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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 October 31, 2005

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.)**

4400 Main Street
Kansas City, Missouri 64111
(Address of principal executive offices, including zip code)

(816) 753-6900
(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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes ☑ No 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 November 30, 2005 was 327,638,203 shares.

Form 10-Q for the Period Ended October 31, 2005

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H&R BLOCK

CONDENSED CONSOLIDATED BALANCE SHEETS

(amounts in 000s, except share amounts)

	October 31, 2005 (Unaudited)	April 30, 2005
ASSETS		
Cash and cash equivalents	$ 392,490	$ 1,100,213
Cash and cash equivalents — restricted	464,480	516,909
Marketable securities — trading	114,136	11,790
Receivables from customers, brokers, dealers and clearing organizations, net	577,506	590,226
Receivables, less allowance for doubtful accounts of $59,332 and $38,879	693,302	418,788
Prepaid expenses and other current assets	464,005	432,708
Total current assets	2,705,919	3,070,634
Residual interests in securitizations — available-for-sale	142,782	205,936
Beneficial interest in Trusts — trading	169,378	215,367
Mortgage servicing rights	245,928	166,614
Property and equipment, at cost less accumulated depreciation and amortization of $714,971 and $658,425	362,041	330,150
Intangible assets, net	247,849	247,092
Goodwill, net	1,087,587	1,015,947
Other assets	335,695	287,543
Total assets	$ 5,297,179	$ 5,539,283
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Commercial paper	$ 498,175	$ —
Current portion of long-term debt	16,946	25,545
Accounts payable to customers, brokers and dealers	846,913	950,684
Accounts payable, accrued expenses and other current liabilities	639,812	564,749
Accrued salaries, wages and payroll taxes	170,056	318,644
Accrued income taxes	204,725	349,298
Total current liabilities	2,376,627	2,208,920
Long-term debt	917,884	923,073
Other noncurrent liabilites	428,395	430,919
Total liabilities	3,722,906	3,562,912
Stockholders' equity:		
Common stock, no par, stated value $.01 per share, 800,000,000 shares authorized, 435,890,796 shares issued at October 31, 2005 and April 30, 2005	4,359	4,359
Additional paid-in capital	612,207	598,388
Accumulated other comprehensive income	44,463	68,718
Retained earnings	2,996,805	3,188,785
Less cost of 110,565,669 and 104,649,850 shares of common stock in treasury	(2,083,561)	(1,883,879)
Total stockholders' equity	1,574,273	1,976,371
Total liabilities and stockholders' equity	$ 5,297,179	$ 5,539,283

See Notes to Condensed Consolidated Financial Statements

H&R BLOCK

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

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

	Three months ended October 31,		Six months ended October 31,	
	2005	Restated 2004	2005	Restated 2004
Revenues:				
Service revenues	$ 384,263	$ 290,232	$ 699,391	$ 538,820
Other revenues:				
Gains on sales of mortgage assets, net	147,267	184,148	383,698	367,508
Interest income	55,010	48,552	104,263	88,272
Product and other revenues	18,503	19,021	32,684	33,904
	605,043	541,953	1,220,036	1,028,504
Operating expenses:				
Cost of services	387,217	324,084	730,435	615,059
Cost of other revenues	134,864	96,249	258,221	174,644
Selling, general and administrative	206,549	184,867	395,801	345,063
	728,630	605,200	1,384,457	1,134,766
Operating loss	(123,587)	(63,247)	(164,421)	(106,262)
Interest expense	12,385	18,081	24,820	35,874
Other income, net	2,843	1,510	10,243	3,518
Loss before taxes	(133,129)	(79,818)	(178,998)	(138,618)
Income tax benefit	(46,854)	(29,946)	(64,399)	(52,004)
Net loss	$ (86,275)	$ (49,872)	$ (114,599)	$ (86,614)
Basic and diluted loss per share	$ (0.26)	$ (0.15)	$ (0.35)	$ (0.26)
Basic and diluted shares	326,047	329,372	328,381	333,442
Dividends per share	$ .13	$ .11	$ .24	$ .21
Comprehensive income (loss):				
Net loss	$ (86,275)	$ (49,872)	$ (114,599)	$ (86,614)
Change in unrealized gain on available-for-sale securities, net	(23,653)	8,084	(29,464)	29,554
Change in foreign currency translation adjustments	4,385	8,371	5,209	8,041
Comprehensive income (loss)	$ (105,543)	$ (33,417)	$ (138,854)	$ (49,019)

See Notes to Condensed Consolidated Financial Statements

H&R BLOCK

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, amounts in 000s)

Six months ended October 31,	2005	Restated 2004
Cash flows from operating activities:		
Net loss	$ (114,599)	$ (86,614)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	90,173	80,267
Accretion of residual interests in securitizations	(64,341)	(63,514)
Impairments of available-for-sale residual interests	20,613	2,609
Additions to trading securities — residual interests in securitizations, net	(185,645)	(68,618)
Proceeds from net interest margin transactions, net	85,472	53,348
Realized gain on sale of available-for-sale residual interests	(28,675)	—
Additions to mortgage servicing rights	(136,294)	(58,894)
Amortization and impairment of mortgage servicing rights	56,980	38,653
Net change in beneficial interest in Trusts	45,989	25,524
Other, net of acquisitions	(474,532)	(590,035)
Net cash used in operating activities	(704,859)	(667,274)
Cash flows from investing activities:		
Cash received from available-for-sale residual interests	64,377	73,477
Cash received from sale of available-for-sale residual interests	30,497	—
Purchases of property and equipment, net	(77,635)	(60,598)
Payments made for business acquisitions, net of cash acquired	(200,309)	(5,472)
Other, net	13,151	12,138
Net cash provided by (used in) investing activities	(169,919)	19,545
Cash flows from financing activities:		
Repayments of commercial paper	(1,101,729)	(1,376,877)
Proceeds from issuance of commercial paper	1,599,904	1,692,933
Proceeds from issuance of long-term debt, net	—	395,221
Dividends paid	(77,381)	(69,997)
Acquisition of treasury shares	(259,745)	(529,558)
Proceeds from issuance of common stock	48,001	53,933
Other, net	(41,995)	(24,600)
Net cash provided by financing activities	167,055	141,055
Net decrease in cash and cash equivalents	(707,723)	(506,674)
Cash and cash equivalents at beginning of the period	1,100,213	1,072,745
Cash and cash equivalents at end of the period	$ 392,490	$ 566,071

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 October 31, 2005, the condensed consolidated statements of income and comprehensive income for the three and six months ended October 31, 2005 and 2004, and the condensed consolidated statements of cash flows for the six months ended October 31, 2005 and 2004 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 October 31, 2005 and for all periods presented have been made.

"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. Adjustments related to the restatement of previously issued financial statements are detailed in note 2.

On June 8, 2005, our Board of Directors declared a two-for-one stock split of the Company's Common Stock in the form of a 100% stock distribution, effective August 22, 2005, to shareholders of record as of the close of business on August 1, 2005. All share and per share amounts in this document have been adjusted to reflect the effect of the stock split.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States 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, 2005 Annual Report to Shareholders on Form 10-K/A.

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. Restatement of Previously Issued Financial Statements

On June 7, 2005, management and the Audit Committee of the Board of Directors determined that restatement of our previously issued consolidated financial statements, including financial statements for the three and six months ended October 31, 2004, was appropriate as a result of the errors noted below. All amounts listed are pretax, unless otherwise noted.

- An error in calculating the gain on sale of residual interests in fiscal year 2003. This error was corrected by deferring a portion of the gain on sale of residual interests as of the transaction date in fiscal year 2003 and recognizing revenue from the sale as interest income from accretion of residual interests in subsequent periods. Interest income from accretion increased $2.7 million and $5.7 million for the three and six months ended October 31, 2004, respectively. This correction also decreased impairments of residual interests $0.9 million for the six months ended October 31, 2004 and decreased comprehensive income $1.7 million and $4.0 million for the three and six months ended October 31, 2004, respectively.
- An error in the calculation of an incentive compensation accrual at our Mortgage Services segment as of April 30, 2004. This error resulted in an overstatement of compensation expense for the six months ended October 31, 2004 of $12.1 million.
- An error in accounting for leased properties related to rent holidays and mandatory rent escalation in our Tax Services, Mortgage Services and Investment Services segments. Rent expense was understated for the three and six months ended October 31, 2004 by $0.4 million and $0.6 million, respectively.
- An error from the capitalization of certain branch office costs at our Investment Services segment, which should have been expensed as incurred. This error resulted in an understatement of

occupancy expenses and an overstatement of depreciation expense and capital expenditures, resulting in a net overstatement of operating expenses of $5.7 million and $5.5 million for the three and six months ended October 31, 2004, respectively.

§ Errors related to accounting for acquisitions at our Business Services and Investment Services segments, the largest of which was the acquisition of OLDE in fiscal year 2000. Amortization of customer relationships was understated by $1.8 million and $3.7 million for the three and six months ended October 31, 2004, respectively, and the provision for income taxes was overstated by approximately $3.7 million and $7.5 million, respectively.

Notes 5, 6, 8, 12, and 14 have been restated to reflect the above described adjustments.

The following is a summary of the impact of the restatement on our condensed consolidated statement of income and comprehensive income for the three and six months ended October 31, 2004:

(in 000s, except per share amounts)

	Three months ended October 31, 2004			Six months ended October 31, 2004		
	As Previously Reported (1)	Adjustments	Restated	As Previously Reported (1)	Adjustments	Restated
Gain on sale of mortgage assets, net	$ 184,114	$ 34	$ 184,148	$ 366,648	$ 860	$ 367,508
Interest income	45,888	2,664	48,552	82,594	5,678	88,272
Total revenues	539,255	2,698	541,953	1,021,966	6,538	1,028,504
Total operating expenses	608,608	(3,408)	605,200	1,148,098	(13,332)	1,134,766
Operating loss	(69,353)	6,106	(63,247)	(126,132)	19,870	(106,262)
Loss before taxes	(85,924)	6,106	(79,818)	(158,488)	19,870	(138,618)
Income tax benefit	(33,725)	3,779	(29,946)	(62,206)	10,202	(52,004)
Net loss	(52,199)	2,327	(49,872)	(96,282)	9,668	(86,614)
Basic and diluted loss per share	$ (0.16)	$ .01	$ (0.15)	$ (0.29)	$ .03	$ (0.26)
Change in unrealized gain on available-for-sale securities, net	$ 9,752	$ (1,668)	$ 8,084	$ 33,595	$ (4,041)	$ 29,554
Comprehensive income	(34,076)	659	(33,417)	(54,646)	5,627	(49,019)

(1) Amounts presented “as previously reported” have been reclassified to conform to current year presentation. See discussion of reclassifications in note 1.

The following is a summary of the impact of the restatement on our condensed consolidated statement of cash flows for the six months ended October 31, 2004:

(in 000s)

Six months ended October 31, 2004	As Previously Reported (1)	Adjustments	Restated
Net loss	$ (96,282)	$ 9,668	$ (86,614)
Depreciation and amortization	76,768	3,499	80,267
Accretion of residual interests in securitizations	(57,835)	(5,679)	(63,514)
Impairment of available-for-sale residual interests	3,469	(860)	2,609
Other, net of acquisitions	(588,756)	(1,279)	(590,035)
Net cash used in operating activities	(672,623)	5,349	(667,274)
Purchases of property and equipment, net	(55,249)	(5,349)	(60,598)
Net cash provided by (used in) investing activities	24,894	(5,349)	19,545

(1) Amounts presented “as previously reported” have been reclassified to conform to current year presentation. See discussion of reclassifications in note 1.

The restatement had no impact on our cash flows from financing activities as previously reported.

3. Business Combinations

Effective October 1, 2005, we acquired all outstanding common stock of American Express Tax and Business Services, Inc. for cash payments totaling $191.4 million. The initial purchase price is subject to a post-closing adjustment based upon determination of the final September 30, 2005 net asset value. Results related to American Express Tax and Business Services, Inc. have been included in our condensed consolidated financial statements since October 1, 2005. Pro forma results of operations have not been presented because the effects of this acquisition were not material to our results. The accompanying balance sheet reflects a preliminary allocation of the purchase price to assets acquired and liabilities assumed as follows:

	(in 000s)
Property and equipment	$ 18,590
Other assets	136,169
Liabilities	(57,420)
Amortizing intangible assets	28,100
Goodwill	65,987
Total cash paid	$191,426

Goodwill recognized in these transactions is included in the Business Services segment and is not deductible for tax purposes. The preliminary purchase price allocations are subject to change and will be adjusted based upon resolution of several matters including, but not limited to, the following:

- Determination of the post-closing adjustment and final purchase price;
- Completion of our valuation of intangible assets and determination of useful lives;
- Determination of final liabilities relating to planned exit activities; and
- Determination of the tax basis of acquired assets and liabilities, and deferred tax balances of the acquired business.

4. Earnings (Loss) Per Share

Basic earnings (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 (loss) per share except in those periods with a loss. 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 32.6 million shares of stock for the three and six months ended October 31, 2005 and 35.2 million shares for the three and six months ended October 31, 2004, as the effect would be antidilutive due to the net loss recorded during the periods.

The weighted average shares outstanding for the three and six months ended October 31, 2005 decreased to 326.0 million and 328.4 million, respectively, from 329.4 million and 333.4 million last year, primarily due to our 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 each of the six month periods ended October 31, 2005 and 2004, we issued 3.3 million shares of common stock pursuant to the exercise of stock options, employee stock purchases and awards of restricted shares, in accordance with our stock-based compensation plans.

During the six months ended October 31, 2005, 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 $259.7 million. During the six months ended October 31, 2004, we acquired 22.5 million shares of our common stock, nearly all of which were purchased from third parties, at an aggregate cost of $529.6 million.

5. Mortgage Banking Activities

Activity related to available-for-sale residual interests in securitizations consists of the following:

		(in 000s)
Six months ended October 31,	2005	Restated 2004
Balance, beginning of period	$205,936	$210,973
Additions from net interest margin (NIM) transactions	8,724	15,270
Cash received	(64,377)	(73,477)
Cash received on sale of residual interests	(30,497)	—
Accretion	61,925	63,514
Impairments of fair value	(20,613)	(2,609)
Other	366	—
Changes in unrealized holding gains, net	(18,682)	47,832
Balance, end of period	$142,782	$261,503

We sold $23.3 billion and $13.3 billion of mortgage loans in loan sales to warehouse trusts (Trusts) or other buyers during the six months ended October 31, 2005 and 2004, respectively, with gains totaling $288.8 million and $372.0 million, respectively, recorded on these sales.

Net additions to trading residual interests recorded in connection with the securitization of mortgage loans totaled $185.6 million and $68.6 million during the six months ended October 31, 2005 and 2004, respectively. Trading residuals valued at $94.2 million were securitized in net interest margin (NIM) transactions during the current year, with net cash proceeds of $85.5 million received in connection with NIM transactions. In the prior year, all trading residuals, which totaled $68.6 million, were securitized with net cash proceeds of $53.3 million received on the transactions. Total net additions to residual interests from NIM transactions for the six months ended October 31, 2005 and 2004 were $8.7 million and $15.3 million, respectively.

During the six months ended October 31, 2005, we completed the sale of $40.5 million of previously securitized residual interests and recorded a gain of $28.7 million. We received cash proceeds of $30.5 million and retained a $10.0 million residual interest in the sale. This sale accelerates cash flows from the residual interests and recognition of unrealized gains included in other comprehensive income.

At October 31, 2005, we had $93.9 million in residual interests classified as trading securities. These residual interests are the result of the initial securitization of mortgage loans and are expected to be securitized in a NIM transaction during our third quarter. Trading residuals are included in marketable securities — trading on the condensed consolidated balance sheet with mark-to-market adjustments included in gains on sales of mortgage assets on the condensed consolidated income statement. Such adjustments resulted in a net loss of $1.4 million and a net gain of $2.1 million for the three and six months ended October 31, 2005, respectively. Similar adjustments resulted in a net gain of $4.9 million for the three and six months ended October 31, 2004. Cash flows from trading residuals of $7.9 million were received for the six months ended October 31, 2005 and are included in operating activities in the accompanying condensed consolidated statement of cash flows. There were no such trading securities recorded as of April 30, 2005.

Cash flows from available-for-sale residual interests of $64.4 million and $73.5 million were received from the securitization trusts for the six months ended October 31, 2005 and 2004, respectively. Cash received on available-for-sale residual interests is included in investing activities in the condensed consolidated statements of cash flows.

Aggregate net unrealized gains on residual interests not yet accreted into income totaled $67.9 million at October 31, 2005 and $115.4 million at April 30, 2005. 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:

(in 000s)

Six months ended October 31,	2005	2004
Balance, beginning of period	$ 166,614	$ 113,821
Additions	136,294	58,894
Amortization	(56,660)	(38,653)
Impairment	(320)	—
Balance, end of period	$ 245,928	$ 134,062

Estimated amortization of MSRs for fiscal years 2006 through 2010 is $69.9 million, $100.9 million, $48.0 million, $18.9 million and $8.2 million, respectively.

During the current quarter, we completed an evaluation of assumptions used to value our MSRs. The changes in our assumptions as a result of this evaluation resulted in an increase to MSRs recorded in conjunction with loans originated during the second quarter. This change in assumptions increased our weighted average value of MSRs by approximately 14 basis points, primarily as a result of lower servicing costs, in particular interest paid to bondholders on monthly loan prepayments. As a result, additions to MSRs and gains on sales of mortgage loans during our second quarter were approximately $16.8 million higher than would have been recorded under our previous assumptions.

The key weighted average assumptions we used to estimate the cash flows and values of the residual interests initially recorded during the six months ended October 31, 2005 are as follows:

Six months ended October 31,	2005	2004
Estimated credit losses	2.82%	3.08%
Discount rate	20.02%	25.00%
Variable returns to third-party beneficial interest holders	LIBOR forward curve at closing	

The key weighted average assumptions we used to estimate the cash flows and values of the residual interests and MSRs at October 31, 2005 and April 30, 2005 are as follows:

	October 31, 2005	April 30, 2005
Estimated credit losses	2.96%	3.03%
Discount rate — residual interests	19.24%	21.01%
Discount rate — MSRs	15.00%	12.80%
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 is average annualized prepayment speeds. Prepayment speeds include voluntary prepayments, involuntary prepayments and scheduled principal payments. Prepayment rate assumptions 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%	70%	43%
Without prepayment penalties	37%	53%	41%
Fixed rate mortgage loans:			
With prepayment penalties	30%	50%	41%

For fixed rate mortgages without prepayment penalties, we use an average prepayment rate of 34% 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
As of:						
October 31, 2005	4.52%	2.49%	2.05%	2.16%	2.93%	2.84%
July 31, 2005	4.53%	2.53%	2.03%	2.20%	2.86%	2.70%
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 October 31, 2005, 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 follows:

(dollars in 000s)

	Residential Mortgage Loans			
	NIM Residuals	Beneficial Interest in Trusts	Trading Residual	Servicing Assets
Carrying amount/fair value	$ 142,782	$ 169,378	$ 93,865	$ 245,928
Weighted average remaining life (in years)	1.4	2.1	1.9	1.3
Prepayments (including defaults):				
Adverse 10% — $ impact on fair value	$ 4,200	$ (3,523)	$ (1,303)	$ (32,334)
Adverse 20% — $ impact on fair value	11,888	(2,511)	(2,112)	(53,876)
Credit losses:				
Adverse 10% — $ impact on fair value	$ (34,306)	$ (8,044)	$ (3,060)	Not applicable
Adverse 20% — $ impact on fair value	(59,982)	(15,179)	(6,101)	Not applicable
Discount rate:				
Adverse 10% — $ impact on fair value	$ (3,572)	$ (3,441)	$ (2,485)	$ (3,732)
Adverse 20% — $ impact on fair value	(6,924)	(6,786)	(4,849)	(7,364)
Variable interest rates (LIBOR forward curve):				
Adverse 10% — $ impact on fair value	$ (10,099)	$ (59,826)	$ 3,270	Not applicable
Adverse 20% — $ impact on fair value	(19,190)	(93,728)	6,264	Not applicable

These sensitivities are hypothetical and should be used with caution. 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 is calculated without changing any other assumptions. It is likely that changes in one factor may result in changes in another, which might magnify or counteract the sensitivities.

Mortgage loans that have been securitized at October 31, 2005 and April 30, 2005, 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)	
	October 31, 2005	April 30, 2005	October 31, 2005	April 30, 2005	Three months ended October 31, 2005	Three months ended April 30, 2005
Securitized mortgage loans	$ 11,716,390	$ 10,300,805	$ 992,040	$ 1,128,376	$ 29,153	$ 21,641
Mortgage loans in warehouse Trusts	9,566,572	6,742,387	—	—	—	—
Total loans	$ 21,282,962	$ 17,043,192	$ 992,040	$ 1,128,376	$ 29,153	$ 21,641

6. Goodwill and Intangible Assets

Changes in the carrying amount of goodwill for the six months ended October 31, 2005 consist of the following:

(in 000s)

	April 30, 2005	Additions	Other	October 31, 2005
Tax Services	$ 360,781	$ 5,648	$ 289	$ 366,718
Mortgage Services	152,467	—	—	152,467
Business Services	328,745	66,428	(725)	394,448
Investment Services	173,954	—	—	173,954
Total goodwill	$ 1,015,947	$ 72,076	$ (436)	$ 1,087,587

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 impairment or events indicating impairment were identified within any of our segments during the six months ended October 31, 2005. Our evaluation of

impairment is dependent upon various assumptions, including assumptions regarding projected operating results and cash flows of reporting units. Actual results could differ materially from our projections and those differences could alter our conclusions regarding the fair value of a reporting unit and its goodwill.

Intangible assets consist of the following:

(in 000s)

	October 31, 2005			April 30, 2005		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Tax Services:						
Customer relationships	$ 24,327	$ (8,868)	$ 15,459	$ 23,717	$ (7,207)	$ 16,510
Noncompete agreements	18,501	(14,607)	3,894	17,677	(11,608)	6,069
Business Services:						
Customer relationships	153,186	(74,193)	78,993	130,585	(68,433)	62,152
Noncompete agreements	31,470	(12,558)	18,912	27,796	(11,274)	16,522
Trade name — amortizing	4,550	(1,030)	3,520	1,450	(995)	455
Trade name — non-amortizing	55,637	(4,868)	50,769	55,637	(4,868)	50,769
Investment Services:						
Customer relationships	293,000	(216,698)	76,302	293,000	(198,385)	94,615
Total intangible assets	$ 580,671	$ (332,822)	$ 247,849	$ 549,862	$ (302,770)	$ 247,092

Amortization of intangible assets for the three and six months ended October 31, 2005 was $15.3 million and $30.6 million, respectively. Amortization of intangible assets for the three and six months ended October 31, 2004 was $15.3 million and $30.4 million, respectively. Estimated amortization of intangible assets for fiscal years 2006 through 2010 is $64.1 million, $54.5 million, $37.4 million, $14.7 million and $12.6 million, respectively.

The goodwill and intangible assets added in the Business Services segment relate primarily to the acquisition of American Express Tax and Business Services, Inc. and are preliminary, as discussed in note 3. Additionally, due to the preliminary nature of these assets and their associated useful lives, amounts included above in estimated future amortization are subject to change.

7. Derivative Instruments

We enter into derivative instruments to reduce risks relating to mortgage loans we originate and sell, and therefore all gains or losses are included in gains on sales of mortgage assets, net in the condensed consolidated income statements. A summary of our derivative instruments as of October 31, 2005 and April 30, 2005, and gains or losses incurred during the three and six months ended October 31, 2005 and 2004 is as follows:

(in 000s)

	Asset (Liability) Balance at		Gain (Loss) for the Three Months Ended October 31,		Gain (Loss) for the Six Months Ended October 31,	
	October 31, 2005	April 30, 2005	2005	2004	2005	2004
Interest rate swaps	$ 27,118	$ (1,325)	$ 59,742	$ (2,104)	$ 85,285	$ (2,104)
Interest rate caps	69	12,458	162	—	802	—
Rate-lock equivalents	62	801	354	215	(738)	1,699
Prime short sales	1,329	(805)	492	(717)	1,487	(1,525)
	$ 28,578	$ 11,129	$ 60,750	$ (2,606)	$ 86,836	$ (1,930)

We generally use interest rate swaps and forward loan sale commitments to reduce interest rate risk associated with non-prime loans. We generally enter into interest rate swap arrangements related to existing loan applications with rate-lock commitments and for rate-lock commitments we expect to make in the next 30 days. Interest rate swaps represent an agreement to exchange interest rate payments. These contracts increase in value as rates rise and decrease in value as rates fall. The notional amount of interest rate swaps to which we were a party at October 31, 2005 was $10.0 billion, with a weighted average duration of 1.77 years.

We generally enter into interest rate caps or swaps to mitigate interest rate risk associated with mortgage loans that will be securitized and residual interests that are classified as trading securities because they will be sold in a subsequent NIM transaction. These instruments enhance the marketability of the securitization and NIM transactions. An interest rate cap represents a right to receive cash if

interest rates rise above a contractual strike rate, its value therefore increases as interest rates rise. The interest rate used in our interest rate caps is based on LIBOR.

We enter into forward loan commitments to sell our non-prime mortgage loans to manage interest rate risk. Forward loan sale commitments for non-prime loans are not considered derivative instruments and therefore cannot be recorded in our financial statements. The notional value and the contract value of the forward commitments at October 31, 2005 were $3.5 billion and $3.6 billion, respectively. Most of our forward commitments give us the option to under- or over-deliver by five to ten percent.

In the normal course of business, we enter into commitments with our customers to fund both non-prime and prime mortgage loans for specified periods of time at "locked-in" interest rates. These derivative instruments represent commitments to fund loans ("rate-lock equivalents"). The fair value of non-prime loan commitments is calculated using a binomial option model, although we do not initially record an asset for non-prime commitments to fund loans. The fair value of prime loan commitments is calculated based on the current market pricing of short sales of FNMA, FHLMC and GNMA mortgage-backed securities and the coupon rates of the eligible loans.

We sell short FNMA, FHLMC and GNMA mortgage-backed securities to reduce our risk related to our commitments to fund fixed-rate prime loans. The position on certain or all of the fixed-rate mortgage loans is closed approximately 10-15 days prior to standard Public Securities Association (PSA) settlement dates.

None of our derivative instruments qualify for hedge accounting treatment as of October 31, 2005 or April 30, 2005.

8. Stock-Based Compensation

Effective May 1, 2003, we adopted the fair value recognition provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), under the prospective transition method as described in Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure." Had compensation cost for all stock-based compensation plan grants been determined in accordance with the fair value accounting method prescribed under SFAS 123, our net loss and loss per share would have been as follows:

(in 000s, except per share amounts)

	Three months ended October 31,		Six months ended October 31,	
	2005	Restated 2004	2005	Restated 2004
Net loss as reported	$ (86,275)	$ (49,872)	$ (114,599)	$ (86,614)
Add: Stock-based compensation expense included in reported net loss, net of related tax effects	6,246	5,242	12,011	8,342
Deduct: Total stock-based compensation expense determined under fair value method for all awards, net of related tax effects	(8,790)	(7,923)	(17,098)	(13,705)
Pro forma net loss	$ (88,819)	$ (52,553)	$ (119,686)	$ (91,977)
Basic and diluted loss per share:				
As reported	$ (0.26)	$ (0.15)	$ (0.35)	$ (0.26)
Pro forma	(0.27)	(0.16)	(0.36)	(0.28)

9. Supplemental Cash Flow Information

During the six months ended October 31, 2005, we paid $169.2 million and $50.1 million for income taxes and interest, respectively. During the six months ended October 31, 2004, we paid $316.8 million and $37.3 million for income taxes and interest, respectively. See note 3 for discussion of cash payments made, assets acquired and liabilities assumed related to our acquisition of American Express Tax and Business Services, Inc.

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

Six months ended October 31,	2005	(in 000s) 2004
Residual interest mark-to-market	$ 25,791	$ 88,867
Additions to residual interests	8,724	15,270

10. Commitments and Contingencies

We maintain two unsecured committed lines of credit (CLOCs) for working capital, support of our commercial paper program and general corporate purposes. The two CLOCs are from a consortium of thirty-one banks and expire in August 2010. These lines are subject to various affirmative and negative covenants, including a minimum net worth covenant. These CLOCs were undrawn at October 31, 2005.

We offer guarantees under our Peace of Mind (POM) program to tax clients whereby we will assume the cost of additional taxes attributable to tax return preparation errors for which we are responsible. We defer all revenues and direct costs associated with these guarantees, recognizing these amounts over the term of the guarantee based upon historic and actual payment of claims. Changes in the deferred revenue liability are as follows:

Six months ended October 31,	2005	(in 000s) 2004
Balance, beginning of period	$ 130,762	$ 123,048
Amounts deferred for new guarantees issued	1,107	798
Revenue recognized on previous deferrals	(44,476)	(41,627)
Balance, end of period	$ 87,393	$ 82,219

We have commitments to fund mortgage loans to customers as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. The commitments to fund loans amounted to $4.1 billion and $3.9 billion at October 31, 2005 and April 30, 2005, respectively. External market forces impact the probability of commitments being exercised, and therefore, total commitments outstanding do not necessarily represent future cash requirements.

We have entered into loan sale agreements with investors in the normal course of business, which include standard representations and warranties customary to the mortgage banking industry. Violations of these representations and warranties may require us to repurchase loans previously sold. A liability has been established related to the potential loss on repurchase of loans previously sold of $54.9 million and $41.2 million at October 31, 2005 and April 30, 2005, respectively, based on historical experience. Repurchased loans are normally sold in subsequent sale transactions.

Option One Mortgage Corporation provides a guarantee 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. This guarantee would be called upon in the event adequate proceeds were not available from the sale of the mortgage loans to satisfy the 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 October 31, 2005 and April 30, 2005 was $9.5 billion and $6.7 billion, respectively. The fair value of mortgage loans held by the Trusts as of October 31, 2005 and April 30, 2005 was $9.6 billion and $6.8 billion, respectively.

We have various contingent purchase price obligations in connection with prior acquisitions. In many cases, contingent payments to be made in connection with these acquisitions are not subject to a stated limit. We estimate the potential payments (undiscounted) total approximately $8.8 million and $5.1 million as of October 31, 2005 and April 30, 2005, respectively. Our estimate is based on current financial conditions. Should actual results differ materially from our assumptions, the potential payments will differ from the above estimate. Such payments, if and when paid, would be recorded as additional cost of the acquired business, generally goodwill.

We have contractual commitments to fund certain franchises requesting draws on Franchise Equity Lines of Credit (FELCs). Our commitment to fund FELCs as of October 31, 2005 and April 30, 2005 totaled $72.1 million and $68.9 million, respectively. We have a receivable of $47.9 million and $39.0

million, which represents the amounts drawn on the FELCs, as of October 31, 2005 and April 30, 2005, respectively.

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 October 31, 2005.

11. Litigation Commitments and Contingencies

We have been involved in a number of class actions and putative class action cases since 1990 regarding our RAL programs. These cases are based on a variety of legal theories and allegations. These theories and allegations include, among others, that (i) we improperly did not disclose license fees we received from RAL lending banks for RALs they make to our clients, (ii) we owe and breached a fiduciary duty to our clients and (iii) the RAL program violates laws such as state credit service organization laws and the federal Racketeer Influenced and Corrupt Organizations (RICO) Act. Although we have successfully defended many RAL cases, we incurred a pretax expense of $43.5 million in fiscal year 2003 in connection with settling one RAL case. Several of the RAL cases are still pending and the amounts claimed in some of them are very substantial. The ultimate cost of this litigation could be substantial. We intend to continue defending the RAL cases vigorously, although there are no assurances as to their outcome.

We are also parties to claims and lawsuits pertaining to our electronic tax return filing services and our POM guarantee program associated with income tax preparation services. These claims and lawsuits include actions by individual plaintiffs, as well as 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.

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, the fees charged customers for various services, investment products, relationships with franchisees, contract disputes, employment matters and civil actions, arbitrations, regulatory inquiries and class actions arising out of our business as a broker-dealer 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.

It is our policy to accrue for amounts related to legal matters if it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. Many of the various legal proceedings are covered in whole or in part by insurance. Any receivable for insurance recoveries is recorded separately from the corresponding litigation reserve, and only if recovery is determined to be probable. Receivables for insurance recoveries at October 31, 2005 were immaterial.

12. Segment Information

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

(in 000s)

	Three months ended October 31,		Six months ended October 31,	
	2005	Restated 2004	2005	Restated 2004
Revenues:				
Tax Services	$ 80,813	$ 74,106	$ 138,004	$ 124,553
Mortgage Services	286,151	284,332	646,589	556,305
Business Services	166,805	129,047	293,651	238,149
Investment Services	70,018	53,761	138,001	107,342
Corporate	1,256	707	3,791	2,155
	$ 605,043	$ 541,953	$ 1,220,036	$ 1,028,504
Pretax income (loss):				
Tax Services	$ (142,864)	$ (133,932)	$ (287,370)	$ (246,578)
Mortgage Services	46,239	108,472	180,707	217,497
Business Services	(2,143)	(4,892)	(8,908)	(14,937)
Investment Services	(7,906)	(20,764)	(15,458)	(41,107)
Corporate	(26,455)	(28,702)	(47,969)	(53,493)
Loss before taxes	$ (133,129)	$ (79,818)	$ (178,998)	$ (138,618)

13. New Accounting Pronouncements

Exposure Drafts — Amendments of SFAS 140

In August 2005, the Financial Accounting Standards Board (FASB) issued three exposure drafts which amend Statement of Financial Accounting Standards No. 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities.”

The first exposure draft seeks to clarify the derecognition requirements for financial assets and the initial measurement of interests related to transferred financial assets that are held by a transferor. Our current off-balance sheet warehouse facilities (the Trusts) in our Mortgage Services segment would be required to be consolidated in our financial statements based on the provisions of the exposure draft. We will continue to monitor the status of the exposure draft and consider what changes, if any, could be made to the structure of the Trusts to continue to derecognize mortgage loans transferred to the Trusts. At October 31, 2005, the Trusts held loans totaling $9.5 billion, which we would be required to consolidate into our financial statements under the provisions of this exposure draft.

The second exposure draft would require mortgage servicing rights to be initially valued at fair value. This provision would not have a material impact to our financial statements. In addition, this exposure draft would permit us to choose to continue to amortize mortgage servicing rights in proportion to and over the period of estimated net servicing income, as currently required under SFAS 140, or report mortgage servicing rights at fair value at each reporting date and report changes in fair value in earnings in the period in which the changes occur. We have not yet determined how we would elect to account for mortgage servicing rights under this provision or the potential impact to the financial statements.

The third exposure draft, among other things, would establish a requirement to evaluate beneficial interests in securitized financial assets to identify interests that are free-standing derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation. Alternatively, this exposure draft would permit fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation. Our residual interests in securitizations typically have interests in derivative instruments embedded within the securitization trusts. We have not yet determined if these embedded derivatives meet the criteria for bifurcation as outlined in the exposure draft.

The final standard for the first exposure draft is scheduled to be issued in the second quarter of calendar year 2006, and the final standards for the second and third exposure drafts are scheduled for the first quarter of calendar year 2006.

American Jobs Creation Act

In October 2004, the American Jobs Creation Act (the Act) was signed into law. The Act introduces a one-time deduction for dividends received from the repatriation of certain foreign earnings, provided certain criteria are met. During the three months ended October 31, 2005, we completed our evaluation of the effects of the Act, and have elected not to repatriate foreign earnings. Because we intend to indefinitely reinvest foreign earnings outside the United States, we have not provided deferred taxes on such earnings.

14. 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 (in 000s)

Three months ended October 31, 2005	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Total revenues	$ —	$ 395,825	$ 213,175	$ (3,957)	$ 605,043
Cost of services	—	115,818	271,356	43	387,217
Cost of other revenues	—	129,316	5,548	—	134,864
Selling, general and administrative	—	96,960	113,589	(4,000)	206,549
Total expenses	—	342,094	390,493	(3,957)	728,630
Operating income (loss)	—	53,731	(177,318)	—	(123,587)
Interest expense	—	11,811	574	—	12,385
Other income, net	(133,129)	—	2,843	133,129	2,843
Income (loss) before taxes	(133,129)	41,920	(175,049)	133,129	(133,129)
Income taxes (benefit)	(46,854)	15,955	(62,809)	46,854	(46,854)
Net income (loss)	$ (86,275)	$ 25,965	$ (112,240)	$ 86,275	$ (86,275)

Three months ended October 31, 2004 (Restated)	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Total revenues	$ —	$ 340,865	$ 204,440	$ (3,352)	$ 541,953
Cost of services	—	93,705	230,316	63	324,084
Cost of other revenues	—	90,764	5,485	—	96,249
Selling, general and administrative	—	71,454	116,828	(3,415)	184,867
Total expenses	—	255,923	352,629	(3,352)	605,200
Operating income (loss)	—	84,942	(148,189)	—	(63,247)
Interest expense	—	17,348	733	—	18,081
Other income, net	(79,818)	—	1,510	79,818	1,510
Income (loss) before taxes	(79,818)	67,594	(147,412)	79,818	(79,818)
Income taxes (benefit)	(29,946)	24,879	(54,825)	29,946	(29,946)
Net income (loss)	$ (49,872)	$ 42,715	$ (92,587)	$ 49,872	$ (49,872)

Six months ended October 31, 2005	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Total revenues	$ —	$ 856,465	$ 370,840	$ (7,269)	$ 1,220,036
Cost of service revenues	—	225,171	505,132	132	730,435
Cost of other revenues	—	250,216	8,005	—	258,221
Selling, general and administrative	—	188,148	215,054	(7,401)	395,801
Total expenses	—	663,535	728,191	(7,269)	1,384,457
Operating income (loss)	—	192,930	(357,351)	—	(164,421)
Interest expense	—	23,621	1,199	—	24,820
Other income, net	(178,998)	—	10,243	178,998	10,243
Income (loss) before taxes	(178,998)	169,309	(348,307)	178,998	(178,998)
Income taxes (benefit)	(64,399)	64,341	(128,740)	64,399	(64,399)
Net income (loss)	$ (114,599)	$ 104,968	$ (219,567)	$ 114,599	$ (114,599)

Six months ended October 31, 2004 (Restated)	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Total revenues	$ —	$ 669,468	$ 365,655	$ (6,619)	$ 1,028,504
Cost of services	—	186,970	427,980	109	615,059
Cost of other revenues	—	167,745	6,899	—	174,644
Selling, general and administrative	—	143,642	208,149	(6,728)	345,063
Total expenses	—	498,357	643,028	(6,619)	1,134,766
Operating income (loss)	—	171,111	(277,373)	—	(106,262)
Interest expense	—	34,150	1,724	—	35,874
Other income, net	(138,618)	—	3,518	138,618	3,518
Income (loss) before taxes	(138,618)	136,961	(275,579)	138,618	(138,618)
Income taxes (benefit)	(52,004)	50,448	(102,452)	52,004	(52,004)
Net income (loss)	$ (86,614)	$ 86,513	$ (173,127)	$ 86,614	$ (86,614)

Condensed Consolidating Balance Sheets (in 000s)

October 31, 2005	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Cash & cash equivalents	$ —	$ 184,945	$ 207,545	$ —	$ 392,490
Cash & cash equivalents — restricted	—	405,743	58,737	—	464,480
Receivables from customers, brokers and dealers, net	—	577,506	—	—	577,506
Receivables, net	1,724	376,076	315,502	—	693,302
Intangible assets and goodwill, net	—	405,600	929,836	—	1,335,436
Investments in subsidiaries	4,741,203	215	539	(4,741,203)	754
Other assets	—	1,476,631	356,197	383	1,833,211
Total assets	$ 4,742,927	$ 3,426,716	$ 1,868,356	$ (4,740,820)	$ 5,297,179
Commercial paper	$ —	$ 498,175	$ —	$ —	$ 498,175
Accts. payable to customers, brokers and dealers	—	846,913	—	—	846,913
Long-term debt	—	897,008	20,876	—	917,884
Other liabilities	2	554,760	905,172	—	1,459,934
Net intercompany advances	3,168,652	(990,193)	(2,178,842)	383	—
Stockholders' equity	1,574,273	1,620,053	3,121,150	(4,741,203)	1,574,273
Total liabilities and stockholders' equity	$ 4,742,927	$ 3,426,716	$ 1,868,356	$ (4,740,820)	$ 5,297,179

April 30, 2005	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Cash & cash equivalents	$ —	$ 162,983	$ 937,230	$ —	$ 1,100,213
Cash & cash equivalents — restricted	—	488,761	28,148	—	516,909
Receivables from customers, brokers and dealers, net	—	590,226	—	—	590,226
Receivables, net	101	199,990	218,697	—	418,788
Intangible assets and goodwill, net	—	421,036	842,003	—	1,263,039
Investments in subsidiaries	4,878,783	210	449	(4,878,783)	659
Other assets	—	1,407,082	243,007	(640)	1,649,449
Total assets	$ 4,878,884	$ 3,270,288	$ 2,269,534	$ (4,879,423)	$ 5,539,283
Accts. payable to customers, brokers and dealers	$ —	$ 950,684	$ —	$ —	$ 950,684
Long-term debt	—	896,591	26,482	—	923,073
Other liabilities	2	532,562	1,156,583	8	1,689,155
Net intercompany advances	2,902,511	(653,908)	(2,250,521)	1,918	—
Stockholders' equity	1,976,371	1,544,359	3,336,990	(4,881,349)	1,976,371
Total liabilities and stockholders' equity	$ 4,878,884	$ 3,270,288	$ 2,269,534	$ (4,879,423)	$ 5,539,283

Condensed Consolidating Statements of Cash Flows (in 000s)

Six months ended October 31, 2005	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Net cash provided by (used in) operating activities:	$ 24,257	$ (215,016)	$ (514,100)	$ —	$ (704,859)
Cash flows from investing:					
Cash received on residuals	—	64,377	—	—	64,377
Cash received on sale of residuals	—	30,497	—	—	30,497
Purchase property & equipment	—	(20,228)	(57,407)	—	(77,635)
Payments for business acquisitions	—	(2,948)	(197,361)	—	(200,309)
Net intercompany advances	264,868	—	—	(264,868)	—
Other, net	—	—	13,151	—	13,151
Net cash provided by (used in) investing activities	264,868	71,698	(241,617)	(264,868)	(169,919)
Cash flows from financing:					
Repayments of commercial paper	—	(1,101,729)	—	—	(1,101,729)
Proceeds from commercial paper	—	1,599,904	—	—	1,599,904
Dividends paid	(77,381)	—	—	—	(77,381)
Acquisition of treasury shares	(259,745)	—	—	—	(259,745)
Proceeds from common stock	48,001	—	—	—	48,001
Net intercompany advances	—	(336,285)	71,417	264,868	—
Other, net	—	3,390	(45,385)	—	(41,995)
Net cash provided by (used in) financing activities	(289,125)	165,280	26,032	264,868	167,055
Net increase (decrease) in cash	—	21,962	(729,685)	—	(707,723)
Cash — beginning of period	—	162,983	937,230	—	1,100,213
Cash — end of period	$ —	$ 184,945	$ 207,545	$ —	$ 392,490

Six months ended October 31, 2004 (Restated)	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Net cash provided by (used in) operating activities:	$ 810	$ 40,187	$ (708,271)	$ —	$ (667,274)
Cash flows from investing:					
Cash received on residuals	—	73,477	—	—	73,477
Purchase property & equipment	—	(18,135)	(42,463)	—	(60,598)
Payments for business acquisitions	—	—	(5,472)	—	(5,742)
Net intercompany advances	544,812	—	—	(544,812)	—
Other, net	—	(96)	12,234	—	12,138
Net cash provided by (used in) investing activities	544,812	55,246	(35,701)	(544,812)	19,545
Cash flows from financing:					
Repayments of commercial paper	—	(1,376,877)	—	—	(1,376,877)
Proceeds from commercial paper	—	1,692,933	—	—	1,692,933
Proceeds from long-term debt	—	395,221	—	—	395,221
Dividends paid	(69,997)	—	—	—	(69,997)
Acquisition of treasury shares	(529,558)	—	—	—	(529,558)
Proceeds from common stock	53,933	—	—	—	53,933
Net intercompany advances	—	(773,781)	228,969	544,812	—
Other, net	—	—	(24,600)	—	(24,600)
Net cash provided by (used in) financing activities	(545,622)	(62,504)	204,369	544,812	141,055
Net increase (decrease) in cash	—	32,929	(539,603)	—	(506,674)
Cash – beginning of period	—	133,188	939,557	—	1,072,745
Cash – end of period	$ —	$ 166,117	$ 399,954	$ —	$ 566,071

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 mortgage services, and business and consulting services. For 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 in the United States, Canada, Australia and the United Kingdom. We also offer investment services through H&R Block Financial Advisors, Inc. (HRBFA). Our Mortgage Services segment offers a full range of home mortgage services through Option One Mortgage Corporation (OOMC) and H&R Block Mortgage Corporation (HRBMC). RSM McGladrey Business Services, Inc. (RSM), together with its attest-firm affiliations, is the fifth largest national accounting, tax and consulting firm primarily serving mid-sized businesses.

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.

The accompanying Management's Discussion and Analysis of Financial Condition and Results of Operations reflects the restatement of previously issued financial statements, as discussed in note 2 to our condensed consolidated financial statements. The analysis that follows should be read in conjunction with the tables below and the condensed consolidated income statements found on page 2.

Consolidated H&R Block, Inc. — Operating Results

(in 000s, except per share amounts)

	Three months ended October 31,		Six months ended October 31,	
	2005	Restated 2004	2005	Restated 2004
Revenues:				
Tax Services	$ 80,813	$ 74,106	$ 138,004	$ 124,553
Mortgage Services	286,151	284,332	646,589	556,305
Business Services	166,805	129,047	293,651	238,149
Investment Services	70,018	53,761	138,001	107,342
Corporate	1,256	707	3,791	2,155
	$ 605,043	$ 541,953	$ 1,220,036	$ 1,028,504
Pretax income (loss):				
Tax Services	$ (142,864)	$ (133,932)	$ (287,370)	$ (246,578)
Mortgage Services	46,239	108,472	180,707	217,497
Business Services	(2,143)	(4,892)	(8,908)	(14,937)
Investment Services	(7,906)	(20,764)	(15,458)	(41,107)
Corporate	(26,455)	(28,702)	(47,969)	(53,493)
	(133,129)	(79,818)	(178,998)	(138,618)
Income tax benefit	(46,854)	(29,946)	(64,399)	(52,004)
Net loss	$ (86,275)	$ (49,872)	$ (114,599)	$ (86,614)
Basic and diluted loss per share	$ (0.26)	$ (0.15)	$ (0.35)	$ (0.26)

OVERVIEW

A summary of our results compared to the prior year is as follows:

- Basic and diluted loss per share for the three months ended October 31, 2005 and 2004 was $0.26 and $0.15 per share, and $0.35 and $0.26 per share in the respective six month periods.
- Tax Services' revenues increased $6.7 million and $13.5 million for the three and six months ended October 31, 2005, respectively. Tax Services' pretax loss increased $8.9 million to $142.9 million for the quarter, while the pretax loss increased $40.8 million to $287.4 million for the six months compared to the prior year. The higher losses were primarily due to off-season costs related to

offices added during fiscal year 2005 and costs incurred for new offices to be opened in the coming tax season.

- Mortgage Services' revenues increased $1.8 million and $90.3 million for the three and six months ended October 31, 2005, respectively, while pretax income decreased $62.2 million and $36.8 million, respectively. Higher revenues are due to increased gains on derivatives, higher loan servicing revenue and a gain on sales of residual interests, partially offset by lower margins on mortgage loans sold. Declining profits reflect lower origination margins due to increases in funding costs outpacing our increases in coupon rates.

- Business Services' revenues increased $37.8 million and $55.5 million for the three and six months ended October 31, 2005, respectively, primarily due to a higher billed rate per hour in our accounting, tax and consulting business, coupled with acquisition-related growth in our payroll processing and financial process outsourcing businesses. The acquisition of American Express Tax and Business Services, Inc., effective as of October 1, 2005, contributed $20.6 million in revenues and $3.3 million in losses since acquisition. The pretax loss for the segment improved $2.7 million and $6.0 million for the three and six month periods, primarily due to revenue growth.

- Investment Services' revenues increased $16.3 million and $30.7 million for the three and six months, respectively. The pretax loss for the three and six months ended October 31, 2005 improved $12.9 million and $25.6 million, respectively. This improvement is primarily due to higher production and interest revenues, and actions implemented to reduce costs and enhance advisor performance.

- Our effective tax rate was 35.2% and 36.0% for the three and six months ended October 31, 2005, respectively, compared to 37.5% in the prior year periods. This decline is a result of additional discrete state income tax liabilities totaling $4.4 million we recorded during the three months ended October 31, 2005, and reduced the reported tax benefit on pretax losses in the period. We currently expect our annual effective tax rate for the fiscal year ended April 30, 2006 to be approximately 39%, increasing by 150 basis points over the prior year primarily due to higher state tax reserves in the current period and benefits from utilization of state net operating losses in the prior year.

TAX SERVICES

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

Tax Services — Operating Results

(in 000s)

	Three months ended October 31,		Six months ended October 31,	
	2005	Restated 2004	2005	Restated 2004
Service revenues:				
Tax preparation and related fees	$ 40,185	$ 33,933	$ 63,822	$ 52,977
Online tax services	620	609	1,253	1,309
Other services	31,644	28,722	59,978	53,059
	72,449	63,264	125,053	107,345
Royalties	4,161	3,739	6,557	5,351
Software sales	1,016	1,324	2,209	2,707
Other	3,187	5,779	4,185	9,150
Total revenues	80,813	74,106	138,004	124,553
Cost of services:				
Compensation and benefits	49,255	43,239	90,152	73,923
Occupancy	62,283	52,799	121,596	103,127
Depreciation	10,328	9,636	20,497	18,614
Other	35,743	38,121	72,935	69,349
	157,609	143,795	305,180	265,013
Cost of software sales	3,852	3,985	6,737	7,152
Selling, general and administrative	62,216	60,258	113,457	98,966
Total expenses	223,677	208,038	425,374	371,131
Pretax loss	$ (142,864)	$ (133,932)	$ (287,370)	$ (246,578)

Three months ended October 31, 2005 compared to October 31, 2004

Tax Services' revenues increased $6.7 million, or 9.1%, for the three months ended October 31, 2005 compared to the prior year.

Tax preparation and related fees increased $6.3 million, or 18.4%, for the current quarter. This increase is primarily due to an increase in the average fee per U.S. client served, coupled with an increase in U.S. clients served in company-owned offices. The average fee per U.S. client served increased 12.6% over last year, and U.S. clients served in company-owned offices increased 7.4%. Improved performance during the Australian tax season also contributed $2.5 million of additional tax preparation revenues in the current quarter.

Other service revenues increased $2.9 million primarily as a result of additional revenues associated with POM guarantees and Express IRAs.

Other revenues declined $2.6 million primarily due to lower supply sales to franchises during the current quarter.

Total expenses increased $15.6 million, or 7.5%. Cost of services for the three months ended October 31, 2005 increased $13.8 million, or 9.6%, from the prior year. Our real estate expansion efforts have contributed to a total increase of $9.1 million across all cost of services categories. Compensation and benefits increased $6.0 million primarily due to the addition of costs related to our small business initiatives in the current year, an increase in the number of off-season support staff needed for our new offices and related payroll taxes. Occupancy expenses increased $9.5 million, or 18.0%, primarily as a result of higher rent expenses, due to a 7.6% increase in company-owned offices under lease and an 8.9% increase in the average rent. Utilities and real estate taxes related to these new offices also contributed to the increase.

The pretax loss was $142.9 million for the three months ended October 31, 2005 compared to a prior year loss of $133.9 million.

Due to the seasonal nature of this segment's business, operating results for the three months ended October 31, 2005 are not comparable to the three months ended July 31, 2005 and are not indicative of the expected results for the entire fiscal year.

Six months ended October 31, 2005 compared to October 31, 2004

Tax Services' revenues increased $13.5 million, or 10.8%, for the six months ended October 31, 2005 compared to the prior year.

Tax preparation and related fees increased $10.8 million, or 20.5%, primarily due to an increase in the average fee per U.S. client served, coupled with an increase in U.S. clients served in company-owned offices. The average fee per U.S. client served increased 11.0% over last year, and U.S. clients served in company-owned offices increased 6.6%. Additionally, the extension of the Canadian tax season into the month of May resulted in a $1.7 million increase to our current year revenues. Improved performance during the Australian tax season also contributed $2.6 million of additional tax preparation revenues in the current year.

Other service revenues increased $6.9 million primarily as a result of additional revenues associated with POM guarantees, Express IRAs and our small business initiatives.

Other revenues declined $5.0 million primarily due to lower supply sales to franchises.

Total expenses increased $54.2 million, or 14.6%. Cost of services for the six months ended October 31, 2005 increased $40.2 million, or 15.2%, from the prior year. Our real estate expansion efforts have contributed to a total increase of $16.6 million across all cost of services categories. Compensation and benefits increased $16.2 million primarily due to the addition of costs related to our small business initiatives and an increase in the number of off-season support staff needed for our new offices. Occupancy expenses increased $18.5 million, or 17.9%, primarily as a result of higher rent expenses, due to a 6.8% increase in company-owned offices under lease and a 9.7% increase in the average rent. Utilities and real estate taxes related to these new offices also contributed to the increase. Other cost of service expenses increased $3.6 million primarily due to additional expenses associated with our POM program.

Selling, general and administrative expenses increased $14.5 million over the prior year primarily due to a $7.2 million increase in legal expenses, $3.5 million in additional national office wages, $3.4 million in additional costs from corporate shared services and a $1.2 million increase in consulting expenses.

The pretax loss was $287.4 million for the six months ended October 31, 2005 compared to a prior year loss of $246.6 million.

Fiscal 2006 outlook

Our fiscal year 2006 outlook for the Tax Services segment has not changed materially from the discussion in our April 30, 2005 Form 10-K/A. We currently believe we will meet or exceed the high-end of our goal to open between 500 and 700 company-owned and franchise offices this year.

RAL Litigation

We have been named as a defendant in a number of lawsuits alleging that we engaged in wrongdoing with respect to the RAL program. We believe we have strong defenses to the various RAL cases and will vigorously defend our position. Nevertheless, the amounts claimed by the plaintiffs are, in some instances, very substantial, and there can be no assurances as to the ultimate outcome of the pending RAL cases, or as to the impact of the RAL cases on our financial statements. See additional discussion of RAL Litigation in note 11 to the condensed consolidated financial statements and in Part II, Item 1, “Legal Proceedings.”

MORTGAGE SERVICES

This segment is primarily engaged in the origination of non-prime mortgage loans through an independent broker network, the origination of prime and non-prime mortgage loans through a retail office network, the sale and securitization of mortgage loans and residual interests, and the servicing of non-prime loans.

Mortgage Services — Operating Statistics

(dollars in 000s)

Three months ended	October 31, 2005	Restated October 31, 2004	July 31, 2005
Volume of loans originated:			
Wholesale (non-prime)	$ 11,078,960	$ 5,528,361	$ 9,537,227
Retail: Non-prime	1,111,924	800,975	950,806
Prime	429,924	183,647	399,596
	$ 12,620,808	$ 6,512,983	$ 10,887,629
Loan characteristics:			
Weighted average FICO score (1)	629	609	623
Weighted average interest rate for borrowers (1)	7.48%	7.46%	7.52%
Weighted average loan-to-value (1)	80.6%	78.3%	81.1%
Origination margin (% of origination volume): (2)			
Loan sale premium	0.55%	2.95%	2.32%
Residual cash flows from beneficial interest in Trusts	0.41%	0.80%	0.47%
Gain (loss) on derivative instruments	0.48%	(0.04%)	0.24%
Loan sale repurchase reserves	(0.16%)	(0.13%)	(0.15%)
Retained mortgage servicing rights	0.69%	0.47%	0.45%
	1.97%	4.05%	3.33%
Cost of acquisition	(0.40%)	(0.47%)	(0.48%)
Direct origination expenses	(0.56%)	(0.75%)	(0.57%)
Net gain on sale — gross margin (3)	1.01%	2.83%	2.28%
Other revenues	0.02%	0.03%	0.01%
Other cost of origination	(1.23%)	(1.72%)	(1.37%)
Net margin	(0.20%)	1.14%	0.92%
Total cost of origination	1.79%	2.47%	1.94%
Total cost of origination and acquisition	2.19%	2.94%	2.42%
Loan delivery:			
Loan sales	$ 12,497,526	$ 6,560,780	$ 10,843,006
Execution price (4)	1.63%	2.94%	2.50%

(1) Represents non-prime production.

(2) See “Reconciliation of Non-GAAP Financial Information” on page 41.

(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.

(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).

Mortgage Services — Operating Results

(in 000s)

Three months ended	October 31, 2005	Restated October 31, 2004	July 31, 2005
Components of gains on sales:			
Gain on mortgage loans	$ 66,580	$ 186,754	$ 222,220
Gain (loss) on derivatives	60,750	(2,606)	26,086
Gain on sales of residual interests	28,675	—	—
Impairment of residual interests	(8,738)	—	(11,875)
	147,267	184,148	236,431
Interest income:			
Accretion — residual interests	33,564	34,837	30,777
Other interest income	4,605	2,444	2,768
	38,169	37,281	33,545
Loan servicing revenue	100,386	62,596	90,269
Other	329	307	193
Total revenues	286,151	284,332	360,438
Cost of services	67,811	52,931	64,392
Cost of other revenues:			
Compensation and benefits	84,151	55,214	80,283
Occupancy	10,531	8,913	12,629
Other	28,737	21,062	22,878
	123,419	85,189	115,790
Selling, general and administrative	48,682	37,740	45,788
Total expenses	239,912	175,860	225,970
Pretax income	$ 46,239	$ 108,472	$ 134,468

Three months ended October 31, 2005 compared to October 31, 2004

Mortgage Services' revenues increased $1.8 million, or 0.6%, for the three months ended October 31, 2005 compared to the prior year. Revenues increased as a result of higher gains on derivatives, higher loan servicing revenue and a gain on sales of residual interests, offset by lower margins on mortgage loans sold.

The following table summarizes the key drivers of gains on sales of mortgage loans:

(dollars in 000s)

Three months ended October 31,	2005	2004
Application process:		
Total number of applications	105,444	72,699
Number of sales associates (1)	3,910	3,369
Closing ratio (2)	63.8%	57.0%
Originations:		
Total number of originations	67,264	41,422
Weighted average interest rate for borrowers (WAC)	7.48%	7.46%
Average loan size	$ 188	$ 157
Total originations	$ 12,620,808	$ 6,512,983
Direct origination and acquisition expenses, net	$ 120,981	$ 79,850
Revenue (loan value):		
Net gain on sale — gross margin (3)	1.01%	2.83%

(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.

Despite substantial increases in loan origination volume, gains on sales of mortgage loans decreased $120.2 million, primarily as a result of rapidly rising two-year swap rates, additional credit enhancement requirements by rating agencies and moderating demand by loan buyers. Market interest rates, based on the two-year swap, increased from an average of 2.88% last year to 4.46% in the current quarter. However, our WAC increased only 2 basis points, up to 7.48% from 7.46% in the prior year. Because our WAC was not more aligned with market rates, and because of increases in our

funding costs offset by derivative gains, our gross margin declined 182 basis points, to 1.01% from 2.83% last year. Origination volumes increased 93.8% over the prior year, due to increased productivity of our account executives and support staff, new product introductions, increased applications and a higher closing ratio.

In the current quarter, we completed our evaluation of the assumptions used to value our MSRs. Based on the changes in our assumptions as a result of this evaluation, the gain on sale for our retained MSRs increased by approximately 14 basis points, or approximately $16.8 million, from the prior year, primarily as a result of lower servicing costs, in particular interest paid to bondholders on monthly loan prepayments. In addition, the increase in average loan size from $157,000 in the prior year to $188,000 in the current year resulted in an approximate 8 basis point increase in the value of the MSRs recorded in the quarter. Overall, the value of MSRs we recorded in the quarter increased to 69 basis points from 47 basis points in the prior year, which coupled with an increase in origination volume from $6.5 billion in the prior year quarter to $12.6 billion in the current year, resulted in an increase of $56.6 million in gains on sales of mortgage loans.

To mitigate the risk of short-term changes in market interest rates related to our loan originations, we use interest rate swaps and forward loan sale commitments. We generally enter into interest rate swap arrangements related to existing loan applications with rate-lock commitments and for rate-lock commitments we expect to make in the next 30 days. During the current quarter, we recorded a net $60.8 million in gains, compared to a net loss of $2.6 million in the prior year, related to our various derivative instruments. The higher gains in the current quarter are primarily a result of rising interest rates and an increase in the notional amounts of interest rate swaps in place as a result of increased origination volumes. See note 7 to the condensed consolidated financial statements.

During the current quarter, we recorded a $28.7 million gain on the sale of available-for-sale residual interests. This gain accelerated cash flows from residual interests, and resulted in realization of previously recorded unrealized gains included in other comprehensive income. We had no similar transaction in the prior year. During the current quarter, we recorded $1.4 million in net unfavorable mark-to-market adjustments to our trading residuals, compared to $4.9 million in net favorable adjustments in the prior year.

During the current quarter, our available-for-sale residual interests performed better than expected in our internal valuation models, with lower credit losses than originally modeled, partially offset by higher interest rates. We recorded favorable pretax mark-to-market adjustments, which increased the fair value of our residual interests $15.0 million during the quarter. These adjustments were recorded, net of write-downs of $2.1 million and deferred taxes of $4.9 million, in other comprehensive income and will be accreted into income throughout the remaining life of those residual interests. Offsetting this increase were impairments of $8.7 million, which were recorded in gains on sales of mortgage assets. 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.

During the current quarter, Gulf Coast hurricanes caused severe damage to property, including property securing mortgage loans underlying our beneficial and residual interests. As of November 30, 2005, we have exposure to losses related to approximately $424 million of loans in the affected areas, including $378 million related to loans underlying securitizations in which we hold a residual interest and $46 million related to loans that are in the Trusts or have been repurchased from the Trusts. At November 30, 2005, total 31+ days delinquencies in the affected areas were approximately $106 million, compared to approximately $50 million that were 31+ days delinquent prior to the hurricanes. We recorded a specific provision for estimated losses arising from hurricane damage totaling $6.0 million during the three months ended October 31, 2005, based on an analysis of delinquent loans within the federally declared disaster areas. Of the total provision, $3.1 million was recorded as a reserve for losses on loans that we have or may be required to repurchase pursuant to existing standard representations and warranties, and $2.9 million was recorded as an impairment of our residual interests. In addition to the residual impairments recorded this quarter, future write-downs of residual interests may be incurred and recorded in other comprehensive income. We are continuing to analyze our exposure to potential losses and the amount of losses ultimately realized may differ from amounts recorded in this quarter.

The following table summarizes the key drivers of loan servicing revenues:

Three months ended October 31,	2005	2004
		(dollars in 000s)
Average servicing portfolio:		
With related MSRs	$ 55,150,897	$ 39,407,600
Without related MSRs	22,065,265	11,917,124
	$ 77,216,162	$ 51,324,724
Number of loans serviced	500,935	362,430
Average delinquency rate	4.37%	5.19%
Weighted average FICO score	622	615
Weighted average interest rate (WAC) of portfolio	7.47%	7.46%
Value of MSRs	$ 245,928	$ 134,062

Loan servicing revenues increased $37.8 million, or 60.4%, compared to the prior year. The increase reflects a higher loan servicing portfolio resulting from our continued origination growth. The average servicing portfolio for the three months ended October 31, 2005 increased $25.9 billion, or 50.4%, to $77.2 billion.

Total expenses for the three months ended October 31, 2005, increased $64.1 million, or 36.4%, over the prior year. Cost of services increased $14.9 million as a result of a higher average servicing portfolio during the current quarter. Cost of other revenues increased $38.2 million, primarily due to $28.9 million in increased compensation and benefits as a result of a 16.1% increase in sales associates, coupled with related increases in payroll taxes and origination-based incentives. Other expenses increased $7.7 million primarily as a result of $4.7 million in additional interest expense, coupled with increases in depreciation and supplies.

Selling, general and administrative expenses increased $10.9 million due to $8.1 million in additional retail marketing costs.

Pretax income decreased $62.2 million to $46.2 million for the three months ended October 31, 2005.

Three months ended October 31, 2005 compared to July 31, 2005

Mortgage Services' revenues decreased $74.3 million, or 20.6%, for the three months ended October 31, 2005, compared to the first quarter of fiscal year 2006. Revenues decreased primarily due to declining margins, partially offset by increased gains on derivatives, higher loan servicing revenue and a gain on sale of residual interests.

The following table summarizes the key drivers of gains on sales of mortgage loans:

Three months ended	October 31, 2005	July 31, 2005
		(dollars in 000s)
Application process:		
Total number of applications	105,444	109,929
Number of sales associates (1)	3,910	3,692
Closing ratio (2)	63.8%	60.1%
Originations:		
Total number of originations	67,264	66,041
Weighted average interest rate for borrowers (WAC)	7.48%	7.52%
Average loan size	$ 188	$ 165
Total originations	$12,620,808	$10,887,629
Direct origination and acquisition expenses, net	$ 120,981	$ 114,224
Revenue (loan value):		
Net gain on sale — gross margin (3)	1.01%	2.28%

(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 decreased $155.6 million primarily as a result of rapidly rising two-year swap rates, additional credit enhancement requirements by rating agencies and moderating demand by loan buyers. Market interest rates increased to an average of 4.46% from 4.06% in the preceding quarter. In response to rising rates, we implemented a 40 basis point increase in our coupon

rate effective September 1, 2005, followed by a 25 basis point increase on October 1 and another 22 basis point increase on October 23, 2005. However, there is generally a 30 to 45 day lag from the time we increase rates to when those rates effect funded loans, and as a result, our WAC decreased 4 basis points, from 7.52% to 7.48%. These rate changes, coupled with increases in funding costs offset by derivative gains, caused our net gain on sale — gross margin to decrease 127 basis points. Loan origination volumes increased 15.9% from the first quarter primarily due to increased productivity of our account executives and support staff.

As a result of the changes in our MSR assumptions, the gain on sale for our retained MSRs increased by approximately 14 basis points, or approximately $16.8 million, from the first quarter, primarily as a result of lower servicing costs, in particular interest paid to bondholders on monthly loan prepayments. In addition, the increase in average loan size from $165,000 in the first quarter to $188,000 in the current quarter resulted in an approximate 8 basis point increase in the value of MSRs recorded in the quarter. Overall, the value of MSRs we recorded in the quarter increased to 69 basis points from 45 basis points in the first quarter, which coupled with an increase in origination volume from $10.9 billion in the first quarter to $12.6 billion in the second quarter, resulted in an increase of $37.7 million in gains on sales of mortgage loans.

To mitigate the risk of short-term changes in market interest rates, we use interest rate swaps and forward loan sale commitments. We recorded a net $60.8 million in gains during the second quarter, compared to $26.1 million in the first quarter, related to our various derivative instruments. These higher gains resulted primarily from rising interest rates and an increase in the notional amounts of interest rate swaps in place as a result of increased origination volumes during the current quarter. See note 7 to the condensed consolidated financial statements.

We also recorded a gain of $28.7 million during the current quarter on the sale of residual interests, with no similar transaction during the first quarter. During the current quarter, we recorded $1.4 million in net unfavorable mark-to-market adjustments to our trading residuals, compared to $3.5 million in net favorable adjustments in the first quarter.

The following table summarizes the key drivers of loan servicing revenues:

(dollars in 000s)

Three months ended	October 31, 2005	July 31, 2005
Average servicing portfolio:		
With related MSRs	$ 55,150,897	$ 49,635,474
Without related MSRs	22,065,265	20,070,745
	$ 77,216,162	$ 69,706,219
Number of loans serviced	500,935	451,310
Average delinquency rate	4.37%	4.28%
Weighted average FICO score	622	619
Weighted average interest rate (WAC) of portfolio	7.47%	7.38%
Value of MSRs	$ 245,928	$ 188,708

Loan servicing revenues increased $10.1 million, or 11.2%, compared to the first quarter. The increase reflects a higher loan servicing portfolio. The average servicing portfolio for the three months ended October 31, 2005 increased $7.5 billion, or 10.8%.

Total expenses increased $13.9 million compared to the first quarter. Cost of services increased $3.4 million as a result of a higher average servicing portfolio during the current quarter. Cost of other revenues increased $7.6 million, primarily due to $3.9 million in increased compensation and benefits as a result of a 5.9% increase in sales associates, coupled with related increases in payroll taxes and origination-based incentives. Other expenses increased $5.9 million for the current quarter, primarily due to $2.0 million in additional interest expense coupled with higher allocated shared services and depreciation expenses.

Pretax income decreased $88.2 million, or 65.6%, for the three months ended October 31, 2005 compared to the preceding quarter.

Mortgage Services — Operating Statistics

(dollars in 000s)

Six months ended	October 31, 2005	Restated October 31, 2004
Volume of loans originated:		
Wholesale (non-prime)	$ 20,616,187	$ 11,509,465
Retail: Non-prime	2,062,730	1,421,101
Prime	829,520	398,934
	$ 23,508,437	$ 13,329,500
Loan characteristics:		
Weighted average FICO score (1)	626	609
Weighted average interest rate for borrowers (1)	7.50%	7.33%
Weighted average loan-to-value (1)	80.8%	78.1%
Origination margin (% of origination volume): (2)		
Loan sale premium	1.38%	3.06%
Residual cash flows from beneficial interest in Trusts	0.43%	0.73%
Gain (loss) on derivative instruments	0.37%	(0.01%)
Loan sale repurchase reserves	(0.16%)	(0.15%)
Retained mortgage servicing rights	0.58%	0.44%
	2.60%	4.07%
Cost of acquisition	(0.44%)	(0.54%)
Direct origination expenses	(0.56%)	(0.75%)
Net gain on sale — gross margin (3)	1.60%	2.78%
Other revenues	0.02%	0.02%
Other cost of origination	(1.30%)	(1.66%)
Net margin	0.92%	1.14%
Total cost of origination	1.86%	2.41%
Total cost of origination and acquisition	2.30%	2.95%
Loan delivery:		
Loan sales	$ 23,340,532	$ 13,304,836
Execution price (4)	2.09%	3.43%

(1) Represents non-prime production.

(2) See “Reconciliation of Non-GAAP Financial Information” on page 41.

(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.

(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).

Mortgage Services — Operating Results

(in 000s)

Six months ended	October 31, 2005	Restated October 31, 2004
Components of gains on sales:		
Gain on mortgage loans	$ 288,800	$ 372,047
Gain (loss) on derivatives	86,836	(1,930)
Gain on sales of residual interests	28,675	—
Impairment of residual interests	(20,613)	(2,609)
	383,698	367,508
Interest income:		
Accretion — residual interests	64,341	63,514
Other interest income	7,373	3,884
	71,714	67,398
Loan servicing revenue	190,655	120,762
Other	522	637
Total revenues	646,589	556,305
Cost of services	132,203	102,792
Cost of other revenues:		
Compensation and benefits	164,434	101,120
Occupancy	23,160	16,922
Other	51,615	39,342
	239,209	157,384
Selling, general and administrative	94,470	78,632
Total expenses	465,882	338,808
Pretax income	$ 180,707	$ 217,497

Six months ended October 31, 2005 compared to October 31, 2004

Mortgage Services' revenues increased $90.3 million, or 16.2%, for the six months ended October 31, 2005 compared to the prior year. Revenues increased as a result of increased gains on derivatives, higher loan servicing revenues and a gain on sale of residual interests, partially offset by lower margins on mortgage loans sold.

The following table summarizes the key drivers of gains on sales of mortgage loans:

(dollars in 000s)

Six months ended October 31,	2005	2004
Application process:		
Total number of applications	215,373	147,191
Number of sales associates (1)	3,910	3,369
Closing ratio (2)	61.9%	58.0%
Originations:		
Total number of originations	133,305	85,348
Weighted average interest rate for borrowers (WAC)	7.50%	7.33%
Average loan size	$ 176	$ 156
Total originations	$ 23,508,437	$ 13,329,500
Direct origination and acquisition expenses, net	$ 235,205	$ 172,339
Revenue (loan value):		
Net gain on sale — gross margin (3)	1.60%	2.78%

(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 decreased $83.2 million, primarily as a result of rapidly rising two-year swap rates, additional credit enhancement requirements by rating agencies and moderating demand by loan buyers, partially offset by increased origination volume. Market interest rates, based on the two-year swap, increased from an average of 2.96% last year to 4.26% in the current year. However, our WAC increased only 17 basis points, up to 7.50% from 7.33% in the prior year. Because our WAC was not more aligned with market rates and because of increased funding costs offset by derivative gains, our gross

margin declined 118 basis points, to 1.60% from 2.78% last year. Origination volumes increased 76.4% over the prior year, due to increased productivity of our account executives and support staff, new product introductions, increased applications and a higher closing ratio.

As a result of the changes in our MSR assumptions and an increase in the average loan size from $156,000 in the prior year to $176,000 in the current year, the gain on sale for our retained MSRs increased to 58 basis points from 44 basis points in the prior year, which coupled with an increase in origination volume from $13.3 billion in the prior year to $23.5 billion in the current year, resulted in an increase of $77.4 million in gains on sales of mortgage loans.

As a result of rising interest rates and an increase in the notional amounts of interest rate swaps in place as a result of increased origination volumes during the current year, we recorded a net $86.8 million in gains, compared to a net loss of $1.9 million in the prior year, related to our various derivative instruments. See note 7 to the condensed consolidated financial statements.

We recorded a $2.1 million net favorable mark-to-market adjustment for our trading residuals during the current period, and a gain of $28.7 million on the sale of residual interests. During the prior year, we recorded $4.9 million in net favorable mark-to-market adjustments for our trading residuals in the prior year.

During the first half of fiscal year 2006, our available-for-sale residual interests performed better than expected in our internal valuation models, with lower credit losses than originally modeled, partially offset by higher interest rates. We recorded favorable pretax mark-to-market adjustments, which increased the fair value of our residual interests $30.9 million during the period. These adjustments were recorded, net of write-downs of $5.2 million and deferred taxes of $9.9 million, in other comprehensive income and will be accreted into income throughout the remaining life of those residual interests. Offsetting this increase were impairments of available-for-sale residual interests totaling $20.6 million, which were recorded in gains on sales of mortgage assets. Impairments increased $18.0 million over the prior year due to interest rates increasing greater than originally modeled and a decline in the value of older residuals based on loan performance.

The following table summarizes the key drivers of loan servicing revenues:

(dollars in 000s)

Six months ended October 31,	2005	2004
Average servicing portfolio:		
With related MSRs	$ 52,515,036	$ 38,436,169
Without related MSRs	21,363,081	10,998,659
	$ 73,878,117	$ 49,434,828
Number of loans serviced	500,935	362,430
Average delinquency rate	4.69%	5.10%
Weighted average FICO score	621	613
Weighted average interest rate (WAC) of portfolio	7.41%	7.43%
Value of MSRs	$ 245,928	$ 134,062

Loan servicing revenues increased $69.9 million, or 57.9%, compared to the prior year. The increase reflects a higher loan servicing portfolio. The average servicing portfolio for the six months ended October 31, 2005 increased $24.4 billion, or 49.4%, to $73.9 billion.

Total expenses for the six months ended October 31, 2005, increased $127.1 million, or 37.5%, over the prior year. Cost of services increased $29.4 million as a result of a higher average servicing portfolio during the current period and increased amortization of higher MSR balances. Cost of other revenues increased $81.8 million, primarily due to $63.3 million in increased compensation and benefits as a result of a 16.1% increase in sales associates, coupled with related increases in payroll taxes and origination-based incentives. Occupancy expenses increased $6.2 million, or 36.9%, primarily as a result of an increase in branch offices and related equipment and utilities costs. Other expenses increased $12.3 million primarily as a result of $7.2 million in additional interest expense, coupled with increases in depreciation and supplies.

Selling, general and administrative expenses increased $15.8 million primarily due to $15.9 million in additional retail marketing costs.

Pretax income decreased $36.8 million to $180.7 million for the six months ended October 31, 2005.

Fiscal 2006 outlook

For the third and fourth quarters of fiscal year 2006, we believe we can achieve funding volumes consistent with first-quarter levels of $10 billion to $11 billion per quarter resulting in full year origination growth of approximately 40%. We implemented two rate increases in November, and during that time our funded WAC was approaching 8%. With our rate increases during the second half of the year, a stable external rate environment and cost-saving measures, we believe we will see origination margins of 40 to 50 basis points in the third quarter and 90 to 100 basis points in the fourth quarter, resulting in an origination margin of 50 to 55 basis points for the full fiscal year. We believe that for the remainder of fiscal year 2006 our cost of origination will remain close to our second quarter level — approximately 175 basis points.

BUSINESS SERVICES

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

Business Services — Operating Statistics

	Three months ended October 31,		Six months ended October 31,	
	2005	2004	2005	2004
Accounting, tax and consulting:				
Chargeable hours	768,740	674,302	1,316,731	1,211,337
Chargeable hours per person	310	322	580	601
Net billed rate per hour	$ 139	$ 129	$ 137	$ 126
Average margin per person	$ 22,913	$ 22,706	$ 40,327	$ 39,134

Business Services — Operating Results

(in 000s)

	Three months ended October 31,		Six months ended October 31,	
	2005	Restated 2004	2005	Restated 2004
Service revenues:				
Accounting, tax and consulting	$ 121,790	$ 93,380	$ 205,618	$ 167,931
Capital markets	15,355	14,898	30,827	30,678
Payroll, benefits and retirement services	8,617	3,828	16,894	8,499
Other services	11,113	8,347	20,995	14,106
	156,875	120,453	274,334	221,214
Other	9,930	8,594	19,317	16,935
Total revenues	166,805	129,047	293,651	238,149
Cost of services:				
Compensation and benefits	94,894	73,886	166,541	137,989
Occupancy	11,012	5,873	19,175	10,404
Other	12,487	11,216	23,297	23,022
	118,393	90,975	209,013	171,415
Selling, general and administrative	50,555	42,964	93,546	81,671
Total expenses	168,948	133,939	302,559	253,086
Pretax loss	$ (2,143)	$ (4,892)	$ (8,908)	$ (14,937)

Three months ended October 31, 2005 compared to October 31, 2004

Business Services' revenues for the three months ended October 31, 2005 increased $37.8 million, or 29.3%, from the prior year. This increase was primarily due to a $28.4 million increase in accounting, tax and consulting revenues resulting primarily from the acquisition of American Express Tax and Business Services, Inc., which increased revenues $20.6 million. We also benefited from a 7.8% increase in the net billed rate per hour. These increases were partially offset by a 3.7% decline in chargeable hours per person.

Payroll, benefits and retirement services revenues increased $4.8 million, or 125.1%, primarily due to acquisitions completed during the third and fourth quarters of fiscal year 2005. Other service revenues

increased $2.8 million as a result of growth in wealth management services and acquisitions completed in the fourth quarter of fiscal year 2005 in our financial process outsourcing business.

Total expenses increased $35.0 million, or 26.1%, for the three months ended October 31, 2005 compared to the prior year. Cost of services increased $27.4 million, primarily due to a $21.0 million increase in compensation and benefits. Compensation and benefits increased $14.1 million due to the American Express Tax and Business Services, Inc. acquisition. Baseline 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 increased $5.1 million, or 87.5%, due primarily to acquisitions.

Selling, general and administrative expenses increased $7.6 million primarily due to acquisitions and additional costs associated with our business development initiatives.

The pretax loss for the three months ended October 31, 2005 of $2.1 million, which includes losses of $3.3 million from American Express Tax and Business Services, Inc., compared to a loss of $4.9 million in the prior year.

Due to the seasonal nature of this segment's business, operating results for the three months ended October 31, 2005 are not comparable to the three months ended July 31, 2005 and are not indicative of the expected results for the entire fiscal year.

Six months ended October 31, 2005 compared to October 31, 2004

Business Services' revenues for the six months ended October 31, 2005 increased $55.5 million, or 23.3%, from the prior year. This increase was primarily due to a $37.7 million increase in accounting, tax and consulting revenues resulting primarily from the acquisition of American Express Tax and Business Services, Inc., which increased revenues $20.6 million. We also benefited from an 8.7% increase in the net billed rate per hour. These increases were partially offset by a 3.5% decline in chargeable hours per person.

Payroll, benefits and retirement services revenues increased $8.4 million, or 98.8%, primarily due to acquisitions completed during the third and fourth quarters of fiscal year 2005. Other service revenues increased $6.9 million as a result of growth in wealth management services and acquisitions completed in the fourth quarter of fiscal year 2005 in our financial process outsourcing business.

Total expenses increased $49.5 million, or 19.5%, for the six months ended October 31, 2005 compared to the prior year. Cost of services increased $37.6 million, primarily due to a $28.6 million increase in compensation and benefits. Compensation and benefits increased $14.1 million due to the American Express Tax and Business Services, Inc. acquisition. Baseline increases in the number of personnel and the average wage per employee, driven by marketplace competition for professional staff and other acquisitions completed in the third and fourth quarters of fiscal year 2005, also contributed to this increase. Occupancy expenses increased $8.8 million, or 84.3%, due primarily to acquisitions.

Selling, general and administrative expenses increased $11.9 million primarily due to acquisitions and additional costs associated with our business development initiatives.

The pretax loss for the six months ended October 31, 2005 was $8.9 million compared to $14.9 million in the prior year.

Fiscal 2006 outlook

Our fiscal year 2006 outlook for our Business Services segment is consistent with the discussion in our April 30, 2005 Form 10-K/A, except for the previously announced acquisition of American Express Tax and Business Services, Inc. effective October 1, 2005. We expect organic growth for this segment's pretax income of approximately 30%, and expect the acquisition of American Express Tax and Business Services, Inc. will be accretive by two cents per diluted share for fiscal year 2006, after expected integration costs. We expect Business Services' pretax income for fiscal year 2006 to increase nearly 75% over the prior year.

INVESTMENT SERVICES

This segment is primarily engaged in offering advice-based brokerage services and investment planning. Our integration of investment advice and new service offerings are allowing us to shift our emphasis from a transaction-based client relationship to a more advice-based focus.

Investment Services — Operating Statistics

Three months ended	October 31, 2005	October 31, 2004	July 31, 2005
Customer trades (1)	233,262	192,909	226,378
Customer daily average trades	3,589	3,014	3,593
Average revenue per trade (2)	$ 123.16	$ 125.13	$ 126.71
Customer accounts: (3)			
Traditional brokerage	428,543	444,770	431,046
Express IRAs	378,200	334,928	379,432
	806,743	779,698	810,478
Ending balance of assets under administration (billions)	$ 29.8	$ 27.2	$ 30.0
Average assets per traditional brokerage account	$ 68,837	$ 60,225	$ 68,870
Average margin balances (millions)	$ 560	$ 590	$ 573
Average customer payable balances (millions)	$ 794	$ 962	$ 841
Number of advisors	995	982	985
Included in the numbers above are the following relating to fee-based accounts:			
Customer household accounts	8,547	7,046	7,985
Average revenue per account	$ 2,164	$ 2,044	$ 2,235
Ending balance of assets under administration (millions)	$ 2,217	$ 1,755	$ 2,126
Average assets per active account	$ 259,355	$ 249,068	$ 266,222

(1) Includes only trades on which revenues are earned (“revenue trades”). Revenues are earned on both transactional and annuitized trades.

(2) Calculated as total trade revenues divided by revenue trades.

(3) Includes only accounts with a positive balance.

Investment Services — Operating Results

(in 000s)

Three months ended	October 31, 2005	Restated October 31, 2004	July 31, 2005
Service revenue:			
Transactional revenue	$ 23,332	$ 19,988	$ 22,835
Annuitized revenue	23,062	17,199	22,271
Production revenue	46,394	37,187	45,106
Other service revenue	8,064	6,527	8,207
	54,458	43,714	53,313
Margin interest revenue	14,826	10,038	14,093
Less: interest expense	(1,363)	(541)	(1,254)
Net interest revenue	13,463	9,497	12,839
Other	734	9	577
Total revenues (1)	68,655	53,220	66,729
Cost of services:			
Compensation and benefits	32,676	27,074	30,535
Occupancy	5,187	4,773	5,165
Depreciation	909	1,089	1,034
Other	4,632	3,447	3,901
	43,404	36,383	40,635
Selling, general and administrative	33,157	37,601	33,646
Total expenses	76,561	73,984	74,281
Pretax loss	$ (7,906)	$ (20,764)	$ (7,552)

(1) Total revenues, less interest expense.

Three months ended October 31, 2005 compared to October 31, 2004

Investment Services' revenues, net of interest expense, for the three months ended October 31, 2005 increased $15.4 million, or 29.0%, over the prior year.

Production revenue increased $9.2 million, or 24.8%, over the prior year. Transactional revenue (which is based on sales of individual securities) increased $3.3 million, or 16.7%, from the prior year due primarily to a 17.8% increase in transactional trading volume, partially offset by a 1.2% decrease in average revenue per transactional trade. Annuitized revenue (which is based on sales of various fee based products) increased $5.9 million, or 34.1%, due to increased sales of annuities, insurance, mutual funds, wealth management accounts and UITs.

Annualized productivity averaged approximately $180,000 per advisor during the current quarter compared to $148,000 in the prior year. Increased productivity was due, in part, to minimum production standards put into place during the fourth quarter of fiscal year 2005, which caused an increase in the productivity of our lowest producing advisors. These standards resulted in 116 low-producing advisors leaving the company to date. We expect average advisor productivity to continue increasing throughout the remainder of the fiscal year.

Margin interest revenue increased $4.8 million, or 47.7%, from the prior year, as a result of higher interest rates earned, partially offset by a decline in average margin balances.

Total expenses increased $2.6 million, or 3.5%. Cost of services increased $7.0 million, or 19.3%, primarily as a result of $5.6 million of additional compensation and benefits resulting from higher production revenues.

Selling, general and administrative expenses decreased $4.4 million, or 11.8%, primarily due to a decline in legal expenses, gains on the disposition of certain assets during the quarter and reduced back-office headcount relating to cost containment efforts. These decreases were partially offset by increased bonus accruals associated with improved performance.

The pretax loss for Investment Services for the three months ended October 31, 2005 was $7.9 million compared to the prior year loss of $20.8 million.

Three months ended October 31, 2005 compared to July 31, 2005

Investment Services' revenues, net of interest expense, for the three months ended October 31, 2005 increased $1.9 million, or 2.9% compared to the preceding quarter.

Production revenue increased $1.3 million, or 2.9%, over the preceding quarter, primarily due to increased sales of annuities and insurance.

Total expenses increased $2.3 million, or 3.1%. Compensation and benefits increased $2.1 million, primarily resulting from higher production revenues.

The pretax loss for the Investment Services segment was $7.9 million, compared to a loss of $7.6 million in the first quarter of fiscal year 2006.

Investment Services — Operating Statistics

Six months ended	October 31, 2005	October 31, 2004
Customer trades (1)	459,640	398,857
Customer daily average trades	3,591	3,166
Average revenue per trade (2)	$ 124.90	$ 122.33
Customer accounts: (3)		
Traditional brokerage	428,543	444,770
Express IRAs	378,200	334,928
	806,743	779,698
Ending balance of assets under administration (billions)	$ 29.8	$ 27.2
Average assets per traditional brokerage account	$ 68,837	$ 60,225
Average margin balances (millions)	$ 567	$ 594
Average customer payable balances (millions)	$ 817	$ 987
Number of advisors	995	982
Included in the numbers above are the following relating to fee-based accounts:		
Customer household accounts	8,547	7,046
Average revenue per account	$ 2,199	$ 2,030
Ending balance of assets under administration (millions)	$ 2,217	$ 1,755
Average assets per active account	$ 259,355	$ 249,068

(1) Includes only trades on which revenues are earned (“revenue trades”). Revenues are earned on both transactional and annuitized trades.

(2) Calculated as total trade revenues divided by revenue trades.

(3) Includes only accounts with a positive balance.

Investment Services — Operating Results

(in 000s)

Six months ended	October 31, 2005	Restated October 31, 2004
Service revenue:		
Transactional revenue	$ 46,167	$ 39,940
Annuitized revenue	45,333	35,732
Production revenue	91,500	75,672
Other service revenue	16,271	12,789
	107,771	88,461
Margin interest revenue	28,919	18,798
Less: interest expense	(2,617)	(840)
Net interest revenue	26,302	17,958
Other	1,311	83
Total revenues (1)	135,384	106,502
Cost of services:		
Compensation and benefits	63,211	55,922
Occupancy	10,352	10,562
Depreciation	1,943	2,153
Other	8,533	7,202
	84,039	75,839
Selling, general and administrative	66,803	71,770
Total expenses	150,842	147,609
Pretax loss	$ (15,458)	$ (41,107)

(1) Total revenues, less interest expense.

Six months ended October 31, 2005 compared to October 31, 2004

Investment Services’ revenues, net of interest expense, for the six months ended October 31, 2005 increased $28.9 million, or 27.1%, over the prior year.

Production revenue increased $15.8 million, or 20.9%, over the prior year. Transactional revenue increased $6.2 million, or 15.6%, from the prior year due primarily to an 11.0% increase in transactional trading volume and a 5.8% increase in average revenue per transactional trade. Annuitized revenue increased $9.6 million, or 26.9%, due to increased sales of annuities, insurance, mutual funds, wealth management accounts and UITs.

Annualized productivity averaged approximately $180,000 per advisor during the current year compared to $151,000 in the prior year. Increased productivity was due, in part, to minimum production standards we put into place during the fourth quarter of fiscal year 2005 which caused an increase in production per advisor, with 151 advisors increasing their production to date. These standards also resulted in 116 low-producing advisors leaving the company to date. We expect this trend to continue throughout the remainder of the fiscal year.

Other service revenue increased $3.5 million due to increased underwriting fees.

Margin interest revenue increased $10.1 million, or 53.8%, from the prior year, as a result of higher interest rates earned, partially offset by lower average margin balances.

Total expenses increased $3.2 million, or 2.2%. Cost of services increased $8.2 million, or 10.8%, primarily as a result of $7.3 million of additional compensation and benefits. This increase is primarily due to higher production revenues, partially offset by cost containment measures implemented in the fourth quarter of fiscal year 2005.

Selling, general and administrative expenses decreased $5.0 million, or 6.9%, primarily due to reduced back-office headcount relating to cost containment efforts, a decline in legal expenses and gains on the disposition of certain assets during the year. These decreases were partially offset by increased bonuses associated with improved performance.

The pretax loss for Investment Services for the first half of fiscal year 2006 was $15.5 million compared to the prior year loss of $41.1 million.

Fiscal 2006 outlook

Our fiscal year 2006 outlook for our Investment Services segment has improved slightly from the discussion in our April 30, 2005 Form 10-K/A. We now anticipate the loss for Investment Services for fiscal year 2006 will be approximately $30 million to $35 million less than the loss reported in fiscal year 2005, instead of the $25 million to $35 million improvement we previously discussed.

CORPORATE

This segment consists primarily of corporate support departments, which provide services to our operating segments. These support departments consist of marketing, information technology, facilities, human resources, executive, legal, finance, government relations and corporate communications. Support department costs are generally allocated to our operating segments. Our captive insurance and franchise financing subsidiaries are also included within this segment, as was our small business initiatives subsidiary in the first half of fiscal year 2005.

Corporate — Operating Results

(in 000s)

	Three months ended October 31,		Six months ended October 31,	
	2005	Restated 2004	2005	Restated 2004
Operating revenues	$ 4,403	$ 2,432	$ 9,409	$ 6,865
Eliminations	(3,147)	(1,725)	(5,618)	(4,710)
Total revenues	1,256	707	3,791	2,155
Corporate expenses:				
Interest expense	15,438	18,512	29,232	34,736
Other	14,375	11,939	31,837	23,105
	29,813	30,451	61,069	57,841
Shared services:				
Information technology	29,095	27,234	55,547	52,412
Marketing	6,640	7,691	11,081	11,262
Finance	13,271	8,706	25,066	17,513
Other	23,445	26,366	44,334	46,595
	72,451	69,997	136,028	127,782
Allocation of shared services	(72,789)	(69,995)	(136,418)	(127,799)
Other income, net	1,764	1,044	8,919	2,176
Pretax loss	$ (26,455)	$ (28,702)	$ (47,969)	$ (53,493)

Three months ended October 31, 2005 compared to October 31, 2004

Corporate expenses decreased $0.6 million primarily due to a decrease of $3.1 million in interest expense, partially offset by an increase of $2.1 million in increased allocated costs from finance shared services.

Finance department expenses increased $4.6 million, primarily due to $1.9 million of additional consulting expenses and increases in compensation expenses.

The pretax loss was $26.5 million, compared with last year’s second quarter loss of $28.7 million.

Due to the nature of this segment, the three months ended October 31, 2005 are not comparable to the three months ended July 31, 2005 and are not indicative of the expected results for the entire fiscal year.

Six months ended October 31, 2005 compared to October 31, 2004

Corporate expenses increased $3.2 million primarily due an increase of $4.2 million in increased allocated costs from finance shared services and $1.5 million in additional consulting, accounting and auditing expenses related to the restatement of our previously issued financial statements.

Our consolidated interest expense, both operating and non-operating, totaled $42.6 million for the six months ended October 31, 2005, an increase of $2.4 million over the prior year. Of the $42.6 million in total interest, $24.8 million related to interest expense on previous acquisitions, with the remaining $17.8 million related to our operations recorded directly in our operating segments. Intercompany interest expense, which is also recorded directly in our operating segments, is eliminated within the Corporate segment. These eliminations resulted in a decline of $5.5 million in interest expense recorded in our Corporate segment for the current period.

Finance department expenses increased $7.6 million, primarily due to $4.2 million of additional consulting expenses and an increase of $2.8 million in compensation expenses.

Other income increased $6.7 million primarily as a result of a $3.4 million gain recognized on the sale of an investment.

The pretax loss was $48.0 million, compared with last year’s loss of $53.5 million.

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 operations totaled $704.9 million and $667.3 million for the six months ended October 31, 2005 and 2004, respectively. The increase in cash used in operating activities is primarily due to increases in mortgage loans held for sale, trading residuals and MSRs during the current year. These items were partially offset by a decline in income tax payments. Income tax payments totaled $169.2 million during the current year, a decrease of $147.5 million from the prior year.

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 $48.0 million and $53.9 million for the six months ended October 31, 2005 and 2004, respectively.

Dividends. Dividends paid totaled $77.4 million and $70.0 million for the six months ended October 31, 2005 and 2004, respectively. On June 8, 2005, our Board of Directors declared a two-for-one stock split of the Company's Common Stock in the form of a 100% stock distribution, effective August 22, 2005, to shareholders of record as of the close of business on August 1, 2005. All share and per share amounts in this document have been adjusted to reflect the retroactive effect of the stock split.

Share Repurchases. On June 9, 2004, our Board of Directors approved an authorization to repurchase 15 million shares. During the six months ended October 31, 2005, we repurchased 9.0 million shares pursuant to this authorization and a prior authorization at an aggregate price of $254.2 million or an average price of $28.18 per share. There are 10.5 million shares remaining under this authorization at October 31, 2005. 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.

Restricted Cash. We hold certain cash balances that are restricted as to use. Cash and cash equivalents — restricted totaled $464.5 million at October 31, 2005 compared to $516.9 million at April 30, 2005. Investment Services held $330.0 million of this total segregated in a special reserve account for the exclusive benefit of customers. Restricted cash of $58.7 million at October 31, 2005 held by Business Services is related to funds held to pay payroll taxes on behalf of its customers. Restricted cash held by Mortgage Services totaled $75.7 million and is held primarily for outstanding commitments to fund mortgage loans.

Segment Cash Flows. A condensed consolidating statement of cash flows by segment for the six months ended October 31, 2005 follows. Generally, interest is not charged on intercompany activities between segments.

(in 000s)

	Tax Services	Mortgage Services	Business Services	Investment Services	Corporate	Consolidated H&R Block
Cash provided by (used in):						
Operations	$ (202,718)	$ (262,796)	$ (12,348)	$ 35,947	$ (262,944)	$ (704,859)
Investing	(14,816)	74,654	(209,895)	5,996	(25,858)	(169,919)
Financing	(28,517)	—	(15,616)	3,390	207,798	167,055
Net intercompany	243,566	211,640	251,957	(6,538)	(700,625)	—

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 $202.7 million in its current six-month operations to cover off-season costs and working capital requirements. Cash used for seasonal working capital requirements was partially offset by a signing bonus received from HSBC during the quarter in connection with the execution of a RAL distribution agreement. The signing bonus was recorded as deferred revenue at October 31, 2005. This segment also used $28.5 million in financing activities, primarily related to book overdrafts.

Mortgage Services. This segment primarily generates cash as a result of the sale and securitization of mortgage loans and residual interests, and as its residual interests begin to cash flow. Mortgage Services used $262.8 million in cash from operating activities primarily due to a $207.6 million increase in mortgage loans held for sale and $93.9 million in trading residuals held at October 31, 2005 that had not yet been securitized in a NIM transaction. Additions to MSRs also increased $77.4 million over the prior year. Cash flows from investing activities consist of $64.4 million in cash receipts on residual interests and $30.5 million in cash received for the sale of residual interests, partially offset by $20.1 million in capital expenditures.

Gains on sales. Gains on sales of mortgage assets totaled $383.7 million, with the cash received primarily recorded as operating activities. The percentage of cash proceeds we receive from our capital market transactions, which are included within the gains on sales of mortgage assets, is reconciled below. The decline in the percentage of cash proceeds is due to $93.9 million in trading residuals recorded at October 31, 2005, which we expect to securitize in a NIM transaction during our third quarter.

(in 000s)

Six months ended October 31,	2005	Restated 2004
Cash proceeds:		
Loans sold by the Trusts	$ 248,130	$ 401,791
Sale of residual interests	30,497	—
Residual cash flows from beneficial interest in Trusts	102,000	103,700
Loans securitized	81,221	21,620
Derivative instruments	79,552	—
	541,400	527,111
Non-cash:		
Retained mortgage servicing rights	136,294	58,894
Additions to balance sheet (1)	102,204	15,270
	238,498	74,164
Portion of gain on sale related to capital market transactions	779,898	601,275
Other items included in gain on sale:		
Changes in beneficial interest in Trusts	(111,195)	(36,348)
Impairments to fair value of residual interests	(20,613)	(2,609)
Net change in fair value of derivative instruments	7,284	(1,930)
Direct origination and acquisition expenses, net	(235,205)	(172,339)
Loan sale repurchase reserves	(36,471)	(20,541)
	(396,200)	(233,767)
Reported gains on sales of mortgage assets	$ 383,698	$ 367,508
Percent of gain on sale related to capital market transactions received as cash (2)	69%	88%

(1) Includes residual interests and interest rate caps.

(2) Cash proceeds divided by portion of gain on sale related to capital market transactions.

Warehouse funding. To finance our prime originations, we utilize an on-balance sheet warehouse facility with capacity up to $25 million. This annual facility bears interest at one-month LIBOR plus 140 to 200 basis points. As of October 31, 2005 and April 30, 2005, the balance outstanding under this facility was $2.0 million and $4.4 million, respectively.

To fund our non-prime originations, we utilize eight off-balance sheet warehouse Trusts. The facilities used by the Trusts had a total committed capacity of $13.5 billion as of October 31, 2005.

Amounts drawn on the facilities by the Trusts totaled $9.5 billion at October 31, 2005. See additional discussion below in “Off-Balance Sheet Financing Arrangements.”

We believe the sources of liquidity available to the Mortgage Services segment are sufficient for its needs.

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 used $12.3 million in operating cash flows during the first six months of the year. Business Services used $209.9 million in investing activities primarily related to the American Express Tax and Business Services, Inc. acquisition and, to a lesser extent, capital expenditures.

Investment Services. Investment Services, through HRBFA, is subject to regulatory requirements intended to ensure the general financial soundness and liquidity of broker-dealers.

At October 31, 2005, HRBFA’s net capital of $116.4 million, which was 19.1% of aggregate debit items, exceeded its minimum required net capital of $12.2 million by $104.2 million.

In the first six months of fiscal year 2005, Investment Services provided $35.9 million in cash from its operating activities primarily due to working capital changes, including the timing of cash deposits that are restricted for the benefit of customers.

Liquidity needs relating to client trading and margin-borrowing activities are met primarily through cash balances in client brokerage accounts and working capital. We believe these sources of funds will continue to be the primary sources of liquidity for Investment Services. Stock loans have historically been used as a secondary source of funding and could be used in the future, if warranted.

Pledged securities at October 31, 2005 totaled $47.0 million, an excess of $9.0 million over the margin requirement. Pledged securities at the end of fiscal year 2005 totaled $44.6 million, an excess of $7.9 million over the margin requirement.

We believe the funding sources for Investment 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 customers.

OFF-BALANCE SHEET FINANCING ARRANGEMENTS

Substantially all non-prime mortgage loans we originate are sold daily to the Trusts. The Trusts purchase the loans from us utilizing eight warehouse facilities that were arranged by us, bear interest at one-month LIBOR plus 45 to 400 basis points and expire on various dates during the year. During the second quarter, the warehouse facilities were increased from $10.0 billion to $13.5 billion. An additional uncommitted facility of $1.0 billion brings total capacity to $14.5 billion.

In August 2005, the FASB issued three exposure drafts which amend Statement of Financial Accounting Standards No. 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities.” See discussion in note 13 to the condensed consolidated financial statements.

There have been no other material changes in our off-balance sheet financing arrangements from those reported at April 30, 2005 in our Annual Report on Form 10-K/A.

COMMERCIAL PAPER ISSUANCE

We maintain two unsecured CLOCs for working capital, support of our commercial paper program and general corporate purposes. In August 2005, the first CLOC expired and was replaced with a new $1.0 billion CLOC, which expires in August 2010. Also in August 2005, the second CLOC was extended, and now expires in August 2010.

There have been no other material changes in our commercial paper program from those reported at April 30, 2005 in our Annual Report on Form 10-K/A.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

There have been no material changes in our contractual obligations and commercial commitments from those reported at April 30, 2005 in our Annual Report on Form 10-K/A.

REGULATORY ENVIRONMENT

There have been no material changes in our regulatory environment from those reported at April 30, 2005 in our Annual Report on Form 10-K/A.

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.

There have been no material changes in our risk factors from those reported at April 30, 2005 in our Annual Report on Form 10-K/A.

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, by excluding certain items that do not represent results from our basic operations. 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.

Origination Margin

(dollars in 000s)

	Three months ended			Six months ended	
	October 31, 2005	Restated October 31, 2004	July 31, 2005	October 31, 2005	Restated October 31, 2004
Total expenses	$ 239,912	$ 175,860	$ 225,970	$ 465,882	$ 338,808
Add: Expenses netted against gain on sale revenues	120,981	79,850	114,224	235,205	172,339
Less:					
Cost of services	67,811	52,931	64,392	132,203	102,792
Cost of acquisition	50,591	30,410	52,306	102,897	72,110
Allocated support departments	6,793	6,804	5,831	12,624	12,149
Other	10,300	4,400	6,255	16,555	3,500
	$ 225,398	$ 161,065	$ 211,410	$ 436,808	$ 320,596
Divided by origination volume	$ 12,620,808	$ 6,512,983	$ 10,887,629	$ 23,508,437	$ 13,329,500
Total cost of origination	1.79%	2.47%	1.94%	1.86%	2.41%

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risks from those reported at April 30, 2005 in our Annual Report on Form 10-K/A.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We have established disclosure controls and procedures (Disclosure Controls) to ensure that information required to be disclosed in the Company’s reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission’s rules and forms. Disclosure Controls are also designed to ensure that such information is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. Our

Disclosure Controls were designed to provide reasonable assurance that the controls and procedures would meet their objectives. Our management, including the Chief Executive Officer and Chief Financial Officer, does not expect that our Disclosure Controls will prevent all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable assurance of achieving the designed control objectives and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusions of two or more people, or by management override of the control. Because of the inherent limitations in a cost-effective, maturing control system, misstatements due to error or fraud may occur and not be detected.

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. The controls evaluation was done under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, and included consideration of the material weakness initially disclosed in our Annual Report on Form 10-K/A for the year ended April 30, 2005. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer 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 because of the material weakness described below.

As disclosed initially in our Annual Report on Form 10-K/A for the year ended April 30, 2005, management identified a material weakness in our accounting for income taxes. Specifically, the Company did not maintain sufficient resources in the corporate tax function to accurately identify, evaluate and report, in a timely manner, non-routine and complex transactions. In addition, the Company had not completed the requisite historical analysis and related reconciliations to ensure tax balances were appropriately stated prior to the completion of the Company's April 30, 2005 internal control activities.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

In order to remediate the aforementioned material weakness, management completed the requisite historical analysis including creation of the necessary tax basis balance sheets and current and deferred reconciliations required and related internal control testing to ensure propriety of all tax related financial statement account balances as of the Form 10-K/A filing date. The Company believes it established appropriate controls and procedures and created appropriate tax account analysis and support subsequent to April 30, 2005.

Additionally, in our efforts to remediate the material weakness management has engaged a third-party firm to assist us in performing a comprehensive evaluation of the corporate tax function, including resource requirements. We expect this third-party evaluation to be completed by December 31, 2005. Since August 1, 2005, we have hired an Income Tax Accounting Manager, a Corporate Tax Manager and two additional Tax Analysts. In addition to implementing management's action plan addressing items from the comprehensive evaluation, we will continue to monitor the improvements in the controls over accounting for income taxes to ensure remediation of the material weakness.

Other than the changes outlined above, 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 11 to our condensed consolidated financial statements.

RAL LITIGATION

We reported in current reports on Form 8-K, previous quarterly reports on Form 10-Q, and in our annual report on Form 10-K/A for the year ended April 30, 2005, certain events and information regarding lawsuits throughout the country regarding our refund anticipation loan programs (collectively, "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; 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 breach of 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, although several of the RAL Cases are still pending. Of the RAL Cases that are no longer pending, some 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 were settled, with one settlement resulting in a pretax expense of $43.5 million in fiscal year 2003 (the Texas RAL Settlement).

We believe we have meritorious defenses to the RAL Cases and we intend to defend the remaining RAL Cases 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 class actions or putative class actions in which developments occurred during or after the three months ended October 31, 2005:

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. In March 2004, the court either dismissed or decertified all of the plaintiffs' claims other than part of one count alleging violations of the racketeering and conspiracy provisions of the Racketeer Influenced and Corrupt Organizations Act. On May 9, 2005, the parties agreed to a settlement, subject to court approval. The settlement agreement provided for (i) the defendants to pay $110 million in cash and $250 million face value in freely transferable rebate coupons and (ii) all persons who applied for and obtained a RAL through an H&R Block office or certain lenders from January 1, 1987 through April 29, 2005 (the "Carnegie Settlement Class") to release all claims against us regarding RALs or certain services provided in connection with RALs. The settlement agreement also specified required business practices, procedures, disclosures and forms for use in making RALs and barred members of the Carnegie Settlement Class from commencing any other claims or actions against us regarding RALs made pursuant to such practices, procedures, disclosures and forms (the "Forward Looking Protections"). In negotiating the settlement, we ascribed significant value to the Forward-Looking Protections and the expanded class of plaintiffs to be covered by the settlement in determining the amount of consideration we were willing to pay in settling the case. On May 26, 2005, the court denied approval of the proposed settlement. This class action case is scheduled to go to trial on March 27, 2006. We intend to continue defending the case vigorously, but there are no assurances as to its outcome.

Deandra 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. Summary judgment motions were to be

heard on September 30, 2005, and the trial was to begin on October 17, 2005 for this class action case. The hearing for summary judgment and the trial have now been postponed. No new dates have been scheduled.

Joyce Green, et al. v. H&R Block, Inc., Block Financial Corporation, et al., Case No. 97195023, in the Circuit Court for Baltimore City, Maryland, instituted on July 14, 1997. This class action case is scheduled to go to trial on May 8, 2006.

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.

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 action 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.

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 is scheduled for May 2, 2006. 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 registration and listing regulations and whether such strategies were appropriate. If the IRS were to determine that these 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. While there can be no assurance regarding the outcome of these matters, we do not believe its resolution will have a material adverse effect on our operations or consolidated financial statements.

We have from time to time been party to claims and lawsuits not discussed herein arising out of our business operations. These claims and lawsuits include actions by individual plaintiffs, as well as 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 claims and lawsuits pertain to RALs, the electronic filing of customers' income tax returns and the POM guarantee program. 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 2. UNREGISTERED SALES OF EQUITY SECURITIES

A summary of our purchases of H&R Block common stock during the second quarter of fiscal year 2006 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)
August 1 — August 31	2,388	$53.62(3)	2,389	10,494
September 1 — September 30	—	$ —	—	10,494
October 1 — October 31	2	$23.87	—	10,494

(1) Of the total number of shares purchased, 1,076 shares were purchased in connection with the funding of employee income tax withholding obligations arising upon the exercise of stock options or the lapse of restrictions on restricted shares.

(2) On June 9, 2004, our Board of Directors approved the repurchase of 15 million shares, respectively, of H&R Block, Inc. common stock. This authorization has no expiration date.

(3) On June 8, 2005, our Board of Directors declared a two-for-one stock split of the Company's Common Stock in the form of a 100% stock distribution, effective August 22, 2005, to shareholders of record as of the close of business on August 1, 2005.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Our annual meeting of shareholders was held on September 7, 2005, at which four Class I directors were elected to serve three-year terms and the proposals set forth below were submitted to a vote of shareholders. The number of votes cast for, against or withheld, the number of abstentions, and the number of no votes (if applicable) for the election of directors and each proposal were as follows:

Election of Class I Directors

Nominee	Votes FOR	Votes WITHHELD
Thomas M. Bloch	132,821,668	2,438,561
Mark A. Ernst	132,728,968	2,520,261
David Baker Lewis	133,977,504	1,271,725
Tom D. Seip	114,119,834	21,129,395

Approval of H&R Block Performance Plan, as amended	
Votes For	131,338,120
Votes Against	2,648,130
Abstain	1,262,978

Ratification of the Appointment of KPMG LLP as our Independent Accountants for the fiscal year ended April 30, 2006	
Votes For	143,615,698
Votes Against	2,120,943
Abstain	356,947

At the close of business on July 5, 2005, the record date for the annual meeting of shareholders, there were 167,247,961 shares of our Common Stock outstanding and entitled to vote at the meeting. There were 135,249,230 shares represented at the annual meeting of shareholders.

ITEM 6. EXHIBITS

10.1 Amended and Restated Sale and Servicing Agreement dated August 5, 2005 among Option One Mortgage Corporation, Option One Loan Warehouse Corporation, Option One Owner Trust 2003-4 and Wells Fargo Bank, National Association.

10.2 Amended and Restated Note Purchase Agreement dated August 5, 2005 among Option One Mortgage Corporation, Option One Loan Warehouse Corporation, Option One Owner Trust 2003-4, Falcon Asset Securitization Corporation, Jupiter Securitization Corporation, Preferred Receivables Funding Corporation, financial institutions party thereto and JPMorgan Chase Bank, N.A.

10.3 Amended and Restated Five-Year Credit and Guarantee Agreement dated as of August 10, 2005 among Block Financial Corporation, H&R Block, Inc., the lenders party thereto, Bank of America, N.A., HSBC Bank USA, National Association, Royal Bank of Scotland PLC, JPMorgan Chase Bank, N.A., and J.P. Morgan Securities Inc.

10.4 Five-Year Credit and Guarantee Agreement dated as of August 10, 2005 among Block Financial Corporation, H&R Block, Inc., the lenders party thereto, Bank of America, N.A., HSBC Bank USA, National Association, Royal Bank of Scotland PLC, JPMorgan Chase Bank, N.A. and J.P. Morgan Securities Inc.

10.5 Sale and Servicing Agreement dated as of September 1, 2005 among Option One Mortgage Corporation, Option One Loan Warehouse Corporation, Option One Owner Trust 2005-7 and Wells Fargo Bank, N.A.

10.6 Note Purchase Agreement dated as of September 1, 2005 among Option One Loan Warehouse Corporation, Option One Owner Trust 2005-7, HSBC Securities (USA) Inc., HSBC Bank USA, N.A., Bryant Park Funding LLC and HSBC Securities (USA) Inc.

10.7 Indenture dated as of September 1, 2005 between Option One Owner Trust 2005-7 and Wells Fargo Bank, N.A.

10.8 Omnibus Amendment No. 1 dated as of September 8, 2005 among Option One Mortgage Corporation, Option One Owner Trust 2002-3 and Wells Fargo Bank, N.A.

10.9 Other Income License Agreement (Products and/or Services) dated September 15, 2005 between Wal-Mart Stores, Inc. and H&R Block Services, Inc.

10.10 Employment Agreement dated September 27, 2005 between HRB Management, Inc. and Jeff Nachbor.

10.11 Amendment No. Six to Amended and Restated Note Purchase Agreement dated November 25, 2003 among Option One Loan Warehouse Corporation, Option One Owner Trust 2001-2 and Bank of America, N.A.

10.12 Amendment Number Two 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.

10.13 Amendment Number Three 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.

10.14 HSBC Retail Settlement Products Distribution Agreement dated as of September 23, 2005 among HSBC Bank USA, National Association, 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 Tax Solutions, LLC, H&R Block Associates, L.P., HRB Royalty, Inc. HSBC Finance Corporation and H&R Block, Inc.*

10.15	HSBC Digital Settlement Products Distribution Agreement dated as of September 23, 2005 among HSBC Bank USA, National Association, HSBC Taxpayer Financial Services Inc., H&R Block Digital Tax Solutions, LLC and H&R Block Services, Inc.*
10.16	HSBC Refund Anticipation Loan Participation Agreement dated as of September 23, 2005 among Household Tax Masters Acquisition Corporation, Block Financial Corporation, HSBC Bank USA, National Association and HSBC Taxpayer Financial Services Inc.*
10.17	HSBC Settlement Products Servicing Agreement dated as of September 23, 2005 among HSBC Bank USA, National Association, HSBC Taxpayer Financial Services Inc., Household Tax Masters Acquisition Corporation and Block Financial Corporation*
10.18	HSBC Program Appendix of Defined Terms and Rules of Construction*
10.19	Sale and Servicing Agreement dated as of October 1, 2005 among Option One Mortgage Corporation, Option One Loan Warehouse Corporation, Option One Owner Trust 2005-8 and Wells Fargo Bank, N.A.
10.20	Note Purchase Agreement dated as of October 1, 2005 among Option One Loan Warehouse Corporation, Option One Owner Trust 2005-8 and Merrill Lynch Bank USA.
10.21	Indenture dated as of October 1, 2005 between Option One Owner Trust 2005-8 and Wells Fargo Bank, N.A.
10.22	Fourth Amended and Restated Loan Purchase and Contribution Agreement dated as of September 1, 2005 between Option One Loan Warehouse Corporation and Option One Mortgage Corporation.
10.23	Second Amendment to Second Amended and Restated Refund Anticipation Loan Operations Agreement dated as of August 31, 2005 among H&R Block Services, Inc., H&R Block Tax Services, Inc., HRB Royalty, Inc., HSBC Taxpayer Financial Services, Inc., HSBC Bank USA, National Association and Beneficial Franchise Company.*
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.

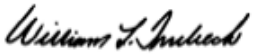
* Confidential information has been omitted from this exhibit and filed separately with the Commission pursuant to a confidential treatment request under Rule 24b-2.

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
December 12, 2005



William L. Trubeck
Executive Vice President and
Chief Financial Officer
December 12, 2005

Jeffrey E. Nachbor
Senior Vice President and
Corporate Controller
December 12, 2005

Exhibit 10.1

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AMENDED AND RESTATED SALE AND SERVICING AGREEMENT

among

OPTION ONE OWNER TRUST 2003-4

as Issuer

and

OPTION ONE LOAN WAREHOUSE CORPORATION

as Depositor

and

OPTION ONE MORTGAGE CORPORATION
as Loan Originator and Servicer

and

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Indenture Trustee

Dated as of August 5, 2005

OPTION ONE OWNER TRUST 2003-4
MORTGAGE-BACKED NOTES

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AMENDED AND RESTATED SALE AND SERVICING AGREEMENT

This Amended and Restated Sale and Servicing Agreement is entered into effective as of August 5, 2005, among OPTION ONE OWNER TRUST 2003-4, a Delaware business 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 Loan Originator (in such capacity, the "Loan Originator") and as Servicer (in such capacity, the "Servicer"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as Indenture Trustee on behalf of the Noteholders (in such capacity, the "Indenture Trustee").

WITNESSETH:

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.

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 August 8, 2003, among 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, National Association, 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: Any Loan for which the related monthly payments, other than the monthly payment due on the maturity date stated in the Promissory Note, are computed on the basis of a period to full amortization ending on a date that is later than such maturity date.

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

Blocked Account Agreements: Those Blocked Account Agreements, each dated as of August 8, 2003, by and among the Trust, Option One, the Indenture Trustee and Mellon Bank, N. A. and relating to the Trust Accounts, each as in effect from time to time, and any substitutes or replacements therefor.

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, Illinois, 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: August 8, 2003.

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 Side Letter.

Collateral Value: As defined in the Pricing Side 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 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 the lesser of (b) (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 August 8, 2003, 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, National Association, 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 Performance Trigger or 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 Performance Trigger or 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 (i) any Monthly Payment due thereon remains unpaid for more than 120 days past the original due date therefor, or (ii) 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(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 Note Agent 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 Note Agent 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: JPMorgan Chase Bank, N.A. (successor by merger to Bank One, N.A. (Main Office Chicago)) 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 Note Agent, 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 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 account.

Eligible Servicer: (x) Option One or (y) any other Person that (i) has been designated as an approved seller-servicer by Fannie Mae or Freddie Mac for first and second mortgage loans,

(ii) has equity of not less than $15,000,000, as determined in accordance with GAAP and (iii) 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.

Fee Letter: The Fee Letter, dated August 8, 2003, by and among the Trust, Option One and the Note Agent, as the same is in effect from time to time.

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.

Guaranty: The Guaranty made by H&R Block, Inc. in favor of the Indenture Trustee and the Noteholders.

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 August 8, 2003, between the Issuer and the Indenture Trustee and any amendments thereto.

Indenture Trustee: Wells Fargo Bank, National Association, 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.

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 Determination Date: As defined in the Pricing Side 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 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) hereof, in each case including Mortgage Insurance Proceeds and Released Mortgaged Property Proceeds.

Loan: Any loan (including, without limitation, an Interest-Only 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: Option One and its permitted successors and assigns.

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 First Amended and Restated Loan Purchase and Contribution Agreement, between Option One, as seller and the Depositor, as purchaser, dated as of August 8, 2003 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 Note Agent 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.

Lock-Box Clearing Custodial Account: The bank account maintained at Mellon Bank, N.A. into which Option One initially deposits (or causes to be deposited) all Monthly Payments it receives as well as any replacement or substitute account therefore.

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 Note Agent. 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: JPMorgan Chase Bank, N.A. (successor by merger to Bank One, NA (Main Office Chicago)) or an Affiliate thereof designated by JPMorgan Chase Bank, N.A. in writing to the parties hereto and, in either case, its successors in interest.

Master Disposition Confirmation Agreement: The Second Amended and Restated Master Disposition Confirmation Agreement, dated as of August 8, 2003, by and among Option One, the Depositor, Option One Owner Trust 2001-1A, Option One Owner Trust 2001-1B, Option One Owner Trust 2001-2, Option One Owner Trust 2002-3, Option One Owner Trust 2003-4, Wells Fargo Bank Minnesota, National Association, Bank of America, N.A., Greenwich Capital Financial Products, Inc., UBS Warburg Real Estate Securities, Inc., Steamboat Funding Corporation and the Note Agent, as the same may be amended or restated 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 Side 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)(ix) 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 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 Mortgage 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, forgiven or deferred 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.

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 Note Agent, 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 Note Agent, would not be ultimately recoverable.

Nonutilization Fee: As defined in the Pricing Side Letter.

Note: The meaning assigned thereto in the Indenture.

Note Agent: JPMorgan Chase Bank, N.A. (successor by merger to Bank One, NA (Main Office Chicago)), acting in its capacity as agent on behalf of the Purchasers under the Note Purchase Agreement.

Noteholder: The meaning assigned thereto in the Indenture.

Note Interest Rate: The meaning assigned thereto in the Note Purchase Agreement.

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 Amended and Restated Note Purchase Agreement dated as of August 5, 2005, among the Note Agent, the Issuer, the Depositor, and the Conduit Purchasers and Committed Purchasers identified therein, as it may be amended, restated, supplemented and otherwise modified from time to time.

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.

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.

Overcollateralization Shortfall: As defined in the Pricing Side Letter

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.

Performance Trigger: Shall exist, as of any Determination Date, if the aggregate Principal Balance of all Loans that are not Scratch & Dent Loans and 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 2%, provided, however, that a Performance Trigger shall not occur if such percentage is reduced to less than 2% within 5 Business Days of such Determination Date as the result of the exercise of a Servicer Call. A Performance Trigger shall continue to exist until Deemed Cured.

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-1 or better by S&P and P-1 or better by Moody's.

(g) Investment agreements approved by the Note Agent 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 Note Agent 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 Note Agent;

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.

Each reference in this definition to the Rating Agency shall be construed, as a reference to each of S&P and Moody's.

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 Side Letter: The pricing side letter dated as of August 5, 2005, among the Note Agent, the Issuer, the Depositor, the Committed Purchasers identified therein and the Conduit Purchasers identified therein, as it may be amended, restated, supplemented and otherwise modified from time to time.

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) non-Scratch & Dent Loan that has become 30 or more days (but less than 60 days) Delinquent, (ii) non-Scratch & Dent Loan that has become 60 or more days (but less than 90 days) Delinquent, (iii) non-Scratch & Dent Loan that has become 90 or more days Delinquent, (iv) non-Scratch & Dent Loan that is a Defaulted Loan, (v) non-Scratch & Dent 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) non-Scratch & Dent 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) non-Scratch & Dent 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 2001-1B, Option One Owner Trust 2002-2, Option One Owner Trust 2002-3 or any other Affiliate which is a "qualified special purpose entity" in accordance with Financial Accounting Standards Board's Statement No. 140 or 125, as they may be amended from time to time.

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 not Scratch & Dent Loans and 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.

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 Note Agent determines that any of the foregoing banks are not suitable to serve as a Reference Bank, then any leading banks selected by the Note Agent 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 Note Agent 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)(1) 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 Note Agent 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 Note Agent 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 Note Agent can determine no such arithmetic mean, the lowest one-month U.S. dollar lending rate which New York City banks selected by the Note Agent 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 the Closing Date and ending on the earlier of (i) October 4, 2005, and (ii) the date on which the Revolving Period is terminated pursuant to Section 2.07. The Revolving Period may be extended annually, in the sole discretion of the Note Agent, upon the request of the Depositor.

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.

Scratch & Dent Loan: Any Loan that does not meet the Underwriting Guidelines or with respect to which certain documentation is missing from the Custodial Loan File.

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.

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, 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.

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 2003-4, the Delaware business trust created pursuant to the Trust Agreement.

Trust Agreement: The Trust Agreement dated as of August 8, 2003 among 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 "UCC2" or "UCC3" 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.

UCC1 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 Note Agent.

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 through and including such date, 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 theretofore actually made by the Loan Originator (or paid directly out of the Transfer Obligation Account) in respect of the Transfer Obligation pursuant to Section 5.06, (ii) the amount obtained by multiplying (a) as to each Disposition that has previously occurred, the Unfunded Transfer Obligation Percentage as of the date of such Disposition by (b) the aggregate Collateral Value of all Loans that were the subject of that Disposition and (iii) without duplication, the aggregate amount of the Repurchase Prices paid by the Servicer in respect of all Servicer Puts theretofore effected.

Unfunded Transfer Obligation Percentage: As of any date of determination, an amount equal to (x) the Unfunded Transfer Obligation as of such date (before any adjustment thereto made on 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 and 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 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 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.

(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 2.01(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 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 and grants a continuing first priority security interest in 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 Note Agent advance on any Transfer Date Additional Note Principal Balances and the Note Agent shall remit on such Transfer Date, to the Advance Account, an amount equal to the Additional Note Principal Balance.

(ii) Notwithstanding anything to the contrary herein, in no event shall the Note Agent 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 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 Note Agent 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 Note Agent'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) If any of the assignments and transfers of the Loans and the other property of the Trust Estate specified in Section 2.01 (a) hereof to the Issuer pursuant to this Agreement or the conveyance of the Loans or any of such other property of the Trust Estate to the Issuer, other than for federal, state and local income or franchise tax purposes, is held or deemed not to be a sale or is held or deemed to be a pledge of security for a loan, the Depositor intends that the rights and obligations of the parties shall be established pursuant to the terms of this Agreement

and that, in such event, with respect to such property, (i) consisting of Loans and related property, the Depositor shall be deemed to have granted, as of the related Transfer Date, to the Issuer a first priority security interest in the entire right, title and interest of the Depositor in and to such Loans and proceeds and all other property conveyed to the Issuer as of such Transfer Date, (ii) consisting of any other property specified in Section 2.01(a), the Depositor shall be deemed to have granted, as of the initial Closing Date, to the Issuer a first priority security interest in the entire right, title and interest of the Depositor in and to such property and the proceeds thereof. In such event, with respect to such property, this Agreement shall constitute a security agreement under applicable law.

(d) On the Closing Date, the Depositor shall, at such party's sole expense, cause to be filed a UCC1 Financing Statement naming the Issuer as "secured party" and describing the Trust Estate being sold by the Depositor to the Issuer with the office of the Secretary of State of the state in which the Depositor is located (pursuant to Section 9-307 of the UCC) and any other jurisdictions as shall be necessary to perfect a security interest in the Trust Estate. In addition, on the Closing Date, the Loan Originator shall, at its expense, cause to be filed a UCC1 Financing Statement naming the Depositor as "secured party" and describing the Loans being sold by the Loan Originator to the Depositor with the office of the Secretary of the State in which the Loan Originator is located (pursuant to Section 9-307 of the UCC) and such other jurisdictions as shall be necessary to perfect a security interest in the Trust Estate.

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 Note Agent on behalf of the Issuer, such funds shall be promptly returned to the Note Agent 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 Note Agent 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 Note Agent 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 Note Agent 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 Note Agent 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.

Two (2) Business Days prior to each Transfer Date, the Issuer shall give notice to the Note Agent of such upcoming Transfer Date and provide an estimate of the number of Loans and aggregate Principal Balance of such Loans to be transferred on such Transfer Date. On the Business Day prior to each Transfer Date, the Issuer shall provide the Note Agent a final Loan Schedule with respect to the Loans to be transferred on such Transfer Date. 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 Note Agent 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 and each Transfer Date:

(i) the Depositor, the QSPE Affiliate and the Servicer, as applicable, shall have delivered to the Issuer and the Note Agent 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 Note Agent 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 or, in the case of purchases from a QSPE Affiliate, such QSPE Affiliate shall have deposited, or caused to be deposited, in the Collection Account all collections received with respect to each of the Loans and allocable to the period after the related Transfer 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 Note Agent shall have received a copy of the Trust Receipt and Exceptions Report reflecting such delivery;

(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 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;

(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 Note Agent 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;

(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; and

(xvi) with respect to each Wet Funded Loan, (i) H&R Block, Inc. is not subject to any bankruptcy, insolvency or similar proceeding, (ii) no default or breach by H&R Block, Inc. of any of its obligations under the Guaranty shall have occurred and be continuing and (iii) the Guaranty shall be in full force and effect.

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 4.0% or less or (iv) Option One or any of its Affiliates shall 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 or any of its Affiliates, including the Sale and Servicing Agreement, dated as of April 1, 2001, among Option One Owner Trust 2001-1A, the Depositor, Option One and the Indenture Trustees the Sale and Servicing Agreement, dated as of April 1, 2001, among the Option One Owner Trust 2001 -1 B, 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, and the Sale and Servicing Agreement dated as of July 2, 2002, among Option One Owner Trust 2002-3, 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.

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 benefitted 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) has a reasonable probability of being determined adversely to the Depositor, and if so determined, would prohibit 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 have a reasonable probability of resulting in damages or other remedies that 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;

(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 Depositor covenants that during the continuance of this Agreement it will comply in all respects with the restrictions on its activities referenced in Section A.2. of the non-consolidation opinion of Manatt, Phelps & Phillips, LLP, dated as of August 8, 2003, with respect to the sale of Loans by the Depositor to the Issuer; and

(q) 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) has a reasonable probability of being determined adversely to the Loan Originator, and if so determined, 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) has a reasonable probability of being determined adversely to the Loan Originator, and if so determined, would have a reasonable probability of resulting in damages or other remedies that would prohibit or materially and adversely affect 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;

(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 free and clear of any lien;

(h) The information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of the Loan Originator to the Note Agent 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 Note Agent 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) 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;

(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) The Loan Originator is in compliance with each of its 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, the Note Agent 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 Note Agent 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) has a reasonable probability of being determined adversely to the Servicer, and if so determined, 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 resulting in damages or other remedies that would prohibit 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;

(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 Note Agent 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 Note Agent 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; and

(l) The Servicer shall (1) remit to the Lock-Box Clearing Custodial Account, all Monthly Payments within one Business Day of the Servicer's receipt of such Monthly

Payments and (2) transfer those Monthly Payments which relate to Loans owned by the Trust from the Lock-Box Clearing Custodial Account to the Collection Account within two Business Days of the Servicer's receipt of such Monthly Payments.

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 Note Agent, 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 Note Agent 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 Note Agent 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, the Note Agent 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) 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 Note Agent 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 Note Agent 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 Note Agent, 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 Unqualified Loans constitute the sole remedies hereunder of the Depositor, the Issuer, the Indenture Trustee, the Note Agent, 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

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 collectibility 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 Note Agent 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 Note Agent 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 Five" 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(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 Five" 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 Note Agent 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 Note Agent or which the Note Agent 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.

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 2003-4 Collection Account, Wells Fargo Bank, National Association, as Indenture Trustee, for the benefit of the Option One Owner Trust 2003-4 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 2003-4 Distribution Account, Wells Fargo Bank, National Association, as Indenture Trustee, for the benefit of the Option One Owner Trust 2003-4 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 2003-4 Collection/Distribution Account, Wells Fargo Bank, National Association, as Indenture Trustee, for the benefit of the Option One Owner Trust 2003-4 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.

(4) Upon the termination of any Blocked Account Agreement (other than a termination consented to by the Indenture Trustee and the Note Agent upon the termination of the Lien of the Indenture upon the Trust Accounts), the Servicer shall promptly (and in any event no later than thirty (30) days following any such termination) establish a replacement Trust Account (which shall constitute an Eligible Account) at a Designated Depository Institution approved in writing by the Indenture Trustee and the Note Agent.

(b) 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 or with respect to each Loan purchased from a QSPE Affiliate, all such payments allocable to such Loan on or after the related Transfer 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) 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;

(iv) any Repurchase Price payable in connection with a Servicer Call pursuant to Section 3.08 hereof concurrently with payment thereof;

(v) the deposit of the Termination Price under Section 10.02 hereof concurrently with payment thereof;

(vi) Nonutilization Fees;

(vii) [Reserved];

(viii) 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); and

(ix) 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 (ix) 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)(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, 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 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 Note Agent, the Nonutilization Fee for such Payment Date, 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)(v) 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 UCC) 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, National Association, as Indenture Trustee, in trust for the Option One Owner Trust 2003-4 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 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 UCC) of the Indenture Trustee as provided in the related Blocked Account Agreement; and, without limitation on the foregoing, the Indenture Trustee shall have sole signature authority with respect thereto except to the extent otherwise provided in the related Blocked Account Agreement;

(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 2.01 (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 2003-4 Transfer Obligation Account, Wells Fargo Bank, National Association, as Indenture Trustee, in trust for the Option One Owner Trust 2003-4 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 Note 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.

(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 Note Agent, 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) 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 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 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 Note Agent, 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)) 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.

ARTICLE VI
STATEMENTS AND REPORTS; SPECIFICATION OF TAX MATTERS

Section 6.01 Statements.

(a) No later than 12 noon (New York City time) on each Remittance Date, the Servicer shall deliver to the Indenture Trustee and the Note Agent 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 2003-4"), 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 Note Agent 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 Note Agent 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 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 Note Agent 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 2003-4"), 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)(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) whether a Performance Trigger or 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 Note Agent and Indenture Trustee in the form of a data file in a form mutually agreed to by and between the Note Agent, the Indenture Trustee and the Servicer. The Indenture Trustee shall have no duty to monitor the occurrence of a Performance Trigger, 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 Note Agent 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 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 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)(viii), (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 Note Agent 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 the Loan Originator and the Servicer shall maintain a minimum Tangible Net Worth of $425 million as of any day.

(b) Each of the Loan Originator 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 the Loan Originator 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 the Loan Originator 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) Each of the Loan Originator 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 the Loan Originator and the Servicer shall maintain a committed warehouse credit facility, with a maturity date (scheduled or accelerated) not earlier than the Maturity Date, in an amount not less than the Maximum Note Principal Balance from a third-party entity that is not an Affiliate of the Note Agent, the Loan Originator or the Servicer.

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. In addition to the foregoing, the Servicer shall indemnify the Note Agent and hold it harmless against any amounts the Notes Agent is obligated to pay pursuant to any Blocked Account Agreement to the financial institution at which either of the Trust Accounts is maintained to the extent such amounts are incurred or relate to a period following the delivery of a Termination Notice (as defined under such Blocked Account Agreement) under such Blocked Account Agreement.

(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 to an Originator Indemnified Party for any losses in respect of the performance of the Loans, the creditworthiness of the Borrowers under the 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, a 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.

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 Note Agent.

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 Note Agent 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 (and shall not have been waived by the majority Noteholders pursuant to Section 9.03), that is to say:

(1) any failure by Servicer to deposit into the Collection Account or the Distribution Account amounts required to be deposited thereto or any failure by 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 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 in any material respect of any representation or warranty contained in any Basic Document to which it is a party 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 Note Agent 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) the Servicer or the Loan Originator 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 either of the Depositor or the Issuer and any "event of default' by any such party occurs under any of the Basic Documents.

(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, 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, (iii) a Rapid Amortization Trigger or (iv) an event that has a reasonable possibility of materially impairing the ability of the Servicer to service and administer the Loans in accordance with the terms and provision 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 Note Agent by written notice (each, a "Servicer Extension Notice") of the Note Agent 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 Note Agent, the Servicer shall give written notice of such non-receipt to the Note Agent by 4:00 p.m. (New York City time). Following a Term Event, the failure of the Note Agent 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 Note Agent 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.

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 parry 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 Note Agent, 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, the Note Agent 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)(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 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 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 2003-4, 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, 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 Loan Originator; (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 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 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 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 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 or the Issuer in reliance thereon, whether or not notation of such action is made upon such Security.

(d) The Depositor, the Servicer 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 Note Agent 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 Note Agent, 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 Note Agent 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 Note Agent may purchase Notes based solely upon the information provided by the Loan Originator to the Note Agent in the Loan Schedule and the representations, warranties and covenants contained herein, and that the Note Agent, 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 Note Agent 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 Note Agent and any third party underwriter in connection with such underwriting, including, but not limited to, providing the Note Agent 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 Note Agent for any and all reasonable out-of-pocket costs and expenses incurred by the Note Agent in connection with the Note Agent'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 Note Agent 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 Note Agent shall, prior to disclosure thereof, notify the Loan Originator of any request for disclosure of any such non-public information. The Note Agent further agrees not to use any such non-public information for any purpose unrelated to this Agreement and that the Note Agent 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 and the Issuer hereby acknowledges that it has not relied on the Note Agent 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 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 Note Agent 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) or to Rating Agencies or liquidity providers in the course of the Receiving Party's business and only to the extent required for such Person's performance of their respective evaluation of the Receiving Party's financial condition, 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 Note Agent 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; (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 2003-4, 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 Note Agent or the Majority Noteholders or any of their Affiliates and the Issuer, the Depositor, the Loan Originator or the Servicer. None of the Note Agent, 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 Loan Originator Put or Servicer Call pursuant to Section 3.07 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 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 AMENDED AND RESTATED SALE AND SERVICING AGREEMENT.

OPTION ONE OWNER TRUST 2003-4,

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/ CR Fulton

Name: Charles R. Fulton
Title: Assistant Secretary

OPTION ONE MORTGAGE CORPORATION,
as Loan Originator and Servicer

By: /s/ CR Fulton

Name: Charles R. Fulton
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Indenture Trustee

By: /s/ Reid Denny

Name: Reid Denny
Title: Vice President

Exhibit 10.2

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AMENDED AND RESTATED NOTE PURCHASE AGREEMENT

Dated as of August 5, 2005

among

OPTION ONE MORTGAGE CORPORATION,
as the Servicer,

OPTION ONE LOAN WAREHOUSE CORPORATION,
as the Depositor,

OPTION ONE OWNER TRUST 2003-4,
as the Issuer,

FALCON ASSET SECURITIZATION CORPORATION,
JUPITER SECURITIZATION CORPORATION, and
PREFERRED RECEIVABLES FUNDING CORPORATION,
as the Conduit Purchasers,

THE FINANCIAL INSTITUTIONS PARTY HERETO,
as the Committed Purchasers,

and

JPMORGAN CHASE BANK, N.A.
(successor by merger to Bank One, NA (Main Office Chicago)),
as the Note Agent

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(continued)

THIS AMENDED AND RESTATED NOTE PURCHASE AGREEMENT amends and restates, effective as of August 5, 2005, that certain Note Purchase Agreement dated as of August 8, 2003, among OPTION ONE MORTGAGE CORPORATION, A California corporation, as Servicer, OPTION ONE LOAN WAREHOUSE CORPORATION, a Delaware corporation, as Depositor, OPTION ONE OWNER TRUST 2003-4, a Delaware business trust, as the Issuer, FALCON ASSET SECURITIZATION CORPORATION, a Delaware corporation ("Falcon"), JUPITER SECURITIZATION CORPORATION, a Delaware corporation ("Jupiter") PREFERRED RECEIVABLES FUNDING CORPORATION, a Delaware corporation ("PREFCO") (Falcon, Jupiter and PREFCO being collectively referred to as the "Conduit Purchasers" and each, individually, a "Conduit Purchaser"), THE FINANCIAL INSTITUTIONS PARTY HERETO FROM TIME TO TIME, as committed purchasers (the "Committed Purchasers" and, together with the Conduit Purchaser, the "Purchasers") and JPMORGAN CHASE BANK, N.A. (successor by merger to Bank One, NA (Main Office Chicago)) a national banking association ("JPMorgan"), as agent (the "Note Agent") for the Purchasers and the other "Owners" (as defined below), as the same has heretofore been amended.

In consideration of the representations, warranties and agreements herein contained, the parties agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01. Defined Terms. As used herein, the following terms shall have the meanings specified below. Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Sale and Servicing Agreement or the Indenture, as the case may be.

"Act" means the Securities Act of 1933, as amended.

"Additional Amounts" means, for each Accrual Period, an amount equal to the sum of (i) the aggregate amount payable to all Affected Parties pursuant to Sections 2.07, 2.08 and 2.09 in respect of such Accrual Period and (ii) the aggregate of such amounts with respect to prior Accrual Periods which remain unpaid.

"Adjusted LIBO Rate" shall have the meaning specified in the Pricing Side Letter.

"Affected Party" means each Purchaser, the Note Agent, each Liquidity Provider, and any permitted assignee of any Purchaser or any Liquidity Provider.

"Agreement" or "Note Purchase Agreement" means this note purchase agreement and any supplements, amendments, exhibits and schedules hereto.

"Asset Purchase Agreement" means any one or more asset purchase, transfer or similar liquidity agreement, entered into at any time pursuant to which a Purchaser may from time to time assign part or all of its interests in the Note held by such Purchaser to a Liquidity Provider, as such agreements may be amended, restated, supplemented or modified from time to time.

"Breakage Costs" means, for each Owner for each funding period, to the extent that an Owner is funding the maintenance of its investment in the Note during such funding period through the issuance of Commercial Paper Notes or at the Adjusted LIBO Rate, during which the amount of such investment is reduced (in whole or in part) prior to the end of the period for which it was originally scheduled to remain outstanding (the amount of such reduced investment being referred to as the "Allocated Amount"), the excess of (i) the sum of (a) the discount or interest that would have accrued on the Allocated Amount during the remainder of such funding period if such reduction had not occurred and (b) other costs and expenses incurred by such Owner as a result of such reduction (including costs incurred due to the related early termination of any agreement entered into for the purpose of hedging such Owner's obligations under this Agreement) over (ii) the net income scheduled to be received by such Owner from investing the Allocated Amount for the remainder of such funding period, it being understood that in investing such Allocated Amount such Owner will, but without limitation to its discretion, endeavor to minimize the associated Breakage Costs.

"Business Day" means a day that is (i) a "Business Day" as such term is defined in the Sale and Servicing Agreement and (ii) when used in connection with the Adjusted LIBO Rate, a day other than a day on which banking institutions in London, England, trading in Dollar deposits in the London interbank market are authorized or obligated by law or executive order to be closed.

"Closing" shall have the meaning specified in Section 3.01.

"Closing Date" shall have the meaning specified in Section 3.01.

"Collection Date" means the earliest Business Day following the termination (as opposed to suspension) of the Revolving Period on which the Note Principal Balance shall have been reduced to zero and all Monthly Interest and all other amounts due to the Owners shall have been paid in full.

"Commercial Paper Notes" means short-term promissory notes issued or to be issued by a Conduit Purchaser to fund its investments in accounts receivable and other financial assets.

"Commitment" means with respect to each Committed Purchaser on any date, the dollar amount set forth next to such Committed Purchaser's name on Schedule I hereto, as such amount may be reduced pursuant to Section 2.03 and as such amount may be increased from time to time on terms and conditions acceptable to the Depositor and such Committed Purchaser in its sole discretion; provided, that upon any other Person becoming a Committed Purchaser hereunder as a result of any assignment pursuant to Section 9.04, the Commitment of the assigning Committed Purchaser as in effect immediately prior to such assignment shall be allocated as between the assigning Committed Purchaser and such assignee Committed Purchaser as such Persons shall so designate in a notice to the Note Agent, and thereafter such respective allocated amounts shall be such Committed Purchasers' respective Commitments.

"Commitment Termination Date" means October 4, 2005, as such date may be extended in accordance with Section 2.05.

"Committed Purchaser" shall have the meaning specified in the Preamble hereto.

"Conduit Purchaser" shall have the meaning specified in the Preamble hereto.

"Depositor" means Option One Loan Warehouse Corporation, in its capacity as depositor under the Sale and Servicing Agreement.

"Eurocurrency Liabilities" shall have the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Excluded Taxes" shall have the meaning specified in Section 2.09(a).

"Fee Letter" means the letter agreement, dated as of the Closing Date, among the Depositor, the Servicer, and the Note Agent, regarding certain fees payable under or in connection with this Agreement, as the same may be amended, restated, supplemented or otherwise modified form time to time.

"Fees" shall have the meaning specified in Section 2.04 hereof.

"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.

"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.

"Increase Date" shall have the meaning specified in Section 2.03(c).

"Indenture" means the Indenture, dated as of August 8, 2003, between the Issuer and the Indenture Trustee, as the same may be amended, supplemented or otherwise modified from time to time.

"Indenture Trustee" means Wells Fargo Bank Minnesota, National Association, a national banking association, in its capacity as trustee under the Indenture, its successors in interest and any successor indenture trustee under the Indenture.

"Interpretation" as used in Sections 2.07 and 2.08 with respect to any law or regulation, means the interpretation or application of such law or regulation by any Governmental Authority (including any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government), central bank, accounting standards board (including the Financial Accounting Standards Board), financial services industry advisory body or any comparable entity.

"Issuer" means Option One Owner Trust 2003-4, a Delaware business trust.

"JPMorgan" means JPMorgan Chase Bank, N.A. (successor by merger to Bank One, NA (Main Office Chicago)), a national banking association.

"LIBO Rate" shall have the meaning specified in the Pricing Side Letter.

"Liquidity Provider" means a financial institution providing liquidity support to or for the account of any Conduit Purchaser pursuant to or in connection with an Asset Purchase Agreement.

"Losses" shall have the meaning specified in Section 7.01(a).

"Maximum Note Principal Balance" shall have the meaning specified in the Pricing Side Letter.

"Monthly Interest" means with respect to any Payment Date, an amount equal to the sum of (i) the product of (a) the Note Interest Rate in effect with respect to the Accrual Period ending immediately prior to such Payment Date, (b) the average daily Note Principal Balance during such Accrual Period, and (c) a fraction the numerator of which is the actual number of days in such Accrual Period and the denominator of which is 360, plus (ii) all Breakage Costs incurred by Owners during the immediately preceding Accrual Period, plus (iii) all Fees owed to the Note Agent and the Owners for the Accrual Period ending immediately prior to such Payment Date.

"Note" means the Option One Owner Trust 2003-4 Mortgage-Backed Note issued by the Issuer pursuant to the Indenture.

"Note Interest Rate" shall have the meaning specified in the Pricing Side Letter.

"Other Taxes" means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment or deposit required to be made hereunder, under the Sale and Servicing Agreement or the Indenture or from the execution, delivery or registration of, or otherwise with respect to, any of the foregoing.

"Owner" means each Purchaser, each Liquidity Provider, and all other owners by assignment, participation or otherwise of the Note or any interest therein.

"Owner Trustee" means Wilmington Trust Company, not in its individual capacity but solely as owner trustee under the Trust Agreement.

"Principal Balance Increase" shall have the meaning specified in Section 2.03.

"Purchaser" shall have the meaning specified in the preamble hereto.

"Required Owners" means, at any time, those Owners owning interests in the Note aggregating 66-2/3% of the Note Principal Balance at such time.

"Sale and Servicing Agreement" means the Amended and Restated Sale and Servicing Agreement, dated as of August 5, 2005, among the Issuer, the Depositor, the Servicer and the Indenture Trustee, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Taxes" shall have the meaning specified in Section 2.09(a).

"Transferee" shall have the meaning specified in Section 9.04(d).

"Trust Agreement" means the Trust Agreement dated as of August 8, 2003, between the Depositor and the Owner Trustee, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"UCC" means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction.

SECTION 1.02. Accounting Terms; Other Terms. All accounting terms used in this Agreement shall, unless otherwise specifically provided, have the meanings customarily given to them in accordance with generally accepted. United States accounting principles or United States regulatory accounting principles, as applicable, as in effect from time to time, and all financial computations hereunder shall, unless otherwise specifically provided, be computed in accordance with generally accepted United States accounting principles or United States regulatory accounting principles, as applicable, as in effect from time to time, consistently applied All terms used in Article 9 of the UCC in the State of New York, and not specifically defined herein, are used herein as defined in such Article 9.

SECTION 1.03. Other Rules of Construction. References in this Agreement to sections, schedules and exhibits are to sections of and schedules and exhibits to this Agreement unless otherwise indicated. The words "hereof", "herein", "hereunder" and comparable terms refer to the entirety of this Agreement and not to any particular article, Section or other subdivision hereof or attachment hereto. Words in the singular include the plural and in the plural include the singular. Unless the context otherwise requires, the word "or" is not exclusive. The word "including" shall be deemed to mean "including, without limitation". The Section and article headings and table of contents contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Except as otherwise specified herein, all references herein (i) to any Person shall be deemed to include such Person's successors and assigns and (ii) to any Governmental Rule or contract specifically defined or referred to herein shall be deemed references to such Governmental Rule or contract as the same may be supplemented, amended, waived, consolidated, replaced or modified from time to time, but only to the extent permitted by, and effected in accordance with, the terms thereof.

SECTION 1.04. Computation of Time Periods. Unless otherwise stated in this Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding."

ARTICLE II
PURCHASE AND SALE; PURCHASE COMMITMENT

SECTION 2.01. Purchase and Sale of the Note. On the terms and subject to the conditions set forth in this Agreement (including, without limitation, the conditions precedent set forth in Article IV), and in reliance on the covenants, representations, warranties and agreements herein set forth, the Issuer agrees to sell, transfer and deliver to the Note Agent, for the benefit of the Purchasers, at the Closing, and the Purchasers agree to purchase from the Issuer, at the Closing, the Note.

SECTION 2.02. [Reserved].

SECTION 2.03. Increases and Decreases in the Note Principal Balance; Decreases in the Maximum Note Principal Balance.

(a) Subject to the terms and conditions set forth in Section 4.02 hereof, the Conduit Purchasers may, in their sole discretion, and the Committed Purchasers shall during the Revolving Period, fund the applicable portion of any increase to the Note Principal Balance (a "Principal Balance Increase") requested by the Issuer from the Purchasers in accordance with the procedures described in Section 2.06 of the Sale and Servicing Agreement; provided, however, that at no time shall (i) the Principal Balance exceed the Maximum Principal Balance, or (ii) the Note Principal Balance allocable to any Committed Purchasers exceed such Committed Purchaser's Commitment.

(b) Each request for a Principal Balance Increase shall be deemed to be a request that the Conduit Purchasers fund such Principal Balance Increase. To the extent a Conduit Purchaser elects not to fund its share of any Principal Balance Increase requested by the issuer, each related Committed Purchaser shall fund its pro rata share of the portion of such Principal Balance Increase allocated to such Conduit Purchaser. Each Conduit Purchaser shall provide prompt notice to the Note Agent if such Conduit Purchaser elects not to fund its share of a Principal Balance Increase (and the Note Agent shall forward such notice to the Servicer, the Depositor and the Issuer).

(c) Upon the satisfaction of the conditions precedent set forth in Section 4.02 hereof on the date on which the Issuer has requested a Principal Balance Increase to occur (the "Increase Date"), each Purchaser funding a portion of the requested Principal Balance Increase shall deliver to the Note Agent funds in an amount equal to the portion of the Principal Balance Increase allocated to such Purchaser by the Note Agent. Upon its receipt of such funds, the Note Agent will remit such amount, in same day funds, to the Advance Account in accordance with the Sale and Servicing Agreement.

(d) On any date, the Note Principal Balance may be decreased in accordance with the Sale and Servicing Agreement. Any such reductions to the Note Principal Balance and any such reductions on any other date to the Note Principal Balance shall be applied to reduce the Note Principal Balances allocated to the interests in the Note held by Purchasers hereunder as determined by the Note Agent, provided, that each such Purchaser which is a Committed Purchaser shall be allocated its pro rata share of any such reduction.

(e) Notwithstanding anything to the contrary contained herein, if any Principal Balance Increase is not made on the date specified by the Issuer in its written request therefor delivered pursuant to Section 2.06 of the Sale and Servicing Agreement, the Issuer shall indemnify each Affected Party against any reasonable loss, cost or expense incurred by such Affected Party as a result of such occurrence, including, without limitation, any reasonable loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Affected Party to fund such anticipated Principal Balance Increase; provided, however, that the Issuer shall not be obligated to indemnify the Affected Parties for such losses, costs or expenses if it provides notice to the Note Agent by no later than 11:00 a.m. on the Business Day immediately preceding the Increase Date of its request to cancel the proposed Principal Balance Increase or to reduce the amount of the proposed Principal Balance Increase.

(f) At any time the Issuer may, upon at least 30 Business Days' prior written notice to the Note Agent, reduce the Maximum Note Principal Balance to an amount not less than the Note Principal Balance. Reductions of the Maximum Note Principal Balance pursuant to this subsection 2.03(f) shall be allocated to the aggregate Commitments of the Committed Purchasers pro rata based on their relative Commitments or as the Note Agent, each related Conduit Purchaser and each Committed Purchaser whose Commitment is to be reduced less than such respective amount may otherwise agree in writing; provided, however, that in the event the Note Agent makes a claim on behalf of any Purchaser for any amounts payable pursuant to Sections 2.07 or 2.06, the Issuer need only give 2 Business Days' prior written notice to the Note Agent to effect a reduction in the Maximum Note Principal Balance.

SECTION 2.04. Fees. From and after the Closing Date until the Collection Date, the fees set forth in the Fee Letter (the "Fees") shall be paid in accordance with Section 5.04 of the Indenture.

SECTION 2.05. Extension of Term.

(a) The Issuer may, at any time during the period which is not less than 45 days and not more than 75 days prior to the Commitment Termination Date then in effect hereunder (as such date may have previously been extended pursuant to this Section 2.05, the "Existing Termination Date"), request that the Existing Termination Date be extended for an additional 364 days from the Existing Termination Date. Any such request shall be in writing and delivered to the Note Agent (which shall then deliver it to each Committed Purchaser), and shall be subject to the following conditions: (i) at no time will this Agreement have a remaining term of more than 364 days and, if any such request would result in a remaining term of more than 364 days, such request shall be deemed to have been made for such number of days so that, after giving effect to such extension on the date requested, such remaining term will not exceed 364 days, (ii) neither the Note Agent nor any Committed Purchaser shall have any obligation to extend the Commitment Termination Date at any time, and (iii) any such extension shall be effective only upon the written agreement of the Note Agent, the applicable Committed Purchaser, the Depositor, the Issuer and the Servicer. Each Committed Purchaser, acting in its sole discretion, shall, by written notice to the Note Agent (which shall notify the Issuer and the other Purchasers) given on or before the date (herein, the "Consent Date") that is 30 days prior to Existing Termination Date (except that, if such date is not a Business Day, the Consent Date shall be the next succeeding Business Day), advise the Note Agent whether or not such

Committed Purchaser intends to extend the Existing Termination Date; provided, that each Committed Purchaser that determines not to extend the Existing Termination Date (a "Nonextending Committed Purchaser") shall notify the Note Agent (which shall notify the Issuer and the, other Purchasers) of such fact within 30 days of the Issuer's request for the extension of the Existing Termination Date; provided, further, however, that any Committed Purchaser that does not advise the Note Agent of its decision whether or not to extend the Existing Termination Date on or before the Consent Date shall be deemed to be, a Non-extending Committed Purchaser.

(b) The Note Agent shall have the right on the Existing Termination Date to replace any Committed Purchaser with, and/or otherwise add to this Agreement, one or more other Committed Purchasers (which may include any existing Committed Purchaser; each such Person prior to the Existing Termination Date, an "Additional Committed Purchaser") (but only with the prior written consent of the Issuer which consent shall not be unreasonably withheld or delayed) each of which Additional Committed Purchasers shall, effective as of the Existing Termination Date, undertake a commitment to fund Principal Balance Increases in accordance with Section 2.03(b) hereof (and, if any such Additional Committed Purchaser is already a Committed Purchaser, its Commitment shall bee increased by the applicable amount on such date). If the Note Agent is unable to replace a Non-extending Committed Purchaser, then on the Existing Termination Date the Maximum Principal Balance shall be reduced to an amount equal to the aggregate of the Commitments of the Committed Purchasers which have extended their respective Commitments in accordance with Section 2.05(a) above.

SECTION 2.06. Calculation and Payment of Monthly Interest.

(a) The amount of interest payable on each Payment Date in respect of the Note shall equal the Monthly Interest for such Payment Date. The Note Agent shall notify the Servicer, the Owner Trustee, the Indenture Trustee and the Purchasers of the Monthly Interest for the related Payment Date and the Note Interest Rate for the related Accrual Period on or before the Business Day immediately following the end of such Accrual Period.

(b) Out of the Monthly Interest received by the Note Agent for each Accrual Period as contemplated in Section 8.01(b), the Note Agent shall remit to each Owner an amount of interest equal to the product of (i) the Note Interest Rate applicable to such Owner for such Accrual Period and (ii) such Owner's allocable share of the Note Principal Balance during such Accrual Period, plus the amount of any Breakage Costs and Fees applicable to such Owner in respect of such Payment Date.

(c) All computations of interest and other amounts under this Agreement shall be made on the basis of a year of 360 days and the actual number of days elapsed. Whenever any payment or deposit to be made hereunder shall be due on a day other than a Business Day, such payment or deposit shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of such payment or deposit.

SECTION 2.07. Increased Costs.

(a) If due to the introduction of or any change (including, without limitation, any change by way of imposition or increase of reserve requirements) in or in the Interpretation of any law, regulation or accounting principle or the imposition of any guideline or request from any central bank or other Governmental Authority after the date hereof, there shall be an increase in the cost to an Affected Party of making, funding or maintaining any investment in the Note or any interest therein or of agreeing to purchase or invest in the Note or any interest therein, as the case may be (other than by reason of any Interpretation of or change in laws or regulations relating to Taxes or Excluded Taxes), such Affected Party shall promptly submit to the Depositor, the Servicer and the Note Agent a certificate setting forth in reasonable detail, the calculation of such increased costs incurred by such Affected Party. In determining such amount, such Affected Party may use any reasonable averaging and attribution methods, consistent with the averaging and attribution methods generally used by such Affected Party in determining amounts of this type. The amount of increased costs set forth in such certificate (which certificate shall, in the absence of manifest error, be prima facie evidence as to such amount) shall be included in the Additional Amounts for (i) the first full Accrual Period immediately succeeding the date on which the certificate specifying the amount owing was delivered and (ii) to the extent remaining outstanding, each Accrual Period thereafter until paid in full, and shall be paid to the Note Agent pursuant to Section 5.04 of the Indenture. The Note Agent shall, out of amounts received by it (as contemplated in Section 8.01(b)) in respect of the Additional Amounts on any Payment Date (as contemplated in Section 8.01(b)), pay to each Affected Party, any increased costs due pursuant to this Section 2.07; provided, however, that if the amount distributable in respect of the Additional Amounts on any Payment Date is less than the aggregate amount payable to all Affected Parties pursuant to Sections 2.07, 2.08 and 2.09 for the corresponding Accrual Period, the resulting shortfall shall be allocated among such Affected Parties on a pro rata basis (determined by the amount owed to each). Failure on the part of any Affected Party to demand compensation for any amount pursuant to this Section for any period shall not constitute a waiver of such Affected Party's right to demand compensation for such period. For the avoidance of doubt, if the issuance of FASB Interpretation No. 46, or any other change in accounting standards or the issuance of any other pronouncement, release or interpretation, causes or requires the consolidation of all or a portion of the assets and liabilities of Company or Seller with the assets and liabilities of the Agent, any Financial Institution or any other Funding Source, such event shall constitute a circumstance on which such Funding Source may base a claim for reimbursement under this Section.

(b) Each Owner agrees that it shall use its reasonable efforts to take (or cause any Affected Party claiming through such Owner to take) such steps as would eliminate or reduce the amount of any increased costs described in this Section 2.07 incurred by such Owner or Affected Party; provided that no such steps shall be required to be taken if, in the reasonable judgment of such Owner or Affected Party, such steps would be disadvantageous to such Owner or Affected Party or inconsistent with its internal policy and legal and regulatory restrictions.

SECTION 2.08. Increased Capital.

(a) If the introduction of or any change in or in the Interpretation of any law, regulation or accounting principle or the imposition of any guideline or request from any central

bank or other Governmental Authority, in each case, after the date hereof, affects or would affect the amount of capital required or expected to be maintained by any Affected Party, and such Affected Party determines that the amount of such capital is increased as a result of (i) the existence of the Purchaser's agreement to make or maintain an investment in the Note or any interest therein and other similar agreements or facilities or (ii) the existence of any agreement by Affected Parties to make or maintain an investment in the Note or any interest therein or to fund any such investment and any other commitments of the same type, such Affected Party shall promptly submit to the Depositor, the Servicer and the Note Agent a certificate setting forth the additional amounts required to compensate such Affected Party in light of such circumstances. In determining such amount, such Affected Party may use any reasonable averaging and attribution methods, consistent with the averaging and attribution methods generally used by such Affected Party in determining amounts of this type. The amount set forth in such certificate (which certificate shall, in the absence of manifest error, be prima facie evidence as to such amount) shall be included in the Additional Amounts for (i) the first full Accrual Period immediately succeeding the date on which the certificate specifying the amount owing was delivered and (ii) to the extent remaining outstanding, each Accrual Period thereafter until paid in full, and shall be ..paid to the Note Agent pursuant to Section 5.04 of the Indenture. The Note Agent shall, out of amounts received by it in respect of the Additional Amounts on any Payment Date (as contemplated in Section 8.01(b)), pay to each Affected Party any amount due pursuant to this Section, provided, however, that if the amount distributable in respect of the Additional Amounts on any. Payment Date is less than the aggregate amount payable to all Affected Parties pursuant to Sections 2.07, 2.08 and 2.09 for the corresponding Accrual Period, the resulting shortfall shall be allocated among such Affected Parties on a pro rata basis (determined by the amount owed to each). Failure on the part of any Affected Party to demand compensation for any amount pursuant to this Section 2.08 for any period shall not constitute a waiver of such Affected Party's right to demand compensation for such period. For the avoidance of doubt, if the issuance of FASB Interpretation No. 46, or any other change in accounting standards or the issuance of any other pronouncement, release or interpretation, causes or requires the consolidation of all or a portion of the assets and liabilities of Company or Seller with the assets and liabilities of the Agent, any Financial Institution or any other Funding Source, such event shall constitute a circumstance on which such Funding Source may base a claim for reimbursement under this Section.

(b) Each Owner agrees that it shall use its reasonable efforts to take (or cause any Affected Party claiming through such Owner to take) such steps as would eliminate or reduce the amount of any increased costs described in this Section 2.08 incurred by such Owner or Affected Party; provided that no such steps shall be required to be taken if, in the reasonable judgment of such Owner or Affected Party, such steps would be disadvantageous to such Owner or Affected Party or inconsistent with its internal policy and legal and regulatory restrictions.

SECTION 2.09. Taxes.

(a) Subject to Section 2.09(d), any and all payments and deposits required to be made hereunder or under the Sale and Servicing Agreement or the Indenture by the Depositor or the Indenture Trustee to or for the benefit of the Note Agent or any Owner shall be made, to the extent allowed by law, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto

imposed by any Governmental Authority, excluding, in the case of each Owner and the Note Agent, (i) taxes, levies, imposts, deductions, charges or withholdings imposed on, or measured by reference to, the net income of such Owner or the Note Agent, as applicable, franchise taxes imposed on such Owner or the Note Agent, as applicable (including, branch profits taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on net income), and any other taxes (other than withholding taxes not imposed by Section 1446 of the Code and Other Taxes), levies, imposts, deductions, charges or withholdings based or imposed on income or the receipts or gross receipts of such Owner or the Note Agent, as applicable, in each case, by any of (A) the United States or any State thereof, (B) the state or foreign jurisdiction under the laws of which such Owner or the, Note Agent, as applicable, is organized, with which it has a present or former connection (other than solely by reason of this Agreement), or in which it is otherwise doing business or (C) any political subdivision thereof; (ii) any taxes, levies, imposts, duties, charges or fees to the extent of any credit or other benefit actually realized by such Note Agent or Owner, as applicable, as a result thereof; and (iii) any taxes, levies, imposts, duties, charges or fees imposed as a result of a change by the Note Agent or Owner, as applicable, of the office in which all or any part of its interest in the Note is acquired, accounted for or booked (all such excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being referred to herein as "Excluded Taxes" and all such nonexcluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being referred to herein as "Taxes"). If the Depositor or the Indenture Trustee shall be required by law to deduct any Taxes from or in respect of any sum required to be paid or deposited hereunder to or for the benefit any Owner or the Note Agent, then, subject to Section 2.09(d), (i) such sum shall be increased as may be necessary so that, after making all required deductions (including deductions applicable to additional sums payable under this Section 2.09), such Owner or the Note Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Depositor or the Indenture Trustee (as appropriate) shall make such deductions and (iii) the Depositor or the Indenture Trustee (as appropriate) shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) Subject to Section 2.09(d), each Owner and the Note Agent shall be reimbursed for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts otherwise payable under this Section 2.09) paid by such Owner or the Note Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. Each Owner and the Note Agent agrees to promptly notify the Depositor and the Servicer of any payment of such Taxes or Other Taxes made by it and, if practicable, any request, demand or notice received in respect thereof prior to such payment. In addition, in the event any Owner is required, in accordance with and pursuant to the terms of any agreement or other document providing liquidity support, credit enhancement or other similar support to such Owner in connection with the Note or the funding or maintenance of an interest therein, to compensate a bank or other financial institution in respect of taxes under circumstances similar to those described in this Section, then, subject to Section 2.09(d), such Owner shall be reimbursed for any such compensation so paid by it. A certificate as to the amount of any indemnification pursuant to this Section 2.09 submitted to the Depositor by such Owner or the Note Agent, as the case may be, setting forth in reasonable detail the basis for and the calculation thereof, shall (absent manifest error) be prima facie evidence as to such amount.

(c) Within 30 days after the date of any payment of Taxes or Other Taxes, the Depositor (on behalf of the Issuer) will furnish to the Note Agent the original or a certified receipt evidencing payment thereof.

(d) Any amounts payable to an Owner or the Note Agent pursuant to this Section shall be included in the Additional Amounts for (i) in the case of amounts payable pursuant to Section 2.09(a), the Accrual Period in respect of which the payment subject to withholding is made, (ii) in the case of amounts payable pursuant to Section 2.09(b), the first full Accrual Period immediately succeeding the date on which the certificate specifying the amount owing was delivered and (iii) in either case, to the extent remaining outstanding, each Accrual Period thereafter until paid in full, and shall be paid to the Note Agent pursuant to Section 5.04 of the Indenture. The Note Agent shall, out of amounts received by it in respect of the Additional Amounts on any Payment Date (as contemplated in Section 8.01(b)), pay to each Owner and itself, as applicable, any reimbursement due pursuant to this Section, provided, however, that if the amount distributable in respect of the Additional Amounts on any Payment Date is less than the aggregate amount payable to all Affected Parties pursuant to Sections 2.07, 2.68 and 2.09 for the corresponding Accrual Period, the resulting shortfall shall be allocated among such Affected Parties on a pro rata basis (determined by the amount owed to each).

(e) The Note Agent and each Owner (i) that is organized under the laws of a jurisdiction outside the United States hereby agrees to complete, execute and deliver to the Indenture Trustee from time to time prior to the initial Payment Date on which such Person will be entitled to receive distributions pursuant to the Indenture and this Agreement, Internal Revenue Service form W-8ECI (or any successor form), (ii) at the request of the Depositor (on behalf of the Issuer), hereby agree to complete, execute and deliver to the Indenture Trustee from time to time prior to the first Payment Date on which such Person will be entitled to receive distributions pursuant to the Indenture and this Agreement, Internal Revenue Service form W-9 (or any successor form), and (iii) hereby agree to complete, execute and deliver to the Indenture Trustee from time to time prior to the first Payment Date on which such Person will be entitled to receive distributions pursuant to the Indenture and this Agreement, such other forms or certificates as may be required under the laws of any applicable jurisdiction in order to permit the Depositor or the Indenture Trustee to make payments to, and deposit funds to or for the account of, such Person hereunder and under the Sale and Servicing Agreement and the Indenture without any deduction or withholding for or on account of any United States tax. Each of the Note Agent and each Owner agrees to provide like additional subsequent duly executed forms on or before the date that any such form expires or becomes obsolete, or upon the occurrence of any event requiring an amendment, resubmission or change in the most recent form previously delivered by it and to provide such extensions or renewals as may be reasonably requested by the Depositor or the Indenture Trustee. Each of the Note Agent and each Owner certifies, represents and warrants that as of the date of this Agreement, or in the case of an Owner which is an assignee as of the date of such assignment, that (i) it is entitled (A) to receive payments under this Agreement without deduction or withholding of any United States federal income taxes (other than taxes subject to withholding pursuant to Code Section 1446) and (B) to an exemption from United States backup withholding tax, and (ii) it will pay any taxes attributable to its ownership of an interest in the Note. Each of the Note Agent and each Owner further agrees that compliance with this Section 2.09(e) (including by reason of Section 9.04(c) in the case of any sale or assignment of any interest in Note) is a condition to the payment of any amount otherwise

due pursuant to Sections 2.09(a) and 2.09(b). Notwithstanding anything to the contrary herein, each of the Paying Agent, Servicer and Indenture Trustee shall be entitled to withhold any amount that it reasonably determines in its sole discretion is required to be withheld pursuant to Section 1446 of the Code and such amount shall be deemed to have been paid to the Note Agent or Owner, as applicable, for all purposes of the Agreement.

(f) Any Owner entitled to the payment of any additional amount pursuant to this Section 2.09 shall use its reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to take such steps as would eliminate or reduce the amount of such payment; provided that no such steps shall be required to be taken if, in the reasonable judgment of such Owner, such steps would be materially disadvantageous to such Owner.

(g) Without prejudice to the survival of any other agreement of the Depositor hereunder, the agreements and obligations of the Depositor contained in this Section 2.09 shall survive the termination of this Agreement.

ARTICLE III
CLOSING

SECTION 3.01. Closing. The closing of the purchase and sale of the Note (the "Closing") shall take place at the offices of Manatt, Phelps & Phillips, LLP, 650 Town Center Drive, Suite 1250, Costa Mesa, California 92626, on August 8, 2003, or, if the conditions to closing set forth in Article IV 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").

SECTION 3.02. Transactions to be Effected at the Closing. At the Closing, the Issuer shall deliver the Note with an aggregate maximum principal amount equal to the Maximum Note Principal Balance to the Note Agent on behalf of the Purchasers.

ARTICLE IV
PURCHASER CONDITIONS PRECEDENT

SECTION 4.01. Conditions Precedent to the Purchase of the Note. The obligation of the Purchasers to purchase and pay for the Note on the Closing Date is subject to the satisfaction at 'the time of the Closing of the following conditions:

(a) Performance by the Issuer, the Servicer, the Loan Originator and the Depositor. All the terms, covenants, agreements and conditions of this Agreement and the other Basic Documents to be complied with and performed by the Issuer, the Servicer, the Loan Originator or the Depositor, as applicable, by the Closing shall have been complied with and performed in all respects.

(b) Representations and Warranties of the Issuer, the Servicer, the Loan Originator and the Depositor. Each of the representations and warranties of the Depositor, the Servicer, the Loan Originator and the Issuer made in this Agreement and the other Basic Documents, shall be

true and correct in all respects as of the time of the Closing as though made as of such time (except to the extent they expressly relate to an earlier time).

(c) Officers' Certificate. The Note Agent shall have received from the Servicer, in form and substance reasonably satisfactory to the Purchasers and the Note Agent, an Officer's 'Certificate, dated the Closing Date, certifying as to the satisfaction of the conditions set forth in Sections 4.01(a) and 4.01(b) with respect to the Servicer, the Loan Originator, the Depositor and the Issuer, respectively.

(d) Certain Opinions of Counsel. The Note Agent shall have received from (1) Manatt, Phelps & Phillips, LLP, acting as counsel for the Depositor, the Servicer, the Loan Originator and/or certain other parties, as applicable, and (2) in-house counsel for the Loan Originator, favorable opinions, dated the Closing Date and reasonably satisfactory in form and substance to the Purchasers, the Note Agent and their counsel.

(e) Opinions of Counsel for the Indenture Trustee and the Owner Trustee. The Note Agent shall have received from:

(i) Kennedy Covington Lobdell & Hickman, L.L.P., counsel for the Indenture Trustee, a favorable opinion, dated the Closing Date and reasonably satisfactory in form and substance to the Purchasers, the Note Agent and their counsel.

(ii) Richards, Layton & Finger, P.A., counsel for the Owner Trustee and the Issuer, a favorable opinion, dated the Closing Date and reasonably satisfactory in form and substance to the Purchasers, the Note Agent and their counsel.

(f) Financing Statements. The Note Agent shall have received evidence reasonably satisfactory to the Purchasers and the Note Agent that, on or before the Closing Date, (i) UCC-1 financing statements have been filed in the offices of the Secretary of State or comparable offices of the applicable states and in the appropriate office or offices in such other locations as may be specified in the relevant opinions of counsel delivered pursuant to Section 4.01(d) and in such other jurisdictions as its counsel deems appropriate, reflecting the assignments contemplated by such opinions of counsel and the respective interests of the applicable parties and (ii) all other recording, registrations and filings (including, without limitation, recording of Assignments of Mortgage) as may be necessary, or in the opinion of the Note Agent and the Purchasers desirable, to perfect the security interest of the Indenture Trustee in the Collateral (including, without limitation, the Loans) have been completed.

(g) Receipt of Certain Documents. The Note Agent shall have received a fully executed copy of each of the Basic Documents and the other instruments, documents and agreements required to be delivered thereunder. Each of the Basic Documents shall have been duly authorized, executed and delivered by the Depositor, the Servicer, the Loan Originator, the Issuer, the Owner Trustee and the Indenture Trustee, as applicable, and shall be in full force and effect on the Closing Date.

(h) No 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 by the Issuer, the Depositor, the Servicer, the Loan Originator, the Note Agent or

the Purchasers of, or to invalidate, the transactions contemplated by this Agreement, any of the other Basic Documents or any of the Asset Purchase Agreements in any respect.

(i) Approvals and Consents. All Governmental Actions of Governmental Authorities required by the Note Agent, the Issuer, the Purchasers, the Servicer, the Loan Originator or the Depositor with respect to the transactions contemplated by this Agreement, the other Basic Documents and the Asset Purchase Agreements shall have been obtained or made.

(j) Payment of Fees. All Fees required to be paid to the Note Agent or the Purchasers in connection with the Closing pursuant to the Fee Letter shall have been paid.

(k) Accounts. The Note Agent shall have received evidence reasonably satisfactory to it that each Trust Account has been established in accordance with the terms of the Sale and Servicing Agreement.

(l) Proceedings in Contemplation of Sale of the 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 Note as herein contemplated shall be satisfactory in all respects to the Note Agent, the Purchasers and their counsel.

(m) 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.

(n) Trust Accounts Control Agreements. The Note Agent shall have received control agreements relating to the Trust Accounts in form and substance satisfactory to the Note Agent.

(o) Other Documents. The Servicer, the Loan Originator, the Depositor and the Issuer shall have furnished to the Purchasers or the Note Agent, as the case may be, such other information, certificates and documents as the Purchasers, the Note Agent or their counsel may reasonably request.

SECTION 4.02. Conditions Precedent to Principal Balance Increases. The obligation of the Purchasers to make any Principal Balance Increase is subject to the satisfaction, as of the applicable Increase Date, of each of the following conditions:

(a) the request with respect to such Principal Balance Increase shall have been delivered to the Note Agent and the Servicer by the time, and shall otherwise conform to the requirements, specified in Section 2.06 of the Sale and Servicing Agreement;

(b) each of the conditions set forth in Section 2.06 of the Sale and Servicing Agreement shall have been satisfied;

(c) after giving effect to such Principal Balance Increase, the Note Principal Balance shall not exceed the Maximum Note Principal Balance;

(d) no Default, Event of Default or Servicer Event of Default has occurred and is continuing or would result from such Principal Balance Increase;

(e) the Revolving Period shall not have ended as of such Increase Date;

(f) each of the representations and warranties of the Issuer, the Servicer, the Loan Originator and the Depositor set forth in the Basic Documents, shall be true and correct as though made on and as of such Increase Date (except to the extent they expressly relate to an earlier date);

(g) the Issuer, the Servicer, the Loan Originator and the Depositor shall be in compliance with all of their respective covenants contained in the Basic Documents and the Note;

(h) the Note Agent shall have received evidence satisfactory to it of the completion of all recordings, registrations, and filings as may be necessary or, in the opinion of the Note Agent, .desirable to perfect or evidence the assignments required to be effected on such Increase 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; and

(i) after giving effect to such Principal Balance Increase, no Overcollateralization Shortfall shall exist.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

SECTION 5.01. Representations and Warranties of the Depositