise) of the Guarantor and its Subsidiaries, taken as a whole.

SECTION 3.5. Properties. (a) Each of the Credit Parties and the Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

(b) Each of the Credit Parties and the Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Credit Parties and the Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.6. Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Credit Party, threatened against or affecting any Credit Party or any

Subsidiary that (i) have not been disclosed in the Disclosed Matters and as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) challenge or would reasonably be expected to affect the legality, validity or enforceability of this Agreement.

(b) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, neither of the Credit Parties nor any Subsidiary (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

SECTION 3.7. Compliance with Laws and Agreements. Each of the Credit Parties and the Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to be so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.8. Investment Company Status. Neither of the Credit Parties nor any of the Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

SECTION 3.9. Taxes. Each of the Credit Parties and the Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Guarantor, the Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of all such underfunded Plans.

SECTION 3.11. Disclosure. None of the reports, financial statements, certificates or other information furnished by or on behalf of the Credit Parties to the Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or

omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Credit Parties represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 3.12. Federal Regulations. No part of the proceeds of any Loans will be used for "purchasing" or "carrying" any "margin stock" (within the respective meanings of each of the quoted terms under Regulation U of the Board as now and from time to time hereafter in effect) in a manner or in circumstances that would constitute or result in non-compliance by any Credit Party or the Lender with the provisions of Regulations U, T or X of the Board. If requested by the Lender, the Borrower will furnish to the Lender a statement to the foregoing effect in conformity with the requirements of FR Form U-1 referred to in said Regulation U.

SECTION 3.13. Subsidiaries. As of the date hereof, the Guarantor has only the Subsidiaries set forth on Schedule 3.13.

SECTION 3.14. Insurance. Each Credit Party and each Subsidiary of each Credit Party maintains (pursuant to a self-insurance program and/or with financially sound and reputable insurers) insurance with respect to its properties and business and against at least such liabilities, casualties and contingencies and in at least such types and amounts as is customary in the case of companies engaged in the same or a similar business or having similar properties similarly situated.

ARTICLE IV

CONDITIONS

SECTION 4.1. Effective Date. Except as otherwise provided in Sections 4.2 and 4.3, this Agreement shall become effective on the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.2):

(a) The Lender (or its counsel) shall have received from each party hereto a counterpart of this Agreement signed on behalf of such party.

SECTION 4.2. Closing Date. The obligations of the Lender to make Loans hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.2):

(a) The Effective Date shall have occurred.

(b) The Lender shall have received reasonably satisfactory written opinion (addressed to the Lender and dated the Closing Date) of Stinson Morrison Hecker LLP, special counsel for the Credit Parties, substantially in the form of Exhibit D hereto, and covering such other matters relating to the Credit Parties, the Loan Documents or the Transactions as the Lender shall reasonably request. The Credit Parties hereby request such counsel to deliver such opinion.

(c) The Lender shall have received such documents and certificates as the Lender or its counsel may reasonably request relating to the organization, existence and good standing of the Credit Parties, the authorization of the Transactions and any other legal matters relating to the Credit Parties, the Loan Documents or the Transactions, all in form and substance satisfactory to the Lender and its counsel.

(d) The Lender shall have received a certificate, dated the Closing Date and signed by the President, a Vice President or a Financial Officer of each Credit Party, confirming compliance with the conditions set forth in paragraphs (a) and (b) of Section 4.3.

(e) All governmental and material third party approvals necessary in connection with the execution, delivery and performance of this Agreement, the Security Agreement, the Control Agreement and the HSBC TFS Letter shall have been obtained and be in full force and effect.

(f) The Lender shall have received a counterpart of the Security Agreement, duly executed and delivered by the Borrower, and a counterpart of the HSBC TFS Letter, duly executed and delivered by the parties thereto; and all filings and other actions necessary or appropriate to perfect the security interest created by the Security Agreement shall have been made or taken.

(g) The Lender shall have received the results of searches of Uniform Commercial Code filings in such jurisdictions as it shall deem appropriate and such searches shall not reveal any filing that remains in effect and that describes any of the "Collateral" referred to in the Security Agreement.

(h) The Borrower shall have invested $50,000,000 in the HSBC Investor Money Market Fund managed by HSBC Investments (USA), Inc. and the Lender shall have received a counterpart of the Control Agreement with respect to that investment, duly executed and delivered by the parties thereto.

The Lender shall notify the Borrower of the Closing Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligation of the Lender to make Loans hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.2) at or prior to the Closing Date.

SECTION 4.3. Each Loan. The obligation of the Lender to make each Loan is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Credit Parties set forth in Article III of this Agreement (other than the representations and warranties set forth in subsections 3.4(b), 3.6(a)(i) and 3.6(b)) shall be true and correct in all material respects on and as of the date of such Loan (except to the extent related to a specific earlier date).

(b) At the time of and immediately after giving effect to such Loan, no Event of Default shall have occurred and be continuing.

Each Loan shall be deemed to constitute a representation and warranty by each of the Credit Parties on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

ARTICLE V

AFFIRMATIVE COVENANTS

Until the Commitment has expired or been terminated and the principal of and interest on each Loan shall have been paid in full, each of the Credit Parties covenants and agrees with the Lender that:

SECTION 5.1. Financial Statements and Other Information. The Borrower will furnish to the Lender:

(a) within 90 days after the end of each fiscal year of the Guarantor, an audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows of the Guarantor and its consolidated Subsidiaries as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by KPMG LLP or another independent registered public accounting firm of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Guarantor and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) (i) in the case of the Guarantor, within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Guarantor and (ii) in the case of the Borrower, within 90 days after the end of each fiscal year of the Borrower, consolidated balance sheets and related statements of operations and cash flows of the Borrower and the Guarantor and their consolidated Subsidiaries, and the consolidated statement of stockholders' equity of the Guarantor, as of the end of and for such fiscal quarter (in the case of the Guarantor) and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by a Financial Officer of the Borrower and the Guarantor as presenting fairly in all material respects the financial condition and results of operations of the Borrower and the Guarantor and their consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Borrower and the Guarantor (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.1 and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial

statements referred to in Section 3.4 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials (other than (i) statements of ownership such as Forms 3, 4 and 5 and Schedule 13G, (ii) routine filings relating to employee benefits, such as Forms S-8 and 11-K, and (iii) routine filings by (A) HRB Financial Corporation and its Subsidiaries, including H&R Block Financial Advisors, Inc., (B) RSM McGladrey, Inc. and its Subsidiaries, including Birchtree Financial Services, Inc., (C) RSM Equico, Inc. and its Subsidiaries, including RSM Equico Capital Markets, LLC, (D) Option One Mortgage Corporation, (E) H&R Block Canada, Inc. and (F) H&R Block Limited) filed by any Credit Party or any Subsidiary with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or distributed by any Credit Party to its shareholders generally, as the case may be;

(e) a copy of any notice given by the Borrower under Section 4.1(b), Section 4.4(c) or Section 4.8 of the Participation Agreement, such copy to be provided at the same time as such notice is given under the Participation Agreement; and

(f) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of any Credit Party or any Subsidiary, or compliance with the terms of this Agreement, as the Lender may reasonably request.

SECTION 5.2. Notices of Material Events. The Borrower will furnish to the Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting any Credit Party or any Affiliate thereof that is reasonably likely to be adversely determined and, if so determined, would reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, would reasonably be expected to result in liability of the Borrower, the Guarantor or any Subsidiary in an aggregate amount exceeding $25,000,000; and

(d) any other development that results in, or would reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower and the Guarantor setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.3. Existence; Conduct of Business. Each Credit Party will, and will cause each of the Subsidiaries to, do or cause to be done all things necessary to preserve, renew

and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation, liquidation, disposition or dissolution permitted under Section 6.4.

SECTION 5.4. Payment of Taxes. Each Credit Party will, and will cause each of the Subsidiaries to, pay its Tax liabilities that, if not paid, would reasonably be expected to have a Material Adverse Effect before the same shall become delinquent, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) such Credit Party or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest would not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.5. Maintenance of Properties; Insurance. Each Credit Party will, and will cause each of the Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain (pursuant to a self-insurance program and/or with financially sound and reputable insurers) insurance in such amounts and against such risks as is customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 5.6. Books and Records; Inspection Rights. Each Credit Party will, and will cause each of the Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to this Agreement and the transactions contemplated hereby. Each Credit Party will, and will cause each of the Subsidiaries to, permit any representatives designated by the Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested; provided that so long as no Event of Default exists, each Credit Party and each Subsidiary shall have the right to be present and participate in any discussions with its independent accountants. Nothing in this Section 5.6 shall permit the Lender to examine or otherwise have access to the tax returns or other confidential information of any customer of either Credit Party or any of their respective Subsidiaries.

SECTION 5.7. Compliance with Laws. Each Credit Party will, and will cause each of the Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.8. Use of Proceeds. The proceeds of the Loans will be used only to purchase Participation Interests in HSBC RALs pursuant to the Participation Agreement. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the regulations of the Board, including Regulations U and X.

ARTICLE VI

NEGATIVE COVENANTS

Until the Commitment has expired or terminated and the principal of and interest on each Loan have been paid in full, each of the Credit Parties covenants and agrees with the Lender that:

SECTION 6.1. Adjusted Net Worth. The Guarantor will not permit Adjusted Net Worth as at the last day of any fiscal quarter of the Guarantor to be less than $1,000,000,000.

SECTION 6.2. Indebtedness. The Credit Parties will not, and will not permit any Subsidiary to create, incur, assume or permit to exist any Indebtedness, except:

(a) subject to the proviso at the end of this Section 6.2, Indebtedness created under the Bank Revolvers;

(b) Indebtedness existing on the date hereof and set forth in Schedule 6.2 and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof;

(c) seasonal Indebtedness of H&R Block Canada, Inc., provided that the aggregate principal amount of all such Indebtedness incurred pursuant to this subsection (c) shall not exceed 250,000,000 Canadian dollars at any time outstanding;

(d) Indebtedness of the Borrower and the Guarantor, provided that (i) the obligations of the Credit Parties hereunder shall rank at least pari passu with such Indebtedness (including with respect to security) and (ii) the aggregate principal amount of all Indebtedness permitted by this subsection (d) shall not exceed $2,000,000,000 at any time outstanding;

(e) subject to the proviso at the end of this Section 6.2, (i) Indebtedness in connection with commercial paper issued in the United States through the Borrower which is guaranteed by the Guarantor and (ii) Indebtedness under bank lines of credit or similar facilities;

(f) Indebtedness in connection with Guarantees of the performance of any Subsidiary's obligations under or pursuant to (i) indemnity, fee, daylight overdraft and other similar customary banking arrangements between such Subsidiary and one or more financial institutions in the ordinary course of business, (ii) any office lease entered into in the ordinary course of business, and (iii) any promotional, joint-promotional, cross-promotional, joint marketing, service, equipment or supply procurement, software license or other similar agreement entered into by such Subsidiary with one or more vendors, suppliers, retail businesses or other third parties in the ordinary course of business, including indemnification obligations relating to such Subsidiary's failure to perform its obligations under such lease or agreement;

(g) acquisition-related Indebtedness (either incurred or assumed) and Indebtedness in connection with the Guarantor's guarantees of the payment or performance of primary obligations of Subsidiaries of the Guarantor in connection with acquisitions by such

Subsidiaries, or Indebtedness secured by Liens permitted under subsection 6.3(f); provided that, during any fiscal year, the aggregate outstanding principal amount of all Indebtedness incurred pursuant to this subsection 6.2(g) shall not exceed at any time $325,000,000;

(h) Indebtedness of any Credit Party to any other Credit Party, of any Credit Party to any Subsidiary, of any Subsidiary to any Credit Party and of any Subsidiary to any other Subsidiary; provided that such Indebtedness shall not be prohibited by Section 6.5;

(i) Indebtedness in connection with repurchase agreements pursuant to which mortgage loans of a Credit Party or a Subsidiary are sold with the simultaneous agreement to repurchase the mortgage loans at the same price plus interest at an agreed upon rate; provided that the aggregate outstanding principal amount of all Indebtedness incurred pursuant to this subsection 6.2(i) shall not at any time exceed $500,000,000; provided, further, that no agreed upon repurchase date shall be later than 90 business days after the date of the corresponding repurchase agreement;

(j) Indebtedness in connection with Guarantees or Guarantee Obligations which are made, given or undertaken as representations and warranties, indemnities or assurances of the payment or performance of primary obligations in connection with securitization transactions or other transactions permitted hereunder, as to which primary obligations the primary obligor is a Credit Party, a Subsidiary or a securitization trust or similar securitization vehicle to which a Credit Party or a Subsidiary sold, directly or indirectly, the relevant mortgage loans;

(k) Indebtedness of RSM, a Subsidiary of the Guarantor, to McGladrey & Pullen, LLP ("M&P") and certain related trusts under (i) that certain Asset Purchase Agreement dated as of June 28, 1999 among RSM, M&P, the Guarantor and certain other parties signatory thereto (the "M&P Purchase Agreement") and (ii) the Retired Partners Agreement and the Loan Agreement (as such terms are defined in the M&P Purchase Agreement); provided that the aggregate outstanding principal amount payable in respect of such Indebtedness permitted under this paragraph (k) shall not exceed $200,000,000 at any time;

(l) Indebtedness in connection with (i) Capital Lease Obligations in an aggregate outstanding principal amount not at any time exceeding $50,000,000 (excluding any Capital Lease Obligations permitted by subsection 6.2(p)), (ii) obligations under existing mortgages in an aggregate outstanding principal amount not exceeding $12,000,000 at any time, (iii) securities sold and not yet purchased, provided that the aggregate outstanding principal amount of all Indebtedness incurred pursuant to this clause (iii) (other than Indebtedness of Subsidiaries which act as broker-dealers) shall not at any time exceed $15,000,000, (iv) customer deposits in the ordinary course of business, (v) payables to brokers and dealers in the ordinary course of business and (vi) reimbursement obligations of broker-dealers relating to letters of credit in favor of a clearing corporation or Indebtedness of broker-dealers under other credit facilities, provided that (A) such letters of credit or such other credit facilities are used solely to satisfy margin deposit requirements and (B) the aggregate outstanding exposure of the Guarantor and the Subsidiaries under all such letters of credit and all such other credit facilities shall not exceed $200,000,000 at any time;

(m) subject to the proviso at the end of this Section 6.2, Indebtedness incurred in connection with the Borrower's Refund Anticipation Loan Program, including any Indirect RAL Participation Transaction; provided that (i) such Indebtedness is incurred during the period beginning on January 2 of any year and ending on June 29 of such year, (iii) such Indebtedness is repaid in full by June 30 of the year in which such Indebtedness is incurred and (iii) the covenants contained in any agreement relating to such Indebtedness, or guarantee thereof (other than covenants specific to the Borrower's Refund Anticipation Loan Program and the operation thereof), are no more restrictive than the covenants contained in this Agreement;

(n) subject to the proviso at the end of this Section 6.2, liabilities related to the RAL Receivables Transactions to the extent consistent with the definition thereof;

(o) Indebtedness in respect of letters of credit in an aggregate outstanding principal amount not to exceed $100,000,000;

(p) Indebtedness in an amount not exceeding $150,000,000 in connection with the acquisition, development or construction of the Guarantor's new headquarters;

(q) deposits and other liabilities incurred by banking Subsidiaries in the ordinary course of business;

(r) customary liabilities of broker-dealers incurred by broker-dealer Subsidiaries in the ordinary course of business;

(s) Indebtedness issued by a Subsidiary of the Borrower and primarily secured by mortgage loans sold as contemplated by Section 6.5(c) hereof to such Subsidiary by another Subsidiary of the Borrower;

(t) Indebtedness secured by Liens permitted by subsection 6.3(d) or 6.3(e);

(u) Indebtedness incurred solely to finance businesses described on Schedule 6.4(b) after the date hereof that neither the Credit Parties nor their respective Subsidiaries are currently engaged in to any material extent on the date hereof; provided that the aggregate principal amount of all Indebtedness incurred pursuant to this clause (u) shall not at any time exceed $400,000,000; and

(v) other Indebtedness (excluding Indebtedness of the types described in subsections 6.2(a), 6.2(b)(ii), 6.2(e) and 6.2(m)) in an aggregate principal amount not at any time exceeding $20,000,000;

provided, that the sum of the aggregate outstanding principal amount of all Indebtedness permitted pursuant to subsections 6.2(a), 6.2(e) and 6.2(m) plus the RAL Receivables Amount shall not at any time exceed the greater of (x) the Total Facility Commitments then in effect or (y) the sum of the then outstanding principal amount of the "Loans" under the Bank Revolvers (such sum, the "Total Facility Loan Outstandings"), except that, during the period from January 2 of any year through June 30 of such year, such sum may exceed the greater of the Total Facility Commitments then in effect or the then Total Facility Loan Outstandings by an amount

up to the total of (A) the aggregate outstanding principal amount of Indebtedness described in Section 6.2(m) and (B) $500,000,000.

SECTION 6.3. Liens. Each Credit Party will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Permitted Encumbrances;

(b) (i) any Lien created under or securing a Bank Revolver and (ii) any Lien on any property or asset of any Credit Party or any Subsidiary existing on the date hereof and set forth in Schedule 6.3; provided that (i) such Lien shall not apply to any other property or asset of any Credit Party or any Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) any Lien existing on any property or asset prior to the acquisition thereof by any Credit Party or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of any Credit Party or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens and transfers in connection with the securitization, financing or other transfer of any mortgage loans or mortgage servicing reimbursement rights (and/or, in each case, related rights, interests and servicing assets) owned by the Borrower or any of its Subsidiaries;

(e) Liens and transfers in connection with the securitization or other transfer of any credit card receivables (and/or related rights and interests) owned by the Borrower or any of its Subsidiaries;

(f) Liens on fixed or capital assets acquired, constructed or improved by any Credit Party or any Subsidiary to secure Indebtedness of such Credit Party or such Subsidiary incurred to finance the acquisition, construction or improvement of such fixed or capital assets; provided that (i) such Liens and the Indebtedness secured thereby are incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement, (ii) the Indebtedness secured thereby does not exceed 100% of the cost of acquiring, constructing or improving such fixed or capital assets and (iii) such Liens shall not apply to any other property or assets of any Credit Party or any Subsidiary;

(g) Liens arising in connection with repurchase agreements contemplated by Section 6.2(i); provided that such security interests shall not apply to any property or assets of

any Credit Party or any Subsidiary except for the mortgage loans or securities, as applicable, subject to such repurchase agreements;

(h) Liens arising in connection with Indebtedness permitted by Sections 6.2(l)(v) or 6.2(q), which Liens are granted in the ordinary course of business;

(i) Liens not otherwise permitted by this Section 6.3 so long as the Obligations hereunder are contemporaneously secured equally and ratably with the obligations secured thereby;

(j) Liens not otherwise permitted by this Section 6.3, so long as the aggregate outstanding principal amount of the obligations secured thereby does not exceed (as to the Credit Parties and all Subsidiaries) $250,000,000 at any one time;

(k) Liens and transfers in connection with the RAL Receivables Transaction;

(l) Liens securing Indebtedness permitted by subsection 6.2(u); and

(m) Liens on Unrestricted Margin Stock.

SECTION 6.4. Fundamental Changes; Sale of Assets. (a) Each Credit Party will not, and will not permit any Material Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets (other than Unrestricted Margin Stock), or all or substantially all of the stock or assets related to its tax preparation business or liquidate or dissolve, except (i) transfers in connection with the RAL Receivables Transaction and other securitizations otherwise permitted hereby, (ii) sales and other transfers of mortgage loans (and/or related rights and interests and servicing assets) and (iii) if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing, (A) any Material Subsidiary other than the Borrower may merge into a Credit Party in a transaction in which the Credit Party is the surviving corporation, (B) any wholly owned Material Subsidiary other than the Borrower may merge into any other wholly owned Material Subsidiary in a transaction in which the surviving entity is a wholly owned Subsidiary, (C) any Material Subsidiary other than the Borrower may sell, transfer, lease or otherwise dispose of its assets to the Guarantor or to another Material Subsidiary and (D) any Material Subsidiary other than the Borrower may liquidate or dissolve if the Guarantor determines in good faith that such liquidation or dissolution is in the best interests of the Guarantor and is not materially disadvantageous to the Lender; provided that any such merger involving a Person that is not a wholly owned Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 6.5.

(b) Except as set forth on Schedule 6.4(b), the Credit Parties will not, and will not permit any Material Subsidiary to, engage to any material extent in any business other than businesses of the type conducted by the Credit Parties and the Subsidiaries on August 10, 2005 and businesses reasonably related thereto.

SECTION 6.5. Transactions with Affiliates. Each Credit Party will not, and will not permit any Subsidiary to, sell, lease or otherwise transfer any property or assets to, or

purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) in the ordinary course of business at prices and on terms and conditions not less favorable to such Credit Party or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Guarantor and/or its Subsidiaries not involving any other Affiliate, and (c) transactions involving the transfer of mortgage loans and other assets for cash and other consideration of not less than the sum of (i) the lesser of (x) the fair market value of such mortgage loans and (y) the outstanding principal amount of such mortgage loans, and (ii) the fair market value of such other assets, to a Subsidiary of the Borrower that issues Indebtedness permitted by Section 6.2(s); provided, that this Section 6.5 shall not apply to any transactions with OOMC.

SECTION 6.6. Restrictive Agreements. The Credit Parties will not, and will not permit any Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that by its terms prohibits, restricts or imposes any condition upon (a) the ability of any Credit Party or any Subsidiary to create, incur or permit to exist any Lien upon any of its material property or assets (unless such agreement or arrangement does not prohibit, restrict or impose any condition upon the ability of either Credit Party or any Subsidiary to create, incur or permit to exist any Lien in favor of the Lender created under the Loan Documents), or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Guarantor or any other Subsidiary or to Guarantee Indebtedness of the Guarantor or any other Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by this Agreement, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.6 (but shall apply to any extension, renewal, amendment or modification expanding the scope of any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the securitization, financing or other transfer of mortgage loans (and/or related rights and interests and servicing assets) owned by the Borrower or any of its Subsidiaries, (v) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured obligations permitted by this Agreement (including obligations secured by Liens permitted by Section 6.3(j)) if such restrictions or conditions apply only to the property or assets securing such obligations, (vi) clause (a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof and (vii) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to Indebtedness permitted hereunder pursuant to subsection 6.2(m) or the RAL Receivables Transaction.

ARTICLE VII

GUARANTEE

SECTION 7.1. Guarantee. (a) The Guarantor hereby unconditionally and irrevocably guarantees to the Lender and its successors, indorsees, transferees and assigns, the prompt and complete payment and performance by the Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations.

(b) The Guarantor further agrees to pay any and all expenses (including all fees and disbursements of counsel) which may be paid or incurred by the Lender in enforcing, or obtaining advice of counsel in respect of, any rights with respect to, or collecting, any or all of the Obligations and/or enforcing any rights with respect to, or collecting against, the Guarantor under this Article. This Article shall remain in full force and effect until the Obligations and the obligations of the Guarantor under the guarantee contained in this Article shall have been satisfied by payment in full and the Commitment shall be terminated, notwithstanding that from time to time prior thereto the Borrower may be free from any Obligations.

(c) No payment or payments made by any Credit Party, any other guarantor or any other Person or received or collected by the Lender from any collateral security or Credit Party or any other Person by virtue of any action or proceeding or any set-off or appropriation or application, at any time or from time to time, in reduction of or in payment of the Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of the Guarantor hereunder which shall, notwithstanding any such payment or payments, remain liable hereunder for the Obligations until the Obligations are paid in full and the Commitment is terminated.

(d) The Guarantor agrees that whenever, at any time or from time to time, it shall make any payment to the Lender on account of its liability hereunder, it will notify the Lender in writing that such payment is made under this Article for such purpose.

SECTION 7.2. Delay of Subrogation. Notwithstanding any payment or payments made by the Guarantor hereunder, or any set-off or application of funds of the Guarantor by the Lender, the Guarantor shall not be entitled to be subrogated to any of the rights of the Lender against the Borrower or against any collateral security or guarantee or right of offset held by the Lender for the payment of the Obligations, nor shall the Guarantor seek or be entitled to seek any contribution or reimbursement from the Borrower in respect of payments made by the Guarantor hereunder, until all amounts owing to the Lender by the Borrower on account of the Obligations are paid in full and the Commitment is terminated. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full, such amount shall be held by the Guarantor in trust for the Lender, segregated from other funds of the Guarantor, and shall, forthwith upon receipt by the Guarantor, be turned over to the Lender in the exact form received by the Guarantor (duly indorsed by the Guarantor to the Lender, if required) to be applied against the Obligations, whether matured or unmatured, in such order as the Lender may determine. The provisions of this Section shall be effective notwithstanding the termination of this Agreement and the payment in full of the Obligations and the termination of the Commitment.

SECTION 7.3. Amendments, etc. with respect to the Obligations; Waiver of Rights. The Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against the Guarantor, and without notice to or further assent by the Guarantor, any demand for payment of any of the Obligations made by the Lender may be rescinded by the Lender, and any of the Obligations continued, and the Obligations, or the liability of any other party upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Lender, and this Agreement and any other documents executed and delivered in connection herewith may be amended, modified, supplemented or terminated, in whole or in part, in accordance with the provisions hereof as the Lender may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Lender for the payment of the Obligations may be sold, exchanged, waived, surrendered or released. The Lender shall not have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Obligations or for this Agreement or any property subject thereto. When making any demand hereunder against the Guarantor, the Lender may, but shall be under no obligation to, make a similar demand on the Borrower or any other guarantor, and any failure by the Lender to make any such demand or to collect any payments from the Borrower or any such other guarantor or any release of the Borrower or such other guarantor shall not relieve the Guarantor of its obligations or liabilities hereunder, and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Lender against the Guarantor. For the purposes hereof “demand” shall include the commencement and continuance of any legal proceedings.

SECTION 7.4. Guarantee Absolute and Unconditional. The Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by the Lender upon this Agreement or acceptance of this Agreement; the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this Agreement; and all dealings between the Borrower and the Guarantor, on the one hand, and the Lender, on the other, shall likewise be conclusively presumed to have been had or consummated in reliance upon this Agreement. The Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Borrower and the Guarantor with respect to the Obligations. This Article shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity, regularity or enforceability of this Agreement, any other documents executed and delivered in connection herewith, any of the Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by the Guarantor against the Lender, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or the Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrower for the Obligations, or of the Guarantor under this Article, in bankruptcy or in any other instance. When pursuing its rights and remedies hereunder against the Guarantor, the Lender may, but shall be under no obligation to, pursue such rights and remedies as it may have against the Borrower or any other Person or against any collateral security or guarantee for the Obligations or any right of offset with respect thereto, and any failure by the Lender to pursue such other

rights or remedies or to collect any payments from the Borrower or any such other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Borrower or any such other Person or of any such collateral security, guarantee or right of offset, shall not relieve the Guarantor of any liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Lender against the Guarantor. This Article shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantor and its successors and assigns, and shall inure to the benefit of the Lender and its successors, indorsees, transferees and assigns, until all the Obligations and the obligations of the Guarantor under this Agreement shall have been satisfied by payment in full and the Commitment shall be terminated, notwithstanding that from time to time during the term of this Agreement the Borrower may be free from any Obligations.

SECTION 7.5. Reinstatement. This Article shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Credit Party or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, any Credit Party or any substantial part of its property, or otherwise, all as though such payments had not been made.

SECTION 7.6. Payments. The Guarantor hereby agrees that all payments required to be made by it hereunder will be made to the Lender without set-off or counterclaim in accordance with the terms of the Obligations, including in the currency in which payment is due.

ARTICLE VIII

EVENTS OF DEFAULT

If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five business days;

(c) any representation or warranty made or deemed made by any Credit Party (or any of its officers) in or in connection with this Agreement or any amendment or modification hereof, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any amendment or modification hereof, shall prove to have been incorrect in any material respect when made or deemed made;

(d) any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in Section 5.2, 5.3 (with respect to the Credit Parties' existence) or 5.8 or in Article VI;

(e) any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Article), and such failure shall continue unremedied for a period of 30 days after notice thereof from the Lender to the Borrower;

(f) any Credit Party or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable (after expiration of any applicable grace or cure period);

(g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity; provided that this clause (g) shall not apply to (i) secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness or (ii) any obligation under a Hedging Agreement that becomes due as a result of a default by a party thereto other than a Credit Party or a Subsidiary;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of any Credit Party or any Material Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Credit Party or any Material Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) any Credit Party or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Material Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) any Credit Party or any Material Subsidiary shall become unable, admit in writing or fail generally to pay its debts as they become due;

(k) one or more final judgments for the payment of money shall be rendered against the Guarantor, the Borrower, any Subsidiary or any combination thereof and either (i) a creditor shall have commenced enforcement proceedings upon any such judgment in an aggregate amount (to the extent not covered by insurance as to which the relevant insurance

company has not denied coverage) in excess of $40,000,000 (a "Material Judgment") or (ii) there shall be a period of 30 consecutive days during which a stay of enforcement of any Material Judgment shall not be in effect (by reason of pending appeal or otherwise) (it being understood that, notwithstanding the definition of "Default", no "Default" shall be triggered solely by the rendering of such a judgment or judgments prior to the commencement of enforcement proceedings or the lapse of such 30 consecutive day period, so long as such judgments are capable of satisfaction by payment at any time);

(l) an ERISA Event shall have occurred that, in the opinion of the Lender, when taken together with all other ERISA Events that have occurred, would reasonably be expected to result in a Material Adverse Effect;

(m) a Change in Control shall occur;

(n) the Guarantee contained in Article VII herein shall cease, for any reason, to be in full force and effect in any material respect or any Credit Party shall so assert; or

(o) the Security Agreement, the Control Agreement or the HSBC TFS Letter shall for any reason cease to be valid and binding on or enforceable against any Credit Party thereto; or any Credit Party shall so state in writing or bring an action to limit its obligations or liabilities thereunder;

(p) the Security Agreement shall for any reason (other than pursuant to the terms thereof) cease to create a valid, perfected and first priority security interest in the Collateral purported to be covered thereby;

(q) any representation or warranty made or deemed made by any Credit Party in the Security Agreement, the Control Agreement or the HSBC TFS Letter shall prove to have been incorrect in any material respect when made or deemed made; or

(r) any Credit Party shall fail to observe or perform any covenant or agreement (other than as specified in clauses (o), (p) and (q) of this Article) contained in the Security Agreement, the Control Agreement or the TFS Letter Agreement;

then, and in every such event (other than an event with respect to the Credit Parties described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Lender may, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitment, and thereupon the Commitment shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Credit Parties accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Credit Parties; and in case of any event with respect to the Credit Parties described in clause (h) or (i) of this Article, the Commitment shall automatically terminate and the principal

of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations of the Credit Parties accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Credit Parties.

ARTICLE IX

[RESERVED]

ARTICLE X

MISCELLANEOUS

SECTION 10.1. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone and except as otherwise provided in Sections 2.3, 2.6 and 2.8, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to the Borrower or the Guarantor, to it at One H&R Block Way, Kansas City, Missouri 64105, Attention of Becky Shulman (Telecopy No. (816) 854-8043), David Staley (Telecopy No. (816) 854-8043) and Andrew Somora (Telecopy No. (816) 802-1043); and

(b) if to the Lender, to it at 2700 Sanders Road, Prospect Heights, Illinois 60070, attention: Treasurer (Telecopy No. (847) 205-7538), with copies to 2700 Sanders Road, Prospect Heights, Illinois 60070, attention: Deputy General Counsel- Corporate Law (Telecopy No.(847) 564-6366), HSBC Securities, Inc., 425 Fifth Avenue, Lower Level, New York, N.Y. 10018 (Telecopy No. (212) 525-2479), attention Peter Nealon, HSBC Taxpayer Financial Services Inc., 200 Somerset Corporate Boulevard, Bridgewater, N.J. 08807 (Telecopy No. (908) 203-4211, attention: CEO and Managing Director, and HSBC Taxpayer Financial Services Inc., 90 Christiana Road, New Castle, DE 19707 (Telecopy No. (302) 327-2507, attention: General Counsel; provided, that notices under Section 10.3 need only be given to Mr. Kyle Hartung at telephone number (847) 564-6281, confirmed by telecopy at (847) 564-6138.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt. For so long as any Affiliate of the Lender is a “Lender” under either of the Bank Revolvers, the Lender will accept delivery of any financial statement or other information to be delivered under Section 5.1(a), (b) and(d) hereunder that is posted to Intralinks. The Lender, the Borrower or the Guarantor may, in its

discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

SECTION 10.2. Waivers; Amendments. (a) No failure or delay by the Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lender hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Credit Parties therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Credit Parties and the Lender.

SECTION 10.3. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay all reasonable and documented out-of-pocket expenses incurred by the Lender, including the reasonable and documented fees, charges and disbursements of any counsel for the Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including in connection with any workout, restructuring or negotiations in respect thereof.

(b) The Credit Parties shall jointly and severally indemnify the Lender and each Related Party of the Lender (each such Person being called an "Indemnitee"), against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of the material breach by any Credit Party of any representation, warranty, covenant or agreement in this Agreement, the Security Agreement, the Control Agreement or the HSBC TFS Letter; provided that such indemnity shall not be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of any Indemnitee or any of its Related Parties.

(c) No party to this Agreement shall be liable for lost profits, incidental, consequential, exemplary, special or punitive damages arising under or in connection with this Agreement, the Security Agreement, the Control Agreement or the HSBC TFS Letter, or the transaction contemplated hereby or thereby.

SECTION 10.4. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender (and any attempted assignment or transfer by any Credit Party without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of the Lender) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) The Lender may assign to one or more assignees all or a portion of its rights under this Agreement (including all or a portion of the Loans at the time owing to it); provided that the Borrower must give its prior written consent to such assignment (which consent shall not be unreasonably withheld); provided, further, that any consent of the Borrower otherwise required under this paragraph shall not be required if an Event of Default has occurred and is continuing. Any assignment or transfer by the Lender of rights under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by the Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(c) The Lender may, without the consent of any Credit Party, sell participations to one or more banks or other entities (a "Participant") in all or a portion of the Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (i) the Lender's obligations under this Agreement shall remain unchanged, (ii) the Lender shall remain solely responsible to the other parties hereto for the performance of the obligations and (iii) the Credit Parties shall continue to deal solely and directly with the Lender in connection with the Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which the Lender sells such a participation shall provide that the Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver of or under this Agreement that shall (i) increase the Commitment, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of the Commitment, (iv) release any security provided for in the Security Agreement, (v) release the guarantee contained in Article VII or (vi) change any of the provisions of this Section. Subject to paragraph (d) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.9 and 2.10 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section.

(d) A Participant shall not be entitled to receive any greater payment under Section 2.9 or 2.10 than the Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent.

(e) The Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of the Lender, including any such pledge or assignment to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release the Lender from any of its obligations hereunder or substitute any such assignee for the Lender as a party hereto.

SECTION 10.5. Survival. All covenants, agreements, representations and warranties made by the Credit Parties herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitment has not expired or terminated. The provisions of Sections 2.9, 2.10, 10.3, 10.9, 10.10 and 10.l5 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitment or the termination of this Agreement or any provision hereof.

SECTION 10.6. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the documents provided for herein constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.1, this Agreement shall become effective when it shall have been executed by the Lender and when the Lender shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.7. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.8. Right of Setoff. If an Event of Default shall have occurred and be continuing, the Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all indebtedness at any time owing by the Lender to or for the credit or the account of either Credit Party against any of and all the obligations of such Credit Party now or hereafter existing under this Agreement held by the Lender, irrespective of whether or not the Lender shall have made any demand under this

Agreement and although such obligations may be unmatured. The rights of the Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 10.9. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each Credit Party hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in connection with any Proceeding, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any Proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such Proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Lender may otherwise have to bring any Proceeding relating to this Agreement against any Credit Party or its properties in the courts of any jurisdiction.

(c) Each Credit Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any Proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such Proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.1 in connection with a Proceeding. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law in connection with a Proceeding.

SECTION 10.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 10.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.12. Confidentiality. The Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section by it or (ii) becomes available to the Lender on a nonconfidential basis from a source other than any Credit Party; provided, that the Lender may file this Agreement with the Securities and Exchange Commission. For the purposes of this Section, "Information" means all information received from any Credit Party relating to any Credit Party or its business, other than any such information that is available to the Lender on a nonconfidential basis prior to disclosure by such Credit Party; provided that, in the case of information received from any Credit Party after the date hereof, such information is clearly identified at the time of delivery as confidential. The Lender shall be considered to have complied with its obligation under this Section if it has exercised the same degree of care to maintain the confidentiality of such Information as it would accord to its own confidential information.

SECTION 10.13. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to the Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by the Lender.

SECTION 10.14. USA Patriot Act.

The Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is

required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender to identify the Borrower in accordance with the Act.

SECTION 10.15.Alternative Dispute Resolution. EXCEPT IN THE CASE OF (1) A MATERIAL PROCEEDING, (2) JUDICIAL ACTION FOR SPECIFIC PERFORMANCE, (3) INJUNCTIVE RELIEF OR (4) ENFORCEMENT OF ANY MEDIATION OR ARBITRATION AWARD, ANY DISPUTE BETWEEN OR AMONG THE PARTIES HERETO ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE SECURITY AGREEMENT, THE CONTROL AGREEMENT, OR THE HSBC TFS LETTER, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY SHALL BE RESOLVED AMONG THE PARTIES TO SUCH DISPUTE BY NEGOTIATION, MEDIATION AND ARBITRATION IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE XXI OF THE RETAIL SETTLEMENT PRODUCTS DISTRIBUTION AGREEMENT, WHICH ARE INCORPORATED HEREIN BY REFERENCE.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

BLOCK FINANCIAL CORPORATION, as Borrower

By: _____
Name:
Title:

H&R BLOCK, INC., as Guarantor

By: _____
Name:
Title:

HSBC FINANCE CORPORATION, as Lender

By: _____
Name:
Title:

SCHEDULE 3.4(a)

Guarantee Obligations

- Guarantee Obligations with respect to obligations (including obligations under operating leases) reflected on the Guarantor's consolidated balance sheet as of April 30, 2006 or in the notes thereto.

SCHEDULE 3.6

Disclosed Matters

- On December 18, 2006, the New York Attorney General re-filed the lawsuit related to the Express IRA product, as more particularly described in the Guarantor's quarterly report on Form 10-Q for the quarter ended October 31, 2006.

SCHEDULE 3.13

Subsidiaries

The following is a list of the direct and indirect subsidiaries of H&R Block, Inc., a Missouri corporation.

Name	Jurisdiction
1) H&R Block Group, Inc.	Delaware
2) HRB Management, Inc.	Missouri
3) H&R Block Tax and Financial Services Limited	United Kingdom
4) Companion Insurance, Ltd.	Bermuda
5) H&R Block Services, Inc.	Missouri
6) H&R Block Tax Services, Inc.	Missouri
7) HRB Partners, Inc.	Delaware
8) HRB Texas Enterprises, Inc.	Missouri
9) H&R Block and Associates, L.P.	Delaware
10) H&R Block Canada, Inc.	Canada
11) Financial Stop, Inc.	British Columbia
12) H&R Block Canada Financial Services, Inc.	Canada
13) H&R Block (Nova Scotia) Incorporated	Nova Scotia
14) H&R Block Enterprises, Inc.	Missouri
15) H&R Block Eastern Enterprises, Inc.	Missouri
16) The Tax Man, Inc.	Massachusetts
17) HRB Royalty, Inc.	Delaware
18) H&R Block Limited.	New South Wales

Name	Jurisdiction
19) West Estate Investors, LLC	Missouri
20) H&R Block Global Solutions (Hong Kong) Limited	Hong Kong
21) Black Orchard Financial, Inc.	Delaware
22) H&R Block Tax and Business Services, Inc.	Delaware
23) H&R Block Tax Institute, LLC	Missouri
24) Block Financial Corporation	Delaware
25) Option One Mortgage Corporation	California
26) Option One Mortgage Acceptance Corporation	Delaware
27) Option One Mortgage Securities Corp.	Delaware
28) Option One Mortgage Securities II Corp.	Delaware
29) Premier Trust Deed Services, Inc.	California
30) Premier Mortgage Services of Washington, Inc.	Washington
31) H&R Block Mortgage Corporation	Massachusetts
32) Option One Insurance Agency, Inc. (d/b/a H&R Block Insurance Agency)	California
33) Woodbridge Mortgage Acceptance Corporation	Delaware
34) Option One Loan Warehouse Corporation	Delaware
35) Option One Advance Corporation	Delaware
36) AcuLink Mortgage Solutions, LLC	Florida
37) AcuLink of Alabama, LLC	Alabama
38) Option One Mortgage Corporation (India) Pvt Ltd	India
39) Option One Mortgage Capital Corporation	Delaware
40) First Option Asset Management Services, LLC	California
41) Premier Property Tax Services, LLC	California

Name	Jurisdiction
42) First Option Asset Management Services, Inc.	California
43) Companion Mortgage Corporation	Delaware
44) Franchise Partner, Inc.	Nevada
45) HRB Financial Corporation	Michigan
46) H&R Block Financial Advisors, Inc.	Michigan
47) OLDE Discount of Canada	Canada
48) H&R Block Insurance Agency of Massachusetts, Inc.	Massachusetts
49) HRB Property Corporation	Michigan
50) HRB Realty Corporation	Michigan
51) 4230 West Green Oaks, Inc.	Michigan
52) Financial Marketing Services, Inc.	Michigan
53) 2430472 Nova Scotia Co.	Nova Scotia
54) H&R Block Digital Tax Solutions, LLC	Delaware
55) TaxNet Inc.	California
56) H&R Block Bank	Federal
57) BFC Transactions, Inc.	Delaware
58) RSM McGladrey Business Services, Inc.	Delaware
59) RSM McGladrey, Inc.	Delaware
60) RSM McGladrey Financial Process Outsourcing, L.L.C.	Minnesota
61) RSM McGladrey Financial Process Outsourcing India Pvt. Ltd (70% ownership)	India
62) Birchtree Financial Services, Inc.	Oklahoma
63) Birchtree Insurance Agency, Inc.	Missouri
64) Pension Resources, Inc.	Illinois

Name	Jurisdiction
65) FM Business Services, Inc. (d/b/a Freed Maxick ABL Services)	Delaware
66) O’Rourke Career Connections, LLC (50% ownership)	California
67) Credit Union Jobs, LLC	California
68) RSM McGladrey TBS, LLC	Delaware
69) PDI Global, Inc.	Delaware
70) RSM Equico, Inc.	Delaware
71) RSM Equico Capital Markets, LLC	Delaware
72) Equico, Inc.	California
73) Equico Europe Limited	United Kingdom
74) RSM Equico Canada, Inc.	Canada
75) RSM McGladrey Business Solutions, Inc. (d/b/a RSM McGladrey Retirement Resources)	Delaware
76) CFS-McGladrey, LLC (50% ownership)	Massachusetts
77) Creative Financial Staffing of Western Washington, LLC (50% ownership)	Massachusetts
78) Cfstaffing, Ltd. (25% ownership)	British Columbia
79) RSM McGladrey Insurance Services, Inc.	Delaware
80) PWR Insurance Services, Inc.	California
81) RSM McGladrey Employer Services, Inc.	Georgia
82) RSM Employer Services Agency, Inc.	Georgia
83) RSM Employer Services Agency of Florida, Inc.	Florida
84) H&R Block (India) Pvt. Ltd.	India
85) RSM (Bahamas) Global, Ltd.	Bahamas

SCHEDULE 6.2

Existing Indebtedness

- The Irrevocable Standby Letter of Credit issued on March 22, 2004 by KeyBank National Association in favor of Old Republic Insurance Company for an amount up to $16,509,269.
- Irrevocable Standby Letter of Credit issued on December 18, 2003 by KeyBank National Association in favor of Pacific Employer's Insurance Company and ACE American Insurance Company for an amount up to $865,650.
- Irrevocable Standby Letter of Credit issued on February 16, 2005 by KeyBank National Association in favor of Chubb National Company for an amount up to $3,500,000.
- Promissory Note dated December 6, 2001 in the principal amount of $5,500,000 between MyBenefitSource.com, Inc. (now RSM McGladrey Employer Services, Inc.) and AUSA Holdings Company.
- The Guarantor's and Subsidiaries' obligations under surety bonds and fidelity bonds issued pursuant to state mortgage licensing requirements.

SCHEDULE 6.3

Existing Liens

None.

SCHEDULE 6.4(b)

ADDITIONAL BUSINESSES

- Businesses that offer products and services typically provided by finance companies, banks and other financial service providers, including consumer finance and mortgage-loan related products and services, credit products, insurance products, check cashing, money orders, wire transfers, stored value cards, bill payment services, notary services and similar products and services.
- Businesses that offer financial, or financial-related, products and services that can be marketed, provided or distributed by leveraging the retail locations of Guarantor’s Subsidiaries or the relationships of such Subsidiaries with their clients as a tax return preparer or financial advisor or service provider.

SCHEDULE 6.6

Existing Restrictions

- Indenture dated as of October 20, 1997, by and between the Credit Parties and Bankers Trust Company, as trustee (the “October 20, 1997 Indenture”).
- Any other Indenture entered into by any Credit Party to the extent that (a) the Indebtedness thereunder is permitted by Section 6.2(d) of this Agreement and (b) such other Indenture has substantially similar terms to the October 20, 1997 Indenture.
- Repurchase Agreements of the type referred to in Section 6.2(i) of this Agreement.
- Certain Subsidiaries must maintain capital requirements which could impair their ability to pay dividends or other distributions.

EXHIBIT A

[FORM OF SECURITY AGREEMENT]

SECURITY AGREEMENT

SECURITY AGREEMENT dated as of January 2, 2007 between BLOCK FINANCIAL CORPORATION ("Debtor"), a Delaware corporation, and HSBC FINANCE CORPORATION ("Secured Party"), a Delaware corporation.

WHEREAS, Debtor, Secured Party and H&R Block, Inc. have entered into a Credit and Guarantee Agreement dated as of January 2, 2007 (as amended, restated or otherwise modified and in effect from time to time, the "Credit Agreement") pursuant to which Secured Party has agreed, subject to the terms and conditions thereof, to make loans to Debtor from time to time.

WHEREAS, Secured Party has required, as a condition to its making loans under the Credit Agreement, that Debtor execute and deliver this Agreement.

NOW, THEREFORE, in consideration of the premises and to induce Secured Party to make loans to Debtor under the Credit Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. Capitalized terms used herein without definition are used herein as defined in the Credit Agreement. In addition, the following terms shall have the following meanings:

"BFC Program Contracts" means, collectively, the Indemnification Agreement, the Participation Agreement and the Servicing Agreement.

"Collateral" is defined in Section 2 hereof.

"Contract Obligor" means any Person that is obligated to Debtor under a Program Contract.

"Control Agreement" means the Investment Account Control Agreement between Debtor, Secured Party and the Securities Intermediary with respect to the Securities Account, in substantially the form of Exhibit B to the Credit Agreement.

"Direct Pay Provisions" means the provisions of paragraph 2 of the HSBC TFS Letter.

"HSBC RAL" means "HSBC RAL" as such term is defined in the Appendix of Defined Terms and Rules of Construction attached as Appendix A to Retail Settlement Products Distribution Agreement.

"HSBC TFS" means HSBC Taxpayer Financial Services, Inc., a Delaware corporation.

"HSBC TFS Letter" means a letter agreement between Debtor, HSBC TFS and Secured Party in substantially the form of Exhibit C to the Credit Agreement.

"Indemnification Agreement" means the HSBC Settlement Products Indemnification Agreement dated as of September 23, 2005 among HSBC Bank USA, N.A., HSBC TFS, Household Tax Masters Acquisition Corporation, Beneficial Franchise Company, Inc., H&R Block Services, Inc., H&R Block Tax Services, Inc., H&R Block Enterprises, Inc., H&R Block Eastern Enterprises, Inc., H&R Block Digital Tax Solutions, LLC, Block Associates, L.P., HRB Royalty, Inc. and Debtor, as amended from time to time, and any restatement, extension, renewal and replacement thereof.

"Participation Agreement" means the HSBC Refund Anticipation Loan Participation Agreement, dated as of September 23, 2005, as amended from time to time, and any restatement, extension, renewal and replacement thereof, by and among Household Tax Masters Acquisition Corporation, the Borrower, HSBC Bank USA, National Association, HSBC TFS and HSBC Trust Company (Delaware), National Association.

"Participation Interest" means a "Participation Interest" under and as defined in the Credit Agreement.

"Securities Account" means account number 615878 maintained by Debtor with the Securities Intermediary, all cash balances, securities, instruments, financial assets and investment property at any time and from time to time credited to, received or receivable in respect of such account, and all securities entitlements and claims thereunder or in connection therewith.

"Securities Intermediary" means HSBC Investor Funds.

"Servicing Agreement" means the HSBC Settlement Products Servicing Agreement dated as of September 23, 2005 , as amended from time to time, and any restatement, extension, renewal and replacement thereof, among HSBC Bank USA, National Association, HSBC TFS, Household Tax Masters Acquisition Corporation, and Debtor.

"Uniform Commercial Code" means the Uniform Commercial Code as in effect from time to time in the State of New York; provided, however, if, by reason of mandatory provisions of law, the attachment, perfection or priority of Secured Party's security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

The terms "control", entitlement holder", "entitlement order", "financial asset", "instrument", "investment property", "proceeds", "security", "security entitlement", "securities intermediary" and "supporting obligation" shall have the respective meanings set forth in the Uniform Commercial Code.

2. Security Interest. As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Obligations, Debtor hereby assigns and pledges to Secured Party and grants to Secured Party a security interest in and to all of Debtor's right, title and interest in the following property and interests in property, whether now owned or hereafter acquired by Debtor and wherever located (collectively, the "Collateral"):

(a) the BFC Program Contracts, including (without limitation) the Participation Interests purchased by Debtor under the Participation Agreement, all rights of Debtor related to the HSBC RALs to which such Participation Interests relate, and all monies due and to become due in respect thereof; provided, that the security interest created hereby shall not extend to the rights reserved to Debtor pursuant to the proviso in Section 3 hereof;

(b) the Securities Account; and

(c) all proceeds, supporting obligations, income, benefits, substitutions, additions and replacements of and to any of the property described in this Section 2 including, without limitation, all rights, claims and benefits against any Contract Obligor or other Person obligated on any Collateral, and all related books, correspondence, files, records, invoices and other papers, including, without limitation, all computer runs, programs and files.

3. Certain Rights of Debtor. Notwithstanding any other term or provision of this Agreement, as long as no Event of Default has occurred, Debtor may exercise all of its rights under the BFC Program Contracts, other than the following, which Debtor may not exercise: (a) the right to receive payments from HSBC TFS under the Direct Pay Provisions of the amounts to be transferred by HSBC TFS to Secured Party thereunder, (b) the right to sell, assign, pledge or grant a security interest in or Lien on the Collateral and (c) its right to modify, amend or waive its rights under the BFC Program Contracts that would affect in any way the Participation Interests that have been financed by Secured Party pursuant to the Credit Agreement, provided, further, that even after an Event of Default has occurred and is continuing under the Credit Agreement, Debtor will have the right, on a prospective basis, (i) under Section 4.1 of the Participation Agreement, to participate or not participate in subsequently originated HSBC RALs and to change the Applicable Percentage (as defined in the Participation Agreement) with respect thereto, (ii) under Section 4.4 of the Participation Agreement, to elect not to purchase a participation interest in certain groups of subsequently originated HSBC RALs; and (iii) under Section 4.8 of the Participation Agreement to sell, assign or transfer its right to purchase participation interests on subsequently originated HSBC RALs that are not financed by Secured Party.

4. Representations and Warranties of Debtor. Debtor represents and warrants to Secured Party as follows:

(a) Binding Effect. This Agreement has been, and the Control Agreement and the HSBC TFS Letter will be, duly executed and delivered by Debtor, and this Agreement

constitutes, and the Control Agreement and the HSBC TFS Letter will constitute, legal, valid and binding agreements of Debtor, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) Ownership and Liens. Debtor is and will be the owner of the Collateral and no Lien exists or will exist upon such Collateral at any time except as provided for in this Agreement. Debtor is the sole entitlement holder with respect to the Securities Account.

(c) Perfection. This Agreement is effective to create in favor of Secured Party a valid security interest in and Lien upon all of Debtor's right, title and interest in and to the Collateral and, upon the filing of an appropriate Uniform Commercial Code financing statement in the Office of the Secretary of State of the State of Delaware, such security interest will be a duly perfected security interest in all of the Collateral and no further recordings or filings are or will be required in connection with the creation, perfection or enforcement of such security interest and Lien, other than (i) the filing of continuation statements or financing change statements in accordance with applicable law and (ii) additional filings if Debtor changes its name, identity or organizational structure or the jurisdiction in which it is organized.

5. Agreements of Debtor. Debtor hereby agrees with Secured Party as follows:

(a) Direct Payment to Secured Party. Debtor shall enter into the HSBC TFS Letter with Secured Party and HSBC TFS. Debtor shall, forthwith upon becoming aware or being made aware that it has received any amount in payment under the Direct Pay Provisions at any time, pay such amount to Secured Party, and any such amount which may be so received by Debtor shall, from the time of Debtor being or becoming aware of such receipt, not be commingled by Debtor with any of its other funds or property but, until paid to Secured Party, shall be held separate and apart from such other funds and property and in trust for Secured Party. Debtor authorizes and empowers Secured Party (i) to ask, demand, receive, receipt and give acquittance for any and all amounts which may be or become due or payable at any time to Debtor under the Direct Pay Provisions and (ii) in its discretion to file any claims or take any action or proceeding, either in its own name or in the name of Debtor or otherwise, which Secured Party may deem to be necessary or advisable to collect amounts due under the Direct Pay Provisions.

(b) Performance of BFC Program Contracts. Debtor shall remain liable under the BFC Program Contracts to perform all of its obligations thereunder and shall duly and punctually perform and observe all of the terms and provisions of the BFC Program Contracts on the part of Debtor to be performed or observed, subject to any applicable grace or cure periods contained in the BFC Program Contracts. Secured Party does not assume and shall not have any obligations or liabilities under the BFC Program Contracts by reason of or arising out of this Agreement, nor shall Secured Party be obligated to make any inquiry as to the nature or sufficiency of any payment received under the BFC Program Contracts or to collect or enforce the BFC Program Contracts. Debtor shall not agree to or suffer or permit any amendment, modification or waiver of or under the BFC Program Contracts that would affect in any way the Participation Interests that have been financed by Secured Party pursuant to the Credit Agreement.

(c) Other Documents and Actions. Debtor shall, within 10 days of request by Secured Party, give, execute, deliver, file or record any financing statement, notice, instrument, agreement or other document that may be necessary or desirable in the reasonable judgment of Secured Party to create, preserve, perfect or validate the security interest granted pursuant hereto or to enable Secured Party to exercise and enforce the rights of Secured Party hereunder with respect to such security interest.

(d) [RESERVED]

(e) Control Agreement. Debtor shall take any and all actions required or requested by Secured Party from time to time to cause Secured Party to maintain exclusive control the Securities Account and for that purpose Debtor shall enter into the Control Agreement with Secured Party and the Securities Intermediary. Debtor agrees that Debtor shall not withdraw any money or property from the Securities Account or modify or terminate the Control Agreement or any customer agreement relating to the Securities Account without the prior written consent of Secured Party.

(f) Other Liens. Debtor shall not create, permit or suffer to exist, and shall defend the Collateral against and take such other action as is necessary to remove, any Lien on the Collateral and shall defend the right, title and interest of Secured Party in and to the Collateral and in and to all Proceeds thereof against the claims and demands of all Persons whatsoever.

(g) Preservation of Rights. Whether or not any Event of Default has occurred or is continuing, Secured Party may, but shall not be required to, take any actions Secured Party reasonably deems necessary or appropriate to preserve any Collateral or any rights against third parties to any of the Collateral and Debtor shall, within 30 days of demand by Secured Party, pay, or reimburse Secured Party for, all expenses incurred in connection therewith.

(h) Changes in Name, etc. The name of Debtor that appears above its signature on this Agreement is its full and correct legal name as it appears in its certificate of incorporation. Debtor shall notify Secured Party promptly in writing prior to any change in Debtor's name, identity, corporate structure or state of incorporation.

(i) Financing Statements. Debtor hereby irrevocably authorizes Secured Party, at Debtor's expense, to file such financing and continuation statements relating to this Agreement, without Debtor's signature, as Secured Party may deem appropriate, and appoints Secured Party as Debtor's attorney-in-fact to execute any such statements in Debtor's name and to perform all other acts which Secured Party deems appropriate to perfect and continue the security interest created hereby.

6. Remedies. During the period during which an Event of Default shall have occurred and be continuing:

(a) Secured Party shall have, in addition to other rights and remedies provided for herein or otherwise available to it, all of the rights and remedies of a Secured Party upon default under the Uniform Commercial Code (whether or not the Uniform Commercial Code applies to

the affected Collateral) and Secured Party may, without notice, demand or legal process of any kind except as may be required by law, at any time or times (i) if Secured Party shall have requested that Debtor assemble any tangible Collateral pursuant to Section 6(a)(ii) hereof and Debtor shall have failed to do so in a commercially reasonable time, enter Debtor's premises and take physical possession of such tangible Collateral and maintain such possession on Debtor's premises, at no cost to Secured Party, or remove such tangible Collateral or any part thereof to such other place or places as Secured Party may desire, (ii) require Debtor to, and Debtor hereby agrees to, assemble any tangible Collateral as directed by Secured Party and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to Secured Party and Debtor and (iii) without notice except as specified below, sell, lease, assign, grant an option or options to purchase or otherwise dispose of the Collateral or any part thereof at public or private sale, at any exchange, broker's board or at any of the offices of Secured Party or elsewhere, for cash, on credit or for future delivery, and upon such other terms as Secured Party may deem commercially reasonable. Debtor agrees that, to the extent notice of sale shall be required by law, at least 10 days' notice to Debtor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor and such sale may, without further notice, be made at the time and place to which it was so adjourned;

(b) Secured Party may make any compromise or settlement deemed desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments or otherwise modify the terms of, any of the Collateral;

(c) Secured Party may, in the name of Secured Party or in the name of Debtor or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so; and

(d) Secured Party may take any action and exercise any right or remedy available to it under the Control Agreement, including any right to give instructions or entitlement orders to the Securities Intermediary under the Control Agreement and to dispose of any Collateral in the Securities Account as provided in Section 6(a).

7. Deficiency; Application of Proceeds. If the proceeds of sale, collection or other realization of or upon the Collateral are insufficient to cover the costs and expenses of such realization and the payment in full of the Obligations, Debtor shall remain liable for any deficiency. The proceeds of any collection, sale or other realization of all or any part of the Collateral shall be applied first, to payment of all expenses payable or reimbursable by Debtor under the Loan Documents in connection with such collection, sale or other realization on the Collateral, and then as provided in the Credit Agreement.

8. Power of Attorney. Debtor hereby irrevocably constitutes and appoints Secured Party, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtor and in the name of Debtor or in its own

name, from time to time in the discretion of Secured Party, after the occurrence and during the continuance of an Event of Default, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute and deliver any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives Secured Party the power and right, on behalf of Debtor, without notice to or assent by Debtor, to do the following upon the occurrence and during the continuance of an Event of Default:

(a) to ask, demand, collect, receive and give acquittance and receipts for any and all moneys due and to become due under any Collateral and, in the name of Debtor or its own name or otherwise, to take possession of and endorse and collect any checks, drafts, notices acceptances or other instruments for the payment of monies due under any Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Secured Party for the purpose of collecting any and all such moneys due under any Collateral whenever payable and to file any claim or to take any other action or proceeding or otherwise deemed appropriate by Secured Party for the purpose of collecting any and all such moneys due under any Collateral;

(b) to pay or discharge charges or Liens levied or placed on or threatened against the Collateral;

(c) to direct any Contract Obligor or other party liable under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to Secured Party or as Secured Party may direct, and to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due in respect of or arising out of any Collateral;

(d) to sign and indorse any invoices, drafts against debtors, assignments, verifications and notices in connection with or relating to the Collateral;

(e) to commence and prosecute any suits, actions or proceedings to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral;

(f) to participate in the defense of any suit, action or proceeding brought against Debtor with respect to any Collateral, or to defend same with Debtor’s consent;

(g) to settle, compromise or adjust any such suit, action or proceeding as it relates to the Collateral and, in connection therewith, to give such discharges or releases as Secured Party may deem appropriate;

(h) to notify each Contract Obligor in respect of any BFC Program Contracts that such Collateral has been assigned to Secured Party and that any payments due or to become due in respect of such Collateral are to be made directly to Secured Party; and to communicate in its own name with any party to any Program Contract with regard to the assignment of the right, title and interest of Debtor in and under the BFC Program Contracts hereunder and other matters relating thereto;

(i) to execute, in connection with any sale of Collateral provided for in Section 6 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(j) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes and to do, at Secured Party's option and at Debtor's expense, at any time or from time to time, all acts and things which Secured Party reasonably deems necessary to protect, preserve or realize upon the Collateral and Secured Party's Lien therein, in order to effect the intent of this Agreement, all as fully and effectively as Debtor might do.

The power of attorney granted hereunder is a power coupled with an interest, shall be irrevocable until this Agreement is terminated pursuant to Section 9, and shall not limit the rights of Secured Party when no Event of Default shall have occurred and be continuing.

9. Termination. This Agreement and the security interests granted hereunder shall not terminate until the termination of the Commitment of the Secured Party under the Credit Agreement and the full and complete payment and satisfaction of all Obligations (regardless of whether the Credit Agreement shall have earlier terminated), at which time Secured Party shall notify (i) the Securities Intermediary of the termination of the Control Agreement pursuant to Section 15 thereof and (ii) HSBC TFS of the termination of the HSBC TFS Letter pursuant to paragraph 3 thereof.

10. Further Assurances. At any time and from time to time, within 10 days of request of Secured Party, and at the sole expense of Debtor, Debtor shall duly execute and deliver any and all such further instruments, documents and agreements and take such further actions as Secured Party may reasonably require in order for Secured Party to obtain the full benefits of this Agreement, including, without limitation, using Debtor's best efforts to secure all consents and approvals necessary or appropriate for the assignment to Secured Party of any Collateral held by Debtor or in which Debtor has any rights not heretofore assigned.

11. Limitation on Duty of Secured Party. The powers conferred on Secured Party under this Agreement are solely to protect the Secured Party's interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, Secured Party shall have no duty as to any of the Collateral. Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither Secured Party nor any of its officers, directors, employees or agents shall be responsible to Debtor for any act or failure to act, except for gross negligence or willful misconduct. Without limiting the foregoing, Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if such Collateral is accorded treatment substantially equivalent to that which Secured Party, in its individual capacity, accords its own property consisting of the type of Collateral involved, it being understood and agreed that Secured Party shall have no responsibility for taking any necessary steps, other than steps taken

in accordance with the standard of care set forth above, to preserve rights against any Person with respect to any Collateral.

12. Private Sales. Debtor recognizes that Secured Party may be unable to effect a public sale of certain of the Collateral by reason of prohibitions contained in the Securities Act of 1933, as amended, and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such Collateral for their own account for investment and not with a view to the distribution or resale thereof. Debtor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that, solely by reason of such circumstances, any such private sale shall be deemed to have been made in a commercially reasonable manner; provided, that nothing in this Section 12 shall otherwise relieve Secured Party of any duty to proceed in a commercially reasonable manner in connection with such private sale. Secured Party shall be under no obligation to delay a sale of any of the Collateral for the period of time necessary to permit registration of any Collateral for public sale under such Act or applicable state securities laws.

13. Miscellaneous.

(a) No Waiver. No failure on the part of Secured Party to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Secured Party of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law.

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(c) Notices. All notices, demands and requests that any party is required or elects to give to any other party shall be given in accordance with the provisions of the Credit Agreement.

(d) Amendments. The terms of this Agreement may be waived, altered or amended only by an instrument in writing duly executed by Debtor and Secured Party.

(e) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of each of the parties hereto; provided, that Debtor shall not assign or transfer its rights or delegate its obligations hereunder without the prior written consent of Secured Party.

(f) Counterparts; Headings. This Agreement may be executed in any number of counterparts and by any party on any counterpart, all of which together shall constitute one and the same instrument. The headings in this Agreement are for convenience of reference only and shall not alter or otherwise affect the meaning hereof.

(g) Severability. If any provision hereof is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of Secured Party in order to carry out the intentions of the parties hereto as nearly as may be possible, and the invalidity or unenforceability of any provision in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties have caused this Security Agreement to be duly executed and delivered as of the date first written above.

BLOCK FINANCIAL CORPORATION

By: _____
Name:
Title:

HSBC FINANCE CORPORATION

By: _____
Name:
Title:

EXHIBIT B

[FORM OF CONTROL AGREEMENT]

INVESTMENT ACCOUNT CONTROL AGREEMENT

INVESTMENT ACCOUNT CONTROL AGREEMENT dated as of January 2, 2007 among BLOCK FINANCIAL CORPORATION, a Delaware corporation ("Debtor"), HSBC FINANCE CORPORATION ("Secured Party"), a Delaware corporation, and HSBC INVESTOR FUNDS (the "Securities Intermediary"), a Massachusetts business trust.

WHEREAS, Debtor, Secured Party and H&R Block, Inc. have entered into a Credit and Guarantee Agreement dated as of January 2, 2007 (as amended, restated or otherwise modified and in effect from time to time, the "Credit Agreement") pursuant to which Secured Party has agreed, subject to the terms and conditions thereof, to make loans to Debtor from time to time.

WHEREAS, Secured Party has required, as a condition to its making loans under the Credit Agreement, that Debtor execute and deliver to Secured Party a Security Agreement (as amended, restated or otherwise modified and in effect from time to time, the "Security Agreement"), which Security Agreement creates a security interest in certain property of Debtor, including the Securities Account, as hereinafter defined, maintained with Securities Intermediary by Debtor in which certain cash balances, securities, financial assets and other investment property are held.

WHEREAS, Secured Party, Debtor and Securities Intermediary have agreed to enter into this Agreement to perfect Secured Party's security interests in the Collateral, as defined below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Meaning of "UCC". All references herein to the "UCC" shall mean the Uniform Commercial Code as in effect in the State of New York.

Section 2. Establishment of Securities Account. The Securities Intermediary hereby confirms that (i) the Securities Intermediary has established account number 615878 in the name Debtor (such account and any successor account, the "Securities Account"), (ii) the Securities Account is a "securities account" as such term is defined in Section 8-501(a) of the UCC, (iii) pursuant to that the Security Agreement, Secured Party has a security interest in Debtor's right, title and interest in and to such Securities Account and all cash balances, securities, instruments, investment property and financial assets maintained therein from time to time (collectively, "Collateral") and all securities entitlements relative thereto, (iv) the Securities Intermediary shall, subject to the terms of this Agreement, treat Secured Party as entitled to exercise the rights relating to any Collateral credited to the Securities Account, (v) all property delivered to the Securities Intermediary pursuant to the Security Agreement will be promptly credited to the Securities Account and become Collateral, and (vi) all Collateral credited to the Securities Account shall be registered in the name of the Secured Party, endorsed to the Secured Party or in blank, and in no case will any Collateral credited to the Securities Account be registered in the

name of the Debtor, payable to the order of the Debtor or specially endorsed to the Debtor except to the extent the foregoing have been specially endorsed to the Secured Party or in blank.

Section 3. "Financial Assets" Election. The Securities Intermediary hereby agrees that each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Securities Account shall be treated as a "financial asset" within the meaning of Section 8-102(a)(9) of the UCC.

Section 4. Sole Control. Secured Party shall have sole control over the Securities Account. Securities Intermediary shall not accept any direction, instructions, or entitlement orders with respect to the Securities Account or the Collateral credited thereto from any person other than Secured Party, except as provided in Section 6 and unless otherwise ordered by a court of competent jurisdiction.

Section 5. Entitlement Orders. The Securities Intermediary hereby agrees that if Secured Party delivers to the Securities Intermediary and its transfer agent identified in Section 14 (the "Transfer Agent") an "entitlement order" (within the meaning of Section 8-102(a)(8) of the UCC) relating to the Securities Account, the Securities Intermediary shall comply with such entitlement order (and shall cause the Transfer Agent to so comply) without further consent by the Debtor or any other person, and Debtor hereby irrevocably authorizes such compliance. Secured Party will only issue an entitlement order following an "Event of Default" under the Credit Agreement and for the purpose of directing the Securities Intermediary to distribute Collateral to the Secured Party for application to the obligations of the Debtor under the Credit Agreement and the Security Agreement.

Section 6. Procedures for Securities Account. Without Secured Party's prior written consent: (i) neither Debtor nor any party other than Secured Party may withdraw any Collateral from the Securities Account and (ii) the Securities Intermediary will not comply with any entitlement order or request to withdraw any Collateral from the Securities Account given by any party other than Secured Party.

Section 7. Subordination of Lien; Waiver of Set-Off. In the event that the Securities Intermediary has or subsequently obtains by agreement, operation of law or otherwise a security interest in the Securities Account or any Collateral credited thereto, the Securities Intermediary hereby agrees that such security interest shall be subordinate to the security interest of the Secured Party. The Collateral will not be subject to deduction, set-off, banker's lien, or any other right in favor any person other than the Secured Party except for the payment of the customary fees and expenses of the Securities Intermediary.

Section 8. Choice of Law. Both this Agreement and the Securities Account shall be governed by the laws of the State of New York. Regardless of any provision in any other agreement, for purposes of the UCC, New York shall be deemed to be the Securities Intermediary's location and the Securities Account (as well as the securities entitlements related thereto) shall be governed by the laws of the State of New York.

Section 9. Conflict with other Agreements. There are no other agreements entered into between the Securities Intermediary and the Debtor with respect to the Securities Account except for a certain account application dated December 15, 2006 (the "Account Agreement").

In the event of any conflict between this Agreement (or any portion thereof) and any other agreement now existing (including the Account Agreement) or hereafter entered into, the terms of this Agreement shall prevail.

Section 10. Indemnification Debtor agrees to indemnify Securities Intermediary and Transfer Agent against all claims, liabilities and expenses incurred, sustained or payable by Securities Intermediary or Transfer Agent arising out of this Agreement except to the extent directly caused by the Securities Intermediary's or the Transfer Agent's gross negligence or willful misconduct.

Section 11. Amendments. No amendment or modification of this Agreement or waiver of any right hereunder shall be binding on any party hereto unless it is in writing and is signed by all of the parties hereto.

Section 12. Notice of Adverse Claims. Except for the claims and interests of the Secured Party and of Debtor in the Securities Account, the Securities Intermediary does not know of any claim to, or interest in, the Securities Account or in any financial asset credited thereto. If any person asserts any lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Securities Account or in any Collateral carried therein, the Securities Intermediary will promptly notify the Secured Party and Debtor thereof.

Section 13. Successors. The terms of this Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective corporate successors or heirs and personal representatives.

Section 14. Notices. All notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

Secured Party:

HSBC Finance Corporation
2700 Sanders Road
Prospect Heights, IL 60070
Attention: Treasurer

Fax no.: . (847) 205-7538

with copies to:

HSBC Finance Corporation
2700 Sanders Road
Prospect Heights, IL 60070
Attention: Deputy General Counsel-Corporate
Law Fax no.: (847) 564-6366

HSBC Securities, Inc.
425 Fifth Avenue, Lower Level
New York, N.Y. 10018

	(Telecopy No. (212) 525-2479) Attention: Peter Nealon HSBC Taxpayer Financial Services Inc. 200 Somerset Corporate Boulevard Bridgewater, N.J. 08807 (Telecopy No. (908) 203-4211) attention: CEO and Managing Director HSBC Taxpayer Financial Services Inc. 90 Christiana Road New Castle, DE 19707 (Telecopy No. (302) 327-2507) attention: General Counsel
Debtor:	Block Financial Corporation One H&R Block Way Kansas City, MO 64105 Attention: Becky Shulman (Telecopy No. (816) 854-8043), David Staley (Telecopy No. (816) 854-8043) and Andrew Somora (Telecopy No. (816) 802-1043)
Securities Intermediary:	HSBC Investor Funds c/o HSBC Investments (USA) Inc. 452 Fifth Avenue New York, NY 10018 Attention: Richard Fabietti Telephone: 212 525-2387 Fax No.: 917 525-1032 with a copy to: HSBC Investments (USA) Inc. 452 Fifth Avenue New York, NY 10018 Attention: James M. Curtis Telephone: 212 525-6961 Fax No.: 917 229-5219
Transfer Agent:	Bisys Fund Services, Inc. 3455 Stelzer Road Columbus, Ohio 43219 Attention: Michael Bryan, Analyst

TA Risk Management
Telephone: (614) 470-8676
Facsimile: (614) 470-8326

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt. Debtor, Secured Party or Securities Intermediary may, in its sole discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Section 15. Termination. The rights and powers granted herein to the Secured Party have been granted in order to perfect its security interests in the Securities Account, are powers coupled with an interest and will neither be affected by the bankruptcy of Debtor nor by the lapse of time. This Agreement, the rights and powers granted herein to the Secured Party, and the obligations of the Securities Intermediary hereunder shall automatically terminate upon the termination of the Secured Party's security interests pursuant to the terms of the Security Agreement. The Secured Party shall promptly provide written notice of such termination to the Securities Intermediary.

Section 16. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing and delivering one or more counterparts.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first written above.

BLOCK FINANCIAL CORPORATION

By: _____
Name:
Title:

HSBC FINANCE CORPORATION

By: _____
Name:
Title:

HSBC INVESTOR FUNDS,
as Securities Intermediary

By: _____
Name:
Title:

EXHIBIT C

[FORM OF HSBC TFS LETTER]

HSBC TAXPAYER FINANCIAL SERVICES, INC.
90 Christiana Road
New Castle, Delaware 19720

As of January 2, 2007

HSBC Finance Corporation
2700 Sanders Road
Prospect Heights, IL 60070

Block Financial Corporation
One H&R Block Way
Kansas City, MO 64105

Ladies and Gentlemen:

HSBC Taxpayer Financial Services ("HSBC TFS") acknowledges that HSBC Finance Corporation (the "Lender") and Block Financial Corporation (the "Borrower") have notified HSBC TFS that they are party to (1) a Credit and Guarantee Agreement dated as of January 2, 2007 (as amended, restated or otherwise modified and in effect from time to time, the "Credit Agreement") with H&R Block, Inc., as Guarantor, pursuant to which the Lender has agreed, subject to the terms and conditions thereof, to make loans to the Borrower from time to time and (2) a Security Agreement dated as of January 2, 2007 (as amended, restated or otherwise modified and in effect from time to time, the "Security Agreement") pursuant to which the Borrower has granted to the Lender a security interest in certain property, including the Borrower's right, title and interest in and to the Servicing Agreement and the Participation Agreement to secure the obligations of the Borrower under the Credit Agreement. The parties are entering into this letter agreement to set forth certain agreements among them.

1. Definitions. Capitalized terms used herein that are not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

2. Instructions. As contemplated in the Credit Agreement and the Security Agreement, the Borrower hereby authorizes and instructs HSBC TFS: (1) to give notice to the Lender of the Purchase Price of all Participation Interests to be purchased by the Borrower under the Participation Agreement, such notice to be given to the Lender simultaneously with the giving of notice to the Borrower under Section 4.3 of the Participation Agreement but in any case not later than 9:30 a.m., New York City time; (2) to accept from the Lender for the account of the Borrower the proceeds of Loans made by the Lender to the Borrower under the Credit Agreement in payment of the Purchase Price of Participation Interests to the extent of the amount of such Loans; (3) to pay 97% of all amounts from time to time payable to the Borrower by HSBC TFS under Section 6 of the Participation Agreement in respect of the repurchase of Participation Interests which have been financed by the Lender direct to the Lender to such account as it shall specify from time to time; and (4) to pay 97% of all amounts from time to time to be remitted to the Borrower by HSBC TFS under Section 3.4(b)(ii) of the Servicing Agreement in respect of principal of HSBC RALs in which the Borrower has purchased Participation Interests which have been financed by the Lender directly to the Lender to such account as it shall specify from time to time; provided, that so long as no Event of Default has occurred and is continuing under the Credit Agreement, HSBC TFS is authorized and instructed to pay 3% of all amounts from time to time to be remitted to the Borrower by HSBC TFS under Section 3.4(b)(ii) of the Servicing Agreement in respect of HSBC RALs in which the Borrower has purchased Participation Interests which have been financed by the Lender directly to the Borrower to such account as it shall specify from time to time.

The Borrower and HSBC TFS agree that the authorizations and instructions in the preceding paragraph may not be waived, modified or revoked without the prior written agreement of the Lender. HSBC TFS hereby acknowledges and agrees to the instructions in the preceding paragraph. The Lender agrees that it shall give prompt written notice to HSBC TFS and the Borrower when all Loans borrowed and other amounts payable under the Credit Agreement have been paid in full and no further Commitment exists thereunder, at which time the authorizations and instructions in the preceding paragraph and the agreements of the parties in this letter agreement shall terminate.

3. Miscellaneous. Except as provided in paragraph 2, all notices and other communications provided for in this letter agreement shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

Lender:

HSBC Finance Corporation
2700 Sanders Road
Prospect Heights, IL 60070
Attention: Treasurer
Fax no.: (847) 205-7538
with a copy to:

HSBC Finance Corporation
2700 Sanders Road
Prospect Heights, IL 60070

Attention: Deputy General Counsel—Corporate Law

Fax no.: (847) 564-6366
HSBC Securities, Inc.
425 Fifth Avenue, Lower Level
New York, N.Y. 10018
(Telecopy No. (212) 525-2479)
Attention: Peter Nealon

HSBC Taxpayer Financial Services Inc.
200 Somerset Corporate Boulevard
Bridgewater, N.J. 08807
(Telecopy No. (908) 203-4211)
attention: CEO and Managing Director

HSBC Taxpayer Financial Services Inc.
90 Christiana Road
New Castle, DE 19707
(Telecopy No. (302) 327-2507)
attention: General Counsel

Borrower: Block Financial Corporation
One H&R Block Way
Kansas City, MO 64105
Attention: Becky Shulman (Telecopy No. (816) 854-8043), David Staley (Telecopy No. (816) 854-8043) and Andrew Somora (Telecopy No. (816) 802-1043)

HSBC TFS: HSBC Taxpayer Financial Services Inc.
90 Christiana Road
New Castle, Delaware 19720
Attention: CEO and Managing Director
Telephone: 908-203-4441
Fax No.: 908-203-4211

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this letter agreement shall be deemed to have been given on the date of receipt. Without limiting paragraph 2 hereof, the Lender, the Borrower or HSBC TFS may, in its sole discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant

to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

This letter agreement shall be governed by and construed in accordance with the law of the State of New York.

By executing this letter agreement in the space below, each of the Borrower, HSBC TFS and the Lender agree to the terms and provision of this letter agreement.

Very truly yours,

HSBC TAXPAYER FINANCIAL SERVICES, INC.

By: _____
Name:
Title:

Accepted and agreed:

HSBC FINANCE CORPORATION

By: _____
Name:
Title:

Accepted and agreed:

BLOCK FINANCIAL CORPORATION

By: _____
Name:
Title:

EXHIBIT D

[FORM OF OPINION OF STINSON MORRISON HECKER LLP]

January ___, 2007

HSBC Finance Corporation
2700 Sanders Road
Prospect Heights, Illinois 60070

Ladies and Gentlemen:

We have acted as special counsel for Block Financial Corporation (the "**Borrower**") and H&R Block, Inc. (the "**Guarantor**" and, together with the Borrower, the "Credit Parties"), in connection with the Credit and Guarantee Agreement, dated as of January 2, 2007 (the "**Credit Agreement**"), by and among the Borrower, the Guarantor and HSBC Finance Corporation (the "**Lender**"). Unless otherwise defined herein, capitalized terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement, and capitalized terms defined in the Security Agreement (defined below) and used herein, but not defined in the Credit Agreement, shall have the meanings given to them in the Security Agreement.

In connection with this opinion letter, we have examined originally executed counterparts or other copies identified to our satisfaction of the following documents (the "**Reviewed Documents**"):

(a) the Credit Agreement;

(b) the Security Agreement, dated as of January 2, 2007 (the "**Security Agreement**"), between the Borrower and the Lender;

(c) the Investment Account Control Agreement dated as of January 2, 2007 (the "**Control Agreement**"), among the Borrower, the Lender and HSBC Investor Funds (the "**Securities Intermediary**");

(d) the letter agreement, dated as of January 2, 2007 (the "**HSBC TFS Letter**") among the Borrower, the Lender and HSBC TFS;

(e) the Form UCC-1 Financing Statement naming the Borrower, as Debtor, and the Lender, as Secured Party, filed or to be filed by Lender in the office of the Secretary of State of Delaware in the form attached hereto as Schedule A (the "**Financing Statement**");

(f) the following documents regarding the Borrower: (i) the certificate of incorporation and any amendments thereto certified as of the date hereof by the Secretary of the Borrower, (ii) the by-laws and any amendments thereto certified as of the date hereof by the Secretary of the Borrower, (iii) a copy of the resolutions of the Board of Directors of the Borrower certified as of the date hereof by the Secretary of the Borrower and (iv) a certificate of good standing dated December ___, 2006 issued by the Secretary of State of Delaware;

(g) the following documents regarding the Guarantor: (i) the certificate of incorporation and any amendments thereto certified as of the date hereof by the Secretary of the Guarantor, (ii) the by-laws and any amendments thereto certified as of the date hereof by the Secretary of the Guarantor, (iii) a copy of the resolutions of the Board of Directors of the Guarantor certified as of the date hereof by the Secretary of the Guarantor and (iv) a certificate of good standing dated December ___, 2006 issued by the Secretary of State of Missouri; and

(h) such other, agreements, certificates, documents, orders, pleadings, records and papers, including, without limitation, certificates of public officials and certificates of representatives of the Borrower and the Guarantor, as we have deemed appropriate, in our professional judgment, to render the opinions set forth below.

The documents specified in items (a) through (d) above are hereinafter collectively called the "**Loan Documents**" and individually, a "**Loan Document**."

In rendering the opinions and confirmations set forth herein, we have made, without investigation on our part, the following assumptions:

a. (i) Each Reviewed Document submitted to us as an original is authentic; (ii) each Reviewed Document submitted to us as a certified, conformed, telecopied, photostatic, electronic or execution copy conforms to the original of such document, and each such original is authentic; (iii) all signatures appearing on Reviewed Documents are genuine; (iv) the execution, delivery and performance of each Loan Document have been duly authorized by all requisite corporate, limited liability company, partnership or other action on the part of, and each Loan Document has been duly executed and delivered by, the parties thereto other than the Credit Parties, and each Loan Document is, under all applicable laws, the valid and binding obligation of the parties thereto (other than the Credit Parties) enforceable against such parties (other than the Credit Parties) in accordance with its terms; (v) all natural persons who have signed or will sign any of the Reviewed Documents had, or will have, as the case may be, the legal capacity to do so at the time of such signature; and (vi) excluding Reviewed Documents, there is no agreement, understanding, course of dealing or performance, usage of trade, or writing defining, supplementing, amending, modifying, waiving or qualifying the terms of any of the Loan Documents.

b. The statements, recitals, representations and warranties as to matters of fact set forth in the Loan Documents are accurate and complete. All certificates and similar documents provided to us by public officials are accurate and complete. The certificates provided to us by either or both of the Credit Parties are accurate and complete as to the factual matters set forth therein.

c. There is no circumstance (such as, but not limited to mutual mistake of fact or misunderstanding, fraud in the inducement, duress, undue influence, waiver or estoppel) extrinsic to the Loan Documents which might give rise to a defense against enforcement of any of the Loan Documents.

d. The conduct of the parties and their respective agents in connection with the Loan Documents and the transactions contemplated thereby has complied with any requirements of good faith, fair dealing, and conscionability.

e. The Collateral exists, and the Borrower has sufficient rights in the Collateral to grant a security interest therein under Section 9-203 of the New York UCC (defined below), the Missouri UCC (defined below) or the Delaware UCC (defined below), as applicable, and we express no opinion as to the nature or extent of the rights or title of the Borrower in and to any of the Collateral.

f. Each opinion recipient is without notice of any defense against enforcement of any rights created by, or any adverse claim to any property or security interest transferred or created as a part of or contemplated by, the Loan Documents.

g. The Financing Statement has been, or will be, properly filed and indexed in the Uniform Commercial Code records of the Secretary of State of Delaware.

h. The Securities Intermediary is a “securities intermediary” (as defined in § 8-102(a)(14) of the New York UCC) with respect to the Collateral which is the subject of the Control Agreement.

Based upon the foregoing, and subject to the assumptions, qualifications and limitations set forth herein, we are of the opinion that as of this date:

1. Borrower is a corporation validly existing and in good standing under the laws of the State of Delaware, Guarantor is a corporation validly existing and in good standing under the laws of the State of Missouri, and each Credit Party has the corporate power to own its properties and to carry on its business as presently conducted by it as described in the

Guarantor's Form 10-K for the year ended December 31, 2005, as amended, or any of the Guarantor's subsequent filings with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934.

2. Each Credit Party has all requisite corporate power and authority to execute, deliver and perform its obligations under the Loan Documents to which it is a party and has taken all necessary corporate action to authorize the execution and delivery of, and the performance of its obligations under, the Loan Documents to which it is a party.

3. Each Credit Party has duly executed and delivered the Loan Documents to which it is a party and such Loan Documents constitute the legal, valid and binding agreements of such Credit Party, enforceable against such Credit Party in accordance with their respective terms.

4. The execution and delivery by each Credit Party of each Loan Document to which it is a party do not, and the performance of its obligations thereunder will not, (a) violate such Credit Party's articles or certificate of incorporation or by-laws, (b) violate any applicable law, statute or regulation of the United States or the State of Missouri that we, based upon the scope of our representation of and our experience with such Credit Party, reasonably recognize as applicable to such Credit Party with respect to transactions of the type contemplated by the Loan Documents, (c) violate any order, writ, judgment, injunction, decree, determination or award of any court or other Governmental Authority binding upon such Credit Party of which we have knowledge, or (d) breach, constitute a default under, result in the acceleration of (or entitle any party to accelerate) the maturity of, any obligation of a Credit Party under, or result in or require the creation of any lien upon or security interest in (other than pursuant to the Loan Documents) any of its property pursuant to the terms of, the Bank Revolvers, the other financing agreements and instruments and the Program Contracts listed on Schedule B attached hereto.

5. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority of the United States, the State of Missouri or the State of Delaware is required for the execution and delivery by a Credit Party, or the validity or enforceability against such Credit Party, of each Loan Document to which it is a party other than (i) such as have been obtained, made or given and are in full force in effect, (ii) the filing of financing statements (including the Financing Statement) under the Uniform Commercial Code pursuant to the requirements of the Loan Documents and (iii) any authorization, approval, notice, filing or other action which is not a condition required to be satisfied on or before the Effective Date but is itself a future obligation of such Credit Party under a Loan Document.

6. To our knowledge, there is no suit, action or proceeding pending against either Credit Party before any court, governmental or regulatory authority, agency or commission, or board of arbitration or overtly threatened against either Credit Party in writing which (whether pending or threatened) challenges the legality, validity or enforceability of any Loan Document.

7. The Security Agreement is effective to create in favor of the Lender a valid security interest in all right, title and interest of the Borrower in the Collateral described in the Security Agreement to secure the Obligations. Assuming that the Financing Statement was

filed in the office of the Secretary of State of Delaware (the "**Filing Office**"), the security interest of the Lender in the Collateral has been duly perfected in that portion of the Collateral in which a security interest may be perfected by the filing of a financing statement under the Delaware UCC. Without limiting the foregoing, the security interest of the Lender in the Securities Account has been perfected pursuant to the execution and delivery of the Control Agreement.

8. The making of the Loans and the application of the proceeds thereof as provided in the Credit Agreement do not violate Regulations T, U and X of the Board of Governors of the Federal Reserve Board.

9. The Borrower is not an "investment company" or a company "controlled by" an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

Our opinions set forth above are subject to the following additional qualifications and limitations:

1. The enforceability of each Loan Document is subject to the effect of applicable bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium, assignment for the benefit of creditors and other similar laws affecting the rights and remedies of creditors. This qualification includes, without limitation, the avoidance, fraudulent transfer and preference provisions of the federal Bankruptcy Code of 1978 (11 U.S.C. §§ 101 *et seq.*), as amended, and the fraudulent transfer and conveyance laws of the State of Missouri, and we render no opinion that any transaction provided for in the Loan Documents would not be subject to avoidance or otherwise adversely affected under such provisions or laws.
2. The enforceability of each Loan Document is subject to the effect of principles of equity (including those respecting the availability of specific performance), whether considered in a proceeding at law or in equity, and the limitations imposed by applicable procedural requirements of applicable state or federal law.
3. The enforceability of each Loan Document is subject to (1) the effect of generally applicable rules of law that limit or deny the enforceability of provisions (i) purporting to waive defenses or rights or the obligations of good faith, fair dealing, diligence and reasonableness; (ii) purporting to authorize a party to take discretionary independent actions for the account of, or as agent or attorney-in-fact for, a Credit Party under a Loan Document; or (iii) purporting to provide for the indemnification or exculpation of a party with respect to such party's intentional acts or gross negligence, with respect to securities law violations or to the extent that such provisions violate public policy considerations; and (2) the effect of generally applicable rules of law that may, where a portion of the contract may be unenforceable, limit the enforceability of the balance of the contract to circumstances in which the unenforceable portion is not an essential part of the transaction or contract.

4. We express no opinion as to the enforceability of (i) any contractual provision which either directly or indirectly limits or tends to limit the time in which any suit or action may be instituted by a party; (ii) any contractual provision which requires a party to execute and deliver additional agreements or instruments other than agreements or instruments which are limited in effect to effectuating the express terms of a Loan Document and do not expand or modify such terms; (iii) any waiver by a party of personal service of process or any consent of a party to service of process upon it in a manner that does not satisfy the requirements of applicable law; (iv) any waiver by a party of its right to a jury trial, (v) any provision of a Loan Document that purports to waive or modify the rules identified in Section 9-602 of the applicable Uniform Commercial Code; and (vi) any contractual provision which would have the effect of giving the Lender cumulative or duplicative remedies, to the extent such cumulative or duplicate remedies purport to or would have the effect of compensating the Lender in amounts in excess of the actual amount of the indebtedness owed to the Lender and other loss suffered by the Lender.

5. The enforceability of any right of set-off in any of the Loan Documents is subject to the effect of common law principles pertaining to set-off, such as mutuality of obligations, maturity of obligations, and the like.

6. The enforceability of a Loan Document which purports to be a guarantee of, or the grant of a lien or security interest for, the payment or performance of obligations of another person ("guaranteed obligations"), including, without limitation, the applicable provisions of the Credit Agreement, is subject to the effect of generally applicable rules of law that may discharge the guarantor or grantor of such lien or security interest to the extent that (i) action or inaction by the beneficiary of the guaranteed obligations impairs the value of collateral securing guaranteed obligations to the detriment of such guarantor or grantor or (ii) the guaranteed obligations are materially modified.

7. With respect to the recovery of attorneys' fees under the Loan Documents, to the extent that the laws of the State of Missouri are applicable, the provisions of Mo. Rev. Stat. § 408.092 limit the right to recover attorneys' fees in connection with a "credit agreement" (as defined in Mo. Rev. Stat. § 432.045.1) and reads in pertinent part as follows:

> Notwithstanding any other provision of law to the contrary, attorneys' fees are permitted to enforce a credit agreement provided the enforcing attorney is a licensed member of the Missouri Bar or is authorized to practice law in Missouri, and such fees meet one of the following requirements:
>
> (1) Such fees are included in a written credit agreement, and are not otherwise prohibited by law; or
>
> (2) Such fees do not exceed fifteen percent of the outstanding credit balance in default, provided such credit was extended by a for-profit business or credit union. ...

At the court's discretion, additional fees may be awarded to the attorney for the prevailing party.

A "credit agreement" is defined in Mo. Rev. Stat. § 432.045.1 as "an agreement to lend or forebear repayment of money, to otherwise extend credit, or to make other financial accommodation."

8. With respect to the enforceability of any contractual provision stating that the Credit Agreement or any of the other Loan Documents or the obligations, rights or remedies of the parties thereunder shall be governed by or construed or determined in accordance with the laws of the State of New York, we call your attention to the following: Missouri courts generally apply the rules of Section 187 of the Restatement (Second) of Conflicts of Law (1971) in deciding whether to give effect to the parties' choice of the state whose law will govern the interpretation of their contractual rights and duties. *State ex rel. Geil v. Corcoran*, 623 S.W.2d 557, 559 (Mo. Ct. App. 1981); *Davidson & Associates, Inc. v. Internet Gateway*, 334 F. Supp. 2d 1164, 1175 (E.D. Mo. 2004). Section 187 of the Restatement provides in pertinent part as follows:

   (1) The law of the state chosen by the parties to govern their contractual rights and duties will be applied if the particular issue is one which the parties could have resolved by an explicit provision in their agreement directed to that issue.

   (2) The law of the state chosen by the parties to govern their contractual rights and duties will be applied even if the particular issue is one which the parties could not have resolved by an explicit provision in their agreement directed to that issue unless either:

      (a) the chosen state has no substantial relationship to the parties or the transaction and there is no other reasonable basis for the parties' choice, or

      (b) application of the law of the chosen state would be contrary to a fundamental policy of a state which has a materially greater interest than the chosen state in the determination of the particular issue and which, under the rule of § 188 [of the Restatement], would be the state of the applicable law in the absence of an effective choice of law by the parties.

   While the Missouri choice of law rules are, nevertheless, not entirely settled, we believe that a state or federal court sitting in the State of Missouri, properly presented with the question and properly applying the choice of law rules of the State of Missouri should honor the provisions of a Loan Document stating that, to the extent provided therein, the rights and duties of the parties thereto are to be governed by the laws of the State of New York (except as to matters of procedure which may be governed by the laws of the forum state) unless either (a) the State of New York has no substantial relationship to the parties to such Loan Document or the transactions contemplated by such Loan Document and there is

no reasonable basis for such parties' choice or (b) application of the laws of the State of New York would be contrary to a fundamental policy of the State of Missouri and the State of Missouri has materially greater interest than the State of New York in the determination of the particular issue.

9. With respect to the enforceability of any contractual provision in the Credit Agreement or any other Loan Document whereby the parties submit to the jurisdiction of the federal and New York State courts located in the City or County of New York in connection with any suit, action or proceeding related to such agreement or any of the matters contemplated thereby, we call your attention to the following: Missouri courts generally follow the holding of the Missouri Supreme Court in *High Life Sales Co. v. Brown-Forman Corp.*, 823 S.W.2d 493 (Mo. 1992) that a forum selection clause in a contract should be enforced unless it is unfair or unreasonable to do so. *Id.* at 494. Factors considered by Missouri courts in determining the fairness of enforcing forum selection clauses include (1) whether a forum selection clause is a part of an adhesive contract (*i.e.*, "one in which the parties have unequal standing in terms of bargaining power (usually a large corporation versus an individual) and often involv[ing] take-it-or-leave-it provisions in printed form contracts", *id.* at 497), (2) whether the forum selection clause was neutral and reciprocal (*Id.*) and (3) whether inclusion of the forum selection clause in the contract was the product of fraud or coercion (*Marano Enterprises v. Z-Teca Restaurants, L.P.*, 254 F.3d 753, 757 (8th Cir. 2001)). There are also Missouri cases which have found a forum selection clause to be unreasonable (*e.g.*, *High Life Sales*).

10. In addition to the other qualifications set forth in this opinion letter regarding the enforceability of a Loan Document under the laws of the State of Missouri, certain waivers, procedures, remedies and other provisions of any Loan Document covered by such opinion may be rendered unenforceable or limited by the laws, regulations or judicial decisions of the State of Missouri within the scope of this opinion letter, but such laws, regulations and judicial decisions would not render any of such Loan Documents invalid as a whole under the laws of the State of Missouri and would not make the remedies available under such Loan Documents inadequate for the practical realization of the principal rights and benefits purporting to be afforded thereby, except for the economic consequences of any judicial, administrative or other delay or procedure which may be imposed by applicable law.

11. With respect to our opinions regarding security interests set forth in opinion paragraph 7 above, we advise you that (i) any security interest in "proceeds" (as defined in the New York UCC, the Missouri UCC or the Delaware UCC, as applicable) of Collateral may be limited as to perfection and effectiveness to the extent provided in Section 9-315 of the New York UCC, the Missouri UCC or the Delaware UCC, as applicable; and (ii) the Lender's rights under the Loan Documents are subject to the rights of the following parties under circumstances described in the applicable sections of the New York UCC, the Missouri UCC or the Delaware UCC, as applicable, set forth below: (a) purchasers of chattel paper or instruments under the circumstances described in Section 9-330 or (b) holders in due course of negotiable instruments, holders to whom negotiable documents of title have been duly negotiated, or protected purchasers of securities, in each case, under the circumstances described in Section 9-331.

12. We note that in order to continue the perfection of the security interest in that portion of the Collateral which has been perfected by the filing of the Financing Statement under the Delaware UCC for more than five (5) years, a continuation statement must be filed as to such Financing Statement in the Filing Office within six (6) months prior to the expiration of each consecutive five-year period (with the first such period commencing on the date the Financing Statement was duly filed) and in all respects in compliance with Article 9, Part 5 of the Delaware UCC.

13. We call your attention to the fact that with respect to any security interest in Collateral perfected by the filing of the Financing Statement under the Delaware UCC, the Financing Statement will not be effective to perfect a security interest under the Delaware UCC in (i) any Collateral acquired by the Borrower more than four (4) months after it changes it name so as to make the Financing Statement seriously misleading, unless a new appropriate financing statement indicating its new name is properly filed before the expiration of such four (4) months and (ii) any Collateral four (4) months after it changes its jurisdiction of organization (or if earlier, when perfection under the Delaware UCC would have ceased) unless such security interest is perfected in such new jurisdiction before that termination occurs.

14. We are expressing no opinion as to the priority of any lien or security interest created by the Loan Documents.

15. We call your attention that Section 522 of the federal Bankruptcy Code limits the extent to which property acquired by a debtor after the commencement of a case under the federal Bankruptcy Code may be subject to a security interest arising from a security agreement entered into by such debtor before the commencement of such case.

16. We do not express any opinion as to the attachment or perfection of a security interest in deposit accounts, letter-of-credit rights, money or commercial tort claims as those terms are defined in the New York UCC, the Missouri UCC or the Delaware UCC, as applicable.

17. We express no opinion with respect to any laws, rules or regulations governing the issuance or sale of securities.

18. In connection with any matters confirmed by us with respect to the existence or absence of facts, conditions or circumstances, the words “to our knowledge”, “of which we have knowledge”, “known to us” and words of similar import mean that in the course of performing legal services on behalf of any Credit Party, we are without conscious awareness of facts or other information that such confirmed matters are untrue, and in preparing this opinion letter, we have not undertaken any independent verification of such confirmed matters beyond our recollection of legal services currently or previously performed by us for the Credit Parties, and have made no investigation or inquiry with any Credit Party or any other persons regarding such confirmed matters except as stated above in this opinion letter. For purposes of the preceding sentence, the terms “to our knowledge”, “of which we have knowledge”, “known to us” and similar phrases refer to the actual present knowledge of those lawyers of Stinson Morrison Hecker LLP who

have devoted substantive attention to the matters relating to the Loan Documents and the other transactions of the Credit Parties occurring on the date hereof, and not to the knowledge of Stinson Morrison Hecker LLP as a firm or its partners or employees generally.

19. Our opinions set forth in this opinion letter are based upon the facts in existence and the laws in effect on the date hereof, and we expressly disclaim any obligation to update or supplement our opinions in response to changes in the law becoming effective hereafter or future events or circumstances affecting the transactions contemplated by the Loan Documents.

Our opinions and statements expressed herein are restricted to matters governed by (a) the federal laws of the United States of America; (b) the laws of the State of Missouri, including, without limitation, the Uniform Commercial Code as in effect in the State of Missouri, Mo. Rev. Stat. §§ 400.1-101 *et seq.* (the "**Missouri UCC**"); (c) with respect to the opinions given as to the Borrower set forth in opinion paragraphs 1, 2, 3, 4(a) and 5, the General Corporation Law of Delaware, 8 Del. Code Ann. §§ 101 *et seq.*; (d) with respect to the opinions given as to the Borrower set forth in the first and third sentences of opinion paragraph 7, Article 9 of the Uniform Commercial Code as in effect in the State of New York, 38 New York Consol. Laws §§ 9-101 *et seq.* (the "**New York UCC**"); and (e) with respect to the opinions given as to the Borrower set forth in opinion paragraph 5 and the second sentence of opinion paragraph 7, Article 9 of the Uniform Commercial Code as in effect in the State of Delaware, 6 Del. Code Ann. §§ 9-101 *et seq.* (the "**Delaware UCC**"). Except as indicated in the preceding sentence, we express no opinion as to any matter rising under the laws of any other jurisdiction, including, without limitation, the statutes, ordinances, rules and regulations of counties, towns, municipalities and special political subdivisions of the State of Missouri. To the extent that any Reviewed Document is governed by or subject to the laws of any state or jurisdiction not specified above in this paragraph with respect to such opinion or confirmation, we have assumed that the laws of such state or jurisdiction (without regard to conflicts of laws principles) are substantively identical to the laws of the State of Missouri.

This opinion letter is solely for the benefit of the addressee hereof in connection with the execution and delivery of the Loan Documents and may not be relied upon for any other purpose or by any other person for any purpose, without in each instance our prior written consent. We understand that this opinion letter may be included in closing binders with respect to the transactions contemplated by the Loan Documents.

Very truly yours,

STINSON MORRISON & HECKER LLP

EXHIBIT A

Financing Statement

[Attached]

EXHIBIT B

Financing Agreements and Instruments

1. Indenture dated October 20, 1997 among Block Financial Corporation (the "**Company**"), H&R Block, Inc. (the "**Guarantor**") and Deutsche Bank Trust Company Americas (f/k/a Bankers Trust Company) (the "**First Trustee**"), together with:

   a. The First Supplemental Indenture dated as of April 18, 2000 among the Company, the Guarantor, the First Trustee and The Bank of New York, as separate trustee under the Indenture (the "**Second Trustee**").

   b. The Company's 8.50% Notes due 2007, which are guaranteed by the Guarantor pursuant to the guarantees endorsed on said Notes.

   c. The Officers' Certificate of the Company dated October 26, 2004 establishing the terms of the Notes described in d. below.

   d. The Company's 5.125% Notes due 2014, which are guaranteed by the Guarantor pursuant to the guarantees endorsed on said Notes.

2. The Amended and Restated Five-year Credit and Guarantee Agreement dated as of August 10, 2005 among the Company, the Guarantor, the financial institutions which are Lender parties thereto, and JP Morgan Chase Bank, N.A., as Administrative Agent (in such capacity, the "**Administrative Agent**"), as amended by the First Amendment dated as of November 28, 2006 among the Company, the Guarantor, the Lender parties and the Administrative Agent.

3. The Five-Year Credit and Guarantee Agreement dated as of August 10, 2005 among the Company, the Guarantor, the financial institutions which are Lender parties thereto, and the Administrative Agent, as amended by the First Amendment dated as of November 28, 2006 among the Company, the Guarantor, the Lender parties and the Administrative Agent.

4. The Credit and Guarantee Agreement to be dated as of January 2, 2007 among the Company, the Guarantor and BNP Paribas.

5. The HSBC Retail Settlement Products Distribution Agreement, dated as of September 23, 2005 among HSBC Bank USA, National Association, HSBC TFS, Beneficial Franchise Company Inc., Household Tax Masters Acquisition Corporation, H&R Block Services, Inc., H&R Block Tax Services, Inc., H&R Block Enterprises, Inc., H&R Block Eastern Enterprises, Inc., H&R Block Digital Tax Solutions, LLC, H&R Block and Associates, L.P., HRB Royalty, Inc., HSBC Finance Corporation and the Guarantor, as amended from time to time, and any restatement, extension, renewal and replacement thereof.

6. The HSBC Refund Anticipation Loan Participation Agreement, dated as of September 23, 2005 among Household Tax Masters Acquisition Corporation, the Company, HSBC Bank USA, National Association, HSBC TFS and HSBC Trust Company (Delaware),

National Association, as amended from time to time, and any restatement, extension, renewal and replacement thereof.

7. The HSBC Settlement Products Servicing Agreement dated as of September 23, 2005 among HSBC Bank USA, National Association, HSBC TFS, Household Tax Masters Acquisition Corporation and the Company, as amended from time to time, and any restatement, extension, renewal and replacement thereof.

8. The HSBC Settlement Products Indemnification Agreement dated as of September 23, 2005 among HSBC Bank USA, National Association, HSBC TFS, Household Tax Masters Acquisition Corporation, Beneficial Franchise Company, Inc., H&R Block Services, Inc., H&R Block Tax Services, Inc., H&R Block Enterprises, Inc., H&R Block Eastern Enterprises, Inc., H&R Block Digital Tax Solutions, LLC, H&R Block and Associates, L.P., HRB Royalty, Inc. and the Company, as amended from time to time, and any restatement, extension, renewal and replacement thereof.

Exhibit 10.30

FIRST AMENDMENT

THIS FIRST AMENDMENT dated as of November 28, 2006 (this "Amendment") amends the Five-Year Credit and Guarantee Agreement dated as of August 10, 2005 (the "Credit Agreement") among Block Financial Corporation (the "Borrower"), H&R Block, Inc. (the "Guarantor"), various financial institutions (the "Lenders") and JPMorgan Chase Bank, N.A., as administrative agent for the Lenders (in such capacity, the "Administrative Agent"). Capitalized terms used but not defined herein have the respective meanings set forth in the Credit Agreement.

WHEREAS, the Borrower, the Guarantor, the Lenders and the Administrative Agent have entered into the Credit Agreement; and

WHEREAS, the parties hereto desire to amend the Credit Agreement as set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1 Amendments. Subject to the satisfaction of the condition precedent set forth in Section 3, the Credit Agreement is amended as follows:

1.1 Amendment to Section 3.8. Section 3.8 is amended in its entirety to read as follows:

SECTION 3.8. Investment Company Status. Neither of the Credit Parties nor any of the Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

1.2 Amendments to Section 6.2. Section 6.2 is amended as follows:

(a) Clause (m) is amended in its entirety to read as follows:

(m) subject to the proviso at the end of this Section 6.2, Indebtedness incurred in connection with the Borrower's Refund Anticipation Loan Program, including any Indirect RAL Participation Transaction; provided that (i) such Indebtedness is incurred during the period beginning on January 2 of any year and ending on June 29 of such year, (ii) such Indebtedness is repaid in full by June 30 of the year in which such Indebtedness is incurred and (iii) the covenants contained in any agreement relating to such Indebtedness, or guarantee thereof (other than covenants specific to the Borrower's Refund Anticipation Loan Program and the operation thereof), are no more restrictive than the covenants contained in this Agreement;

(b) The last paragraph is amended by deleting the clause beginning "except" at the end thereof and substituting the following therefor:

except that, during the period from January 2 of any year through June 30 of such year, such sum may exceed the greater of the Total Facility Commitments then in effect or the then Total Facility Loan Outstandings by an amount up to the total of (A) the aggregate

outstanding principal amount of Indebtedness described in subsection 6.2(m) and (B) $500,000,000.

1.3 Amendment to Section 10.1. Section 10.1 (a) is amended in its entirety to read as follows:

(a) if to the Borrower or the Guarantor, to it at One H&R Block Way, Kansas City, Missouri 64105, Attention of Becky Shulman (Telecopy No. (816) 854-4242), David Staley (Telecopy No. (816) 854-4239) and Andrew Somora (Telecopy No. (816) 753-0037);

SECTION 2 Representations and Warranties. Each of the Borrower and the Guarantor represents and warrants to the Administrative Agent and the Lenders that, after giving effect to the effectiveness hereof, (a) each representation and warranty set forth in Article III of the Credit Agreement (other than the representations and warranties set forth in subsections 3.4(b), 3.6(a)(i) and 3.6(b)) is true and correct in all material respects as of the date hereof with the same effect as if made on the date hereof (except to the extent related to a specific earlier date) and (b) no Default or Event of Default shall have occurred and be continuing.

SECTION 3 Effectiveness. The amendments set forth herein shall become effective upon receipt by the Administrative Agent of counterparts of this Amendment executed by the Borrower, the Guarantor and the Required Lenders.

SECTION 4 Miscellaneous.

4.1 Continuing Effectiveness, etc. Except as expressly amended hereby, the provisions of the Credit Agreement are and shall remain in full force and effect. After the effectiveness of this Amendment, all references in the Credit Agreement and the other Loan Documents to “Credit Agreement” or similar terms shall refer to the Credit Agreement as amended hereby.

4.2 Counterparts. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original but all such counterparts shall together constitute one and the same Amendment. Delivery of a counterpart hereof, or an executed signature hereto, by facsimile or by e-mail (in pdf or similar format) shall be effective as delivery of a manually-executed counterpart hereof.

4.3 Governing Law. This Amendment shall be construed in accordance with and governed by the law of the State of New York.

Delivered as of the day and year first above written.

BLOCK FINANCIAL CORPORATION

By: /s/ Becky S. Shulman
Name: Becky S. Shulman
Title: Senior Vice President and Treasurer

H&R BLOCK, INC.

By: /s/ Becky S. Shulman
Name: Becky S. Shulman
Title: Senior Vice President and Treasurer

JPMORGAN CHASE BANK, N.A., as
Administrative Agent, as a Lender and as Swingline
Lender

By: /s/ Elisabeth H. Schwabe
Name: Elisabeth H. Schwabe
Title: Managing Director
JPMorgan Chase Bank

BANK OF AMERICA, N.A.

By: /s/ Alexa B. Bradford
Name: Alexa B. Bradford
Title: Senior Vice President

HSBC BANK USA, NATIONAL ASSOCIATION

By: /s/ Peter Nealon
Name: Peter Nealon
Title: Managing Director

GREENWICH CAPITAL MARKETS, INC.,
AS AGENT FOR THE ROYAL BANK OF
SCOTLAND PLC

/s/ Fergus Smail

Fergus Smail
Vice President

BNP PARIBAS

By: /s/ Tomasz Rydel
Name: Tomasz Rydel
Title: Vice-President

By: /s/ Chris Grumboski
Name: Chris Grumboski
Title: Director

CALYON NEW YORK BRANCH

By: /s/ Sebastian Rocco
Name: Sebastian Rocco
Title: Managing Director

By: /s/ [ILLEGIBLE]
Name: [ILLEGIBLE]
Title: Director

WACHOVIA BANK, NATIONAL
ASSOCIATION

By: /s/ Joan Anderson
Name: Joan Anderson
Title: Director

WELLS FARGO BANK, N.A.

By: /s/ Thiplada Siddiqui
Name: Thiplada Siddiqui
Title: Vice President

CITIBANK, N.A.

By: /s/ Andrew Kreeger
Name: Andrew Kreeger
Title: Vice President

LEHMAN BROTHERS BANK, FSB

By: /s/ Janine M. Shugan
Name: Janine M. Shugan
Title: Authorized Signatory

MELLON BANK, N.A.

By: /s/ Daniel Beagle
Name: Daniel Beagle
Title: First Vice President

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Michael J. Reymann
Name: Michael J. Reymann
Title: Senior Vice President

COMERICA BANK

By: /s/ Mark J. Leveille
Name: Mark J. Leveille
Title: Assistant Vice President

THE BANK OF NEW YORK

By: /s/ Louis D. Serio
Name: Louis D. Serio
Title: Vice President

DEUTSCHE BANK AG, NEW YORK BRANCH

By: _____
Name: _____
Title: _____

FIFTH THIRD BANK

By: /s/ Christopher D. Jones
Name: Christopher D. Jones
Title: Vice President

ROYAL BANK OF CANADA

By: /s/ Dustin Craven
Name: Dustin Craven
Title: Attorney-in-Fact

SUNTRUST BANK

By: /s/ Steven A. Deily
Name: Steven A. Deily
Title: Managing Director

MERRILL LYNCH BANK USA

By: /s/ Louis Alder
Name: Louis Alder
Title: Director

SUMITOMO MITSUI BANKING
CORPORATION

By: /s/ Shigeru Tsuru
Name: Shigeru Tsuru
Title: Joint General Manager

UBS LOAN FINANCE LLC

By: /s/ Richard L. Tavrow
Name: Richard L. Tavrow
Title: Director

By: /s/ Irja R. Otsa
Name: Irja R. Otsa
Title: Associate Director

BANK MIDWEST, N.A.

By: /s/ Brian Bower
Name: Brian Bower
Title: Vice President

CHANG HWA COMMERCIAL BANK, LTD.

By: _____
Name: _____
Title: _____

COMMERCE BANK, N.A.

By: _____
Name: _____
Title: _____

NATIONAL CITY BANK

By: /s/ Michael J. Durbin
Name: Michael J. Durbin
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Louis K. McLinden
Name: Louis K. McLinden
Title: Vice President

UMB BANK, N.A.

By: /s/ Thomas S. Terry
Name: Thomas S. Terry
Title: Senior Vice President

Exhibit 10.31

FIRST AMENDMENT

THIS FIRST AMENDMENT dated as of November 28, 2006 (this "Amendment") amends the Amended and Restated Five-Year Credit and Guarantee Agreement dated as of August 10, 2005 (the "Credit Agreement") among Block Financial Corporation (the "Borrower"), H&R Block, Inc. (the "Guarantor"), various financial institutions (the "Lenders") and JPMorgan Chase Bank, N.A., as administrative agent for the Lenders (in such capacity, the "Administrative Agent"). Capitalized terms used but not defined herein have the respective meanings set forth in the Credit Agreement.

WHEREAS, the Borrower, the Guarantor, the Lenders and the Administrative Agent have entered into the Credit Agreement; and

WHEREAS, the parties hereto desire to amend the Credit Agreement as set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1 Amendments. Subject to the satisfaction of the condition precedent set forth in Section 3, the Credit Agreement is amended as follows:

1.1 Amendment to Section 3.8. Section 3.8 is amended in its entirety to read as follows:

SECTION 3.8. Investment Company Status. Neither of the Credit Parties nor any of the Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

1.2 Amendments to Section 6.2. Section 6.2 is amended as follows:

(a) Clause (m) is amended in its entirety to read as follows:

(m) subject to the proviso at the end of this Section 6.2, Indebtedness incurred in connection with the Borrower's Refund Anticipation Loan Program, including any Indirect RAL Participation Transaction; provided that (i) such Indebtedness is incurred during the period beginning on January 2 of any year and ending on June 29 of such year, (ii) such Indebtedness is repaid in full by June 30 of the year in which such Indebtedness is incurred and (iii) the covenants contained in any agreement relating to such Indebtedness, or guarantee thereof (other than covenants specific to the Borrower's Refund Anticipation Loan Program and the operation thereof), are no more restrictive than the covenants contained in this Agreement;

(b) The last paragraph is amended by deleting the clause beginning "except" at the end thereof and substituting the following therefor:

except that, during the period from January 2 of any year through June 30 of such year, such sum may exceed the greater of the Total Facility Commitments then in effect or the then Total Facility Loan Outstandings by an amount up to the total of (A) the aggregate

outstanding principal amount of Indebtedness described in subsection 6.2(m) and (B) $500,000,000.

1.3 Amendment to Section 10.1. Section 10.1 (a) is amended in its entirety to read as follows:

(a) if to the Borrower or the Guarantor, to it at One H&R Block Way, Kansas City, Missouri 64105, Attention of Becky Shulman (Telecopy No. (816) 854-4242), David Staley (Telecopy No. (816) 854-4239) and Andrew Somora (Telecopy No. (816) 753-0037);

SECTION 2 Representations and Warranties. Each of the Borrower and the Guarantor represents and warrants to the Administrative Agent and the Lenders that, after giving effect to the effectiveness hereof, (a) each representation and warranty set forth in Article III of the Credit Agreement (other than the representations and warranties set forth in subsections 3.4(b), 3.6(a)(i) and 3.6(b)) is true and correct in all material respects as of the date hereof with the same effect as if made on the date hereof (except to the extent related to a specific earlier date) and (b) no Default or Event of Default shall have occurred and be continuing.

SECTION 3 Effectiveness. The amendments set forth herein shall become effective upon receipt by the Administrative Agent of counterparts of this Amendment executed by the Borrower, the Guarantor and the Required Lenders.

SECTION 4 Miscellaneous.

4.1 Continuing Effectiveness, etc. Except as expressly amended hereby, the provisions of the Credit Agreement are and shall remain in full force and effect. After the effectiveness of this Amendment, all references in the Credit Agreement and the other Loan Documents to “Credit Agreement” or similar terms shall refer to the Credit Agreement as amended hereby.

4.2 Counterparts. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original but all such counterparts shall together constitute one and the same Amendment. Delivery of a counterpart hereof, or an executed signature hereto, by facsimile or by e-mail (in pdf or similar format) shall be effective as delivery of a manually-executed counterpart hereof.

4.3 Governing Law. This Amendment shall be construed in accordance with and governed by the law of the State of New York.

Delivered as of the day and year first above written.

BLOCK FINANCIAL CORPORATION

By: /s/ Becky S. Shulman
Name: Becky S. Shulman
Title: Senior Vice President and Treasurer

H&R BLOCK, INC.

By: /s/ Becky S. Shulman
Name: Becky S. Shulman
Title: Senior Vice President and Treasurer

JPMORGAN CHASE BANK, N.A., as
Administrative Agent, as a Lender and as Swingline
Lender

By: /s/ Elisabeth H. Schwabe
Name: Elisabeth H. Schwabe
Title: Managing Director
JPMorgan Chase Bank

BANK OF AMERICA, N.A.

By: /s/ Alexa B. Bradford
Name: Alexa B. Bradford
Title: Senior Vice President

GREENWICH CAPITAL MARKETS, INC.,
AS AGENT FOR THE ROYAL BANK OF
SCOTLAND PLC

/s/ Fergus Smail

Fergus Smail
Vice President

BARCLAYS CAPITAL PLC

By: _____

Name: _____

Title: _____

HSBC BANK USA, NATIONAL ASSOCIATION

By: /s/ Peter Nealon
Name: Peter Nealon
Title: Managing Director

CITIBANK, N.A.

By: /s/ Andrew Kreeger
Name: Andrew Kreeger
Title: Vice President

KEY BANK NATIONAL ASSOCIATION

By: /s/ Donald F. Carmichael, Jr.
Name: Donald F. Carmichael, Jr.
Title: Vice President

WELLS FARGO BANK, N.A.

By: /s/ Thiplada Siddiqui
Name: Thiplada Siddiqui
Title: Vice President

CALYON NEW YORK BRANCH

By: /s/ Sebastian Rocco
Name: Sebastian Rocco
Title: Managing Director

By: /s/ [ILLEGIBLE]
Name: [ILLEGIBLE]
Title: Director

MELLON BANK, N.A.

By: /s/ Daniel Beagle
Name: Daniel Beagle
Title: First Vice President

ROYAL BANK OF CANADA

By: /s/ Dustin Craven
Name: Dustin Craven
Title: Attorney-in-Fact

SUNTRUST BANK

By: /s/ Steven A. Deily
Name: Steven A. Deily
Title: Managing Director

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Michael J. Reymann
Name: Michael J. Reymann
Title: Senior Vice President

WACHOVIA BANK, NATIONAL
ASSOCIATION

By: /s/ Joan Anderson
Name: Joan Anderson
Title: Director

BNP PARIBAS

By: /s/ Tomasz Rydel
Name: Tomasz Rydel
Title Vice-President

By: /s/ Chris Grumboski
Name: Chris Grumboski
Title: Director

COMERICA BANK

By: /s/ Mark J. Leveille
Name: Mark J. Leveille
Title: Assistant Vice President

E.SUN COMMERCIAL BANK, LTD. (LOS ANGELES)

By: _____

Name: _____

Title: _____

DEUTSCHE BANK AG NEW YORK BRANCH

By: _____
Name: _____
Title: _____

FIFTH THIRD BANK

By: /s/ Christopher D. Jones
Name: Christopher D. Jones
Title: Vice President

LEHMAN BROTHERS BANK, FSB

By: /s/ Janine M. Shugan
Name: Janine M. Shugan
Title: Authorized Signatory

MERRILL LYNCH BANK USA

By: /s/ Louis Alder
Name: Louis Alder
Title: Director

SUMITOMO MITSUI BANKING CORPORATION

By: /s/ Shigeru Tsuru
Name: Shigeru Tsuru
Title: Joint General Manager

UBS LOAN FINANCE LLC

By: /s/ Richard L. Tavrow
Name: Richard L. Tavrow
Title: Director

By: /s/ Irja R. Otsa
Name: Irja R. Otsa
Title: Associate Director

BANK MIDWEST, N.A.

By: /s/ Brian Bower
Name: Brian Bower
Title: Vice President

CHANG HWA COMMERCIAL BANK, LTD.

By: _____
Name: _____
Title: _____

COMMERCE BANK, N.A.

By: _____

Name: _____

Title: _____

NATIONAL CITY BANK

By: /s/ Michael J. Durbin
Name: Michael J. Durbin
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Louis K. McLinden
Name: Louis K. McLinden
Title: Vice President

UMB BANK, N.A.

By: /s/ Thomas S. Terry
Name: Thomas S. Terry
Title: Senior Vice President

Exhibit 10.32

SEPARATION AND RELEASE AGREEMENT

This SEPARATION AND RELEASE AGREEMENT (the "Agreement") is entered into as of the ___day of November, 2006, by and between HRB Management, Inc., a Missouri corporation ("HRB") and Nicholas J. Spaeth ("Mr. Spaeth").

WHEREAS Mr. Spaeth and HRB agree to terminate his employment with HRB,

WHEREAS Mr. Spaeth and HRB intend the terms and conditions of this Agreement to govern all issues related to Mr. Spaeth's employment and separation from HRB,

NOW, THEREFORE, in consideration of the covenants and mutual promises contained in this Agreement, Mr. Spaeth and HRB agree as follows:

1. Termination Date. HRB and Mr. Spaeth are parties to an Employment Agreement dated February 2, 2004 (the "Employment Agreement"). The parties agree to terminate Mr. Spaeth's employment pursuant to Section 1.07(b) of the Employment Agreement. The parties further agree to treat Mr. Spaeth's termination of employment as a "Qualifying Termination," as defined in the Employment Agreement, for purposes of determining Mr. Spaeth's severance compensation and benefits as set forth in Section 2 of this Agreement. The parties also agree that the termination is not the result of the elimination of the position of Senior Vice President, Chief Legal Officer of HRB. Block shall continue to employ Mr. Spaeth on active payroll and be paid his current salary at HRB's regular pay intervals until January 2, 2007, upon which date Mr. Spaeth's employment under the Employment Agreement will terminate (the "Termination Date"). Mr. Spaeth will continue to work full-time until November 10, 2006. After that date and until the Termination Date, Mr. Spaeth is expected to be available for consultation with respect to matters within the scope of his employment. From the date of this Agreement through the Termination Date, Mr. Spaeth will appropriately respond to and cooperate with HRB management. The parties agree to waive any notice of termination required by the Employment Agreement.

2. Severance Benefits. HRB agrees to provide Mr. Spaeth with compensation and benefits under the H&R Block Severance Plan ("Severance Plan") as follows:

a. Release Agreement. Mr. Spaeth and HRB agree that this Agreement constitutes the release agreement required under the Severance Plan.

b. Severance Pay. Subject to the terms of the Severance Plan, HRB will pay to Mr. Spaeth $659,200.00 (which amount represents an aggregate of Mr. Spaeth's (A) annual base salary of $412,000.00 and (B) target short-term incentive compensation for HRB's fiscal year 2007 of $247,200.00, each determined as of the date of this Agreement) over the 12-month period beginning on the Termination Date in semi-monthly equal installments of $27,466.66 (less required tax withholdings and elected benefit withholdings).

c. Employee Benefits. Mr. Spaeth will remain eligible to participate in the various health and welfare benefit plans maintained by HRB in accordance with the terms

of the Severance Plan. After his severance benefits cease, Mr. Spaeth may be eligible to continue coverage of group health plan benefits under COBRA. Conversion privileges may also be available for other benefit plans.

d. Stock Options. Those portions of any outstanding incentive stock options ("ISO Stock Options") and nonqualified stock options ("NQ Stock Options") to purchase shares of HRB's common stock granted to Mr. Spaeth by HRB that are scheduled to vest between the Termination Date and July 2, 2008 (based solely on the time-specific vesting schedule included in the applicable stock option agreement) shall vest and become exercisable as of the Termination Date. A list of the ISO Stock Options and NQ Stock Options vested as of the date of this Agreement and to become vested pursuant to this Section is attached as Exhibit A. No later than the Termination Date, Mr. Spaeth will complete an election form on which he will elect the time period during which he may exercise his ISO and NQ Stock Options. Mr. Spaeth acknowledges and agrees that he is solely responsible for the income tax treatment of his ISO and NQ Stock Options election, and that HRB has not provided him any personal tax advice about this election. HRB encourages Mr. Spaeth to seek independent tax advice regarding this election.

e. Restricted Shares. All restrictions on any shares of HRB's common stock awarded to Mr. Spaeth by HRB ("Restricted Shares") that would have lapsed absent a termination of employment in accordance with their terms by reason of time between the Termination Date and July 2, 2008 shall terminate (and shall be fully vested) as of the Termination Date. Any shares unaffected by the operation of this Section shall be forfeited to HRB on the Termination Date. A list of the Restricted Shares vested as of the date of this Agreement and to become vested pursuant to this Section is attached as Exhibit B.

f. Performance Shares. On the Termination Date, Mr. Spaeth shall forfeit to HRB all Performance Shares because HRB awarded him those Performance Shares pursuant to a cycle which is less than one year old.

g. Outplacement Services. HRB will pay directly to Right Management Services for twelve (12) months of outplacement services to be provided to Mr. Spaeth.

h. Forfeiture. Mr. Spaeth agrees that the compensation and benefits described in this Section will cease and no further compensation and benefits will be provided to him if he violates any of the post-employment obligations under Section 7 of this Agreement, or Articles Two and Three of the Employment Agreement.

3. Vacation. HRB will pay Mr. Spaeth for his accrued, unused 2007 vacation within 21 days of the Termination Date. Mr. Spaeth will not receive any other payment for vacation or holidays.

4. Mr. Spaeth Representations. Mr. Spaeth represents and acknowledges to HRB that (a) HRB has advised him to consult with an attorney of his choosing; (b) he has had twenty-one (21) days to consider the waiver of his rights under the Age Discrimination in Employment Act of 1967, as amended ("ADEA") prior to signing this Agreement; (c) he has disclosed to HRB any information in his possession concerning any conduct involving HRB or its subsidiaries or affiliates

("Affiliates") that he has any reason to believe involves any false claims to any governmental agency, or is or may be unlawful, or violates HRB policy in any respect; (d) the consideration provided him under this Agreement is sufficient to support the releases provided by him under this Agreement; and (e) he has not filed any charges, claims or lawsuits against HRB involving any aspect of his employment which have not been terminated as of the date of this Agreement. Mr. Spaeth understands that HRB regards the representations made by him as material and that HRB is relying on these representations in entering into this Agreement.

5. Effective Date of this Agreement. Mr. Spaeth shall have seven (7) days from the date he signs this Agreement to revoke his consent to the waiver of his rights under the ADEA in writing addressed and delivered to the HRB official executing this Agreement on behalf of HRB which action shall revoke this Agreement. If Mr. Spaeth revokes this Agreement, all of its provisions shall be void and unenforceable. If Mr. Spaeth does not revoke his consent, this Agreement will take effect on the day after the end of this revocation period (the "Effective Date").

6. Resignation as an Officer. As of November 10, 2006, Mr. Spaeth will resign (a) as Senior Vice President, Chief Legal Officer of HRB and (b) from any other officer and director positions held with HRB and any Affiliates. Mr. Spaeth will execute the resignations attached as Exhibit C on minute book paper contemporaneously with his execution of this Agreement.

7. Surviving Employment Agreement Obligations. Mr. Spaeth and HRB agree that the termination of Mr. Spaeth's employment will not affect the following provisions of the Employment Agreement which impose continuing obligations on him following termination of the Employment Agreement: (a) Article Two, "Confidentiality" — Sections 2.01, 2.02; (b) Article Three, "Non-Hiring; Non-Solicitation; No Conflicts; Non-Competition" — Sections 3.01, 3.02, 3.03, 3.05, 3.06; and (c) Article Four, "Miscellaneous" — Section 4.03. Mr. Spaeth acknowledges and agrees that he will fully comply with these obligations. HRB may agree to waive any of Mr. Spaeth's surviving post-employment obligations under the Employment Agreement. Any such waiver must be in writing and signed by Mr. Spaeth and the Chief Executive Officer of HRB. Any payments made to Mr. Spaeth under this Agreement will immediately cease upon any such waiver.

8. Business Expenses and Commitments. Until the Termination Date, HRB will promptly pay directly, or reimburse Mr. Spaeth for, all business expenses to the extent such expenses are paid or incurred by Mr. Spaeth in accordance with HRB's travel policy. As of the Termination Date, Mr. Spaeth agrees that he will have submitted required documentation for all outstanding expenses on his HRB corporate credit card. Mr. Spaeth agrees that he will not initiate, make, renew, confirm or ratify any contracts or commitments for or on behalf of HRB or any Affiliate, nor will he incur any expenses on behalf of HRB or any Affiliate without HRB's prior written consent.

9. Mr. Spaeth Release. Mr. Spaeth and his heirs, assigns, and agents release, waive, and discharge HRB and Released Parties as defined below from each and every claim, action, or right of any sort, known or unknown, arising on or before the Effective Date.

a. The foregoing release includes, but is not limited to, any claim of discrimination on the basis of race, sex, pregnancy, religion, marital status, sexual orientation, national origin, handicap or disability, age, veteran status, special disabled veteran status, or

citizenship status or any other category protected by law; any other claim based on a statutory prohibition or requirement; any claim arising out of or related to an express or implied employment contract, any other contract affecting terms and conditions of employment, or a covenant of good faith and fair dealing; any tort claims, any personal gain with respect to any claim arising under the qui tam provisions of the False Claims Act, 31 U.S.C. 3730, and any claims to attorney fees or expenses. Mr. Spaeth acknowledges and agrees that this release does not prohibit him from filing a charge of discrimination with the Equal Employment Opportunity Commission. HRB and Mr. Spaeth agree that the foregoing release does not include and Mr. Spaeth is not releasing any indemnification rights that he may be entitled to as an officer and/or director of HRB and its Affiliates as applicable.

b. Mr. Spaeth represents that he understands the foregoing release, that rights and claims under the Age Discrimination in Employment Act of 1967, as amended, are among the rights and claims against HRB he is releasing, and that he understands that he is not releasing any rights or claims arising after the Effective Date.

c. Mr. Spaeth further agrees never to sue HRB or cause HRB to be sued regarding any matter within the scope of the above release. If Mr. Spaeth violates this release by suing HRB or causing HRB to be sued, Mr. Spaeth agrees to pay all costs and expenses of defending against the suit incurred by HRB, including reasonable attorney fees except to the extent that paying such costs and expenses is prohibited by law or would result in the invalidation of the foregoing release.

d. Released Parties are HRB, all current and former parents, subsidiaries, related companies, partnerships or joint ventures, and, with respect to each of them, their predecessors and successors; and, with respect to each such entity, all of its past, present, and future employees, officers, directors, stockholders, owners, representatives, assigns, attorneys, agents, insurers, employee benefit programs (and the trustees, administrators, fiduciaries and insurers of such programs), and any other person acting by, through, under or in concert with any of the persons or entities listed in this paragraph, and their successors.

10. HRB Release. HRB and the Released Parties release, waive, and discharge Mr. Spaeth and his heirs, assigns, and agents from each and every known claim, action, or right of any sort arising on or before the Effective Date. This release includes any and all known claims which arise as a result of Mr. Spaeth's employment relationship with HRB.

11. Breach by Mr. Spaeth. HRB's obligations to Mr. Spaeth after the Effective Date are contingent on his obligations under this Agreement. Any material breach of this Agreement by Mr. Spaeth will result in the immediate cancellation of HRB's obligations under this Agreement and of any benefits that have been granted to Mr. Spaeth by the terms of this Agreement except to the extent that such cancellation is prohibited by law or would result in the invalidation of the foregoing release.

12. Mr. Spaeth Availability. Mr. Spaeth agrees to make himself reasonably available to HRB to respond to requests by HRB for information pertaining to or relating to the Company and/or its Affiliates, agents, officers, directors or employees that may be within the knowledge of Mr.

Spaeth. Mr. Spaeth will cooperate fully with HRB in connection with any and all existing or future litigation or investigations brought by or against HRB or any of its Affiliates, agents, officers, directors or employees, whether administrative, civil or criminal in nature, in which and to the extent HRB deems Mr. Spaeth's cooperation necessary. HRB will reimburse Mr. Spaeth for reasonable out-of pocket expenses incurred as a result of such cooperation. Nothing herein shall prevent Mr. Spaeth from communicating with or participating in any government investigation.

13. Non-Disparagement. Mr. Spaeth agrees, subject to any obligations he may have under applicable law, that he will not make or cause to be made any statements that disparage, are inimical to, or damage the reputation of HRB or any of its Affiliates, agents, officers, directors, or employees. In the event such a communication is made to anyone, including but not limited to the media, public interest groups and publishing companies, it will be considered a material breach of the terms of this Agreement and Mr. Spaeth will be required to reimburse HRB for any and all compensation and benefits (other than those already vested) paid under the terms of this Agreement and all commitments to make additional payments to Mr. Spaeth will be null and void. HRB President and Chief Executive Officer Mark A. Ernst agrees, during the time he is employed by HRB and subject to any obligations he may have under applicable law, that he will not make or cause to be made any statements that disparage, are inimical to, or damage the reputation of Mr. Spaeth.

14. Return of Company Property. Mr. Spaeth agrees that as of the Termination Date he will have returned to HRB any and all HRB property or equipment in his possession, including but not limited to, any computer, printer, fax, phone, credit card, badge, Blackberry, and telephone card assigned to him.

15. Severability of Provisions. In the event that any provision in this Agreement is determined to be legally invalid or unenforceable by any court of competent jurisdiction, and cannot be modified to be enforceable, the affected provision shall be stricken from the Agreement, and the remaining terms of the Agreement and its enforceability shall remain unaffected.

16. Entire Agreement. This Agreement sets forth the entire agreement and understanding between the parties and may be changed only with the written consent of both parties and only if both parties make express reference to this Agreement. The parties have not relied on any oral statements that are not included in this Agreement. This Agreement supersedes all prior agreements and understandings concerning the subject matter of this Agreement. Any modifications to this Agreement must be in writing and signed by Mr. Spaeth and the Chief Executive Officer of HRB. Failure of HRB to insist upon strict compliance with any of the terms, covenants, or conditions of this Agreement will not be deemed a waiver of such terms, covenants, or conditions.

17. Applicable Law. This Agreement shall be construed, interpreted, and applied in accordance with the law of the State of Missouri.

18. Successors and Assigns. This Agreement and each of its provisions will be binding upon Mr. Spaeth and his executors, successors, and administrators, and will inure to the benefit of HRB and its successors and assigns. Mr. Spaeth may not assign or transfer to others the obligation to perform his duties hereunder.

19. Specific Performance by Mr. Spaeth. The parties acknowledge that money damages alone will not adequately compensate HRB for Mr. Spaeth's breach of any of the covenants and agreements herein and, therefore, in the event of the breach or threatened breach of any such covenant or agreement by Mr. Spaeth, in addition to all other remedies available at law, in equity or otherwise, HRB will be entitled to injunctive relief compelling Mr. Spaeth's specific performance of (or other compliance with) the terms hereof.

20. Counterparts. This Agreement may be signed in counterparts and delivered by facsimile transmission confirmed promptly thereafter by actual delivery of executed counterparts.

21. Additional Release. Mr. Spaeth agrees that on or within ten (10) days after the Termination Date, he will execute an additional release covering the period from the Effective Date to the last day of employment. Mr. Spaeth agrees that all HRB covenants that relate to its obligations beyond the last day of employment will be contingent on Mr. Spaeth's execution of the additional release. The additional release is attached as Exhibit D to this Agreement.

NICHOLAS J. SPAETH:

Dated: _____

_____
Nicholas J. Spaeth

Accepted and Agreed:

HRB Management, Inc.
a Missouri corporation

By: _____
Mark A. Ernst
President and Chief Executive Officer of HRB Management, Inc.

Dated: _____

EXHIBIT A

STOCK OPTION SUMMARY

Date of Grant	Option Type	Options Granted	Strike Price	Vested Options	Unvested Options	Options vesting under Separation Agreement
02/02/2004	ISO	10,380	$ 28.89	6,920	3,460	3,460
02/02/2004	NQ	389,620	$ 28.89	259,746	129,874	129,874
06/30/2004	NQ	70,000	$ 23.84	46,667	23,333	23,333
06/30/2005	ISO	3,410	$29.175	0	3,410	3,410
06/30/2005	NQ	46,590	$29.175	16,666	29,924	29,924
06/30/2006	ISO	4,179	$ 23.86	0	4,179	2
06/30/2006	NQ	50,821	$ 23.86	0	50,821	33,880

EXHIBIT B

RESTRICTED SHARES SUMMARY

Date of Grant	Shares Granted	Vested Shares	Unvested Shares	Shares Vesting Under Separation Agreement
02/02/2004	40,000	13,333	26,667	26,667
06/30/2004	10,000	6,667	3,333	3,333
06/30/2005	10,000	3,333	6,667	6,667

EXHIBIT C

OFFICER RESIGNATION

Effective November 10**,** 2006, I hereby resign from my officer position as Senior Vice President, Chief Legal Officer, of the following companies:

- H&R Block, Inc., a Missouri Corporation
- HRB Management, Inc., a Missouri Corporation

Dated: November ___, 2006

_____

Nicholas J. Spaeth

EXHIBIT C

DIRECTOR RESIGNATION

Effective November 10, 2006, I hereby resign as a Director of H&R Block (India) Private Limited, an Indian corporation.

Dated: November ___, 2006

_____

Nicholas J. Spaeth

EXHIBIT D

SUPPLEMENTAL RELEASE

This supplemental release given to the HRB Management, Inc. ("HRB") by Nicholas J. Spaeth ("Mr. Spaeth") is executed in consideration for the covenants made by the Company in a Separation Agreement and Release signed by Mr. Spaeth.

Mr. Spaeth and his heirs, assigns, and agents release, waive, and discharge HRB, its directors, officers, employees, subsidiaries, affiliates, and agents from each and every claim, action or right of any sort, known or unknown, arising on or before the date of this Supplemental Release.

1. The foregoing release includes, but is not limited to, any claim of discrimination on the basis of race, sex, religion, marital status, sexual orientation, national origin, handicap or disability, age, veteran status, special disabled veteran status, citizenship status; any other claim based on a statutory prohibition; any claim arising out of or related to an express or implied employment contract, any other contract affecting terms and conditions of employment, or a covenant of good faith and fair dealing; any tort claims and any personal gain with respect to any claim arising under the qui tam provisions of the False Claims Act, 31 U.S.C. 3730, and any claim to attorney's fees. This release does not prohibit Mr. Spaeth from filing a charge of discrimination with the Equal Employment Opportunity Commission. This release also does not include and Mr. Spaeth is not releasing any indemnification rights that he may be entitled to as an officer and/or director of HRB and its Affiliates as applicable.

2. Mr. Spaeth represents that he understands the foregoing release, that rights and claims under the Age Discrimination in Employment Act of 1967, as amended, are among the rights and claims against HRB that he is releasing, and that he understands that he is not releasing any rights or claims arising after the date of this Supplemental Release.

NICHOLAS J. SPAETH

_____

Nicholas J. Spaeth

DATE: _____

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark A. Ernst, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of H&R Block, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2007

/s/ Mark A. Ernst
Mark A. Ernst
Chief Executive Officer
H&R Block, Inc.

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William L. Trubeck, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of H&R Block, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2007

/s/ William L. Trubeck
William L. Trubeck
Chief Financial Officer
H&R Block, Inc.

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of H&R Block, Inc. (the "Company") on Form 10-Q for the period ending January 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark A. Ernst, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mark A. Ernst
Mark A. Ernst
Chief Executive Officer
H&R Block, Inc.
March 14, 2007

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of H&R Block, Inc. (the "Company") on Form 10-Q for the period ending January 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William L. Trubeck, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William L. Trubeck
William L. Trubeck
Chief Financial Officer
H&R Block, Inc.
March 14, 2007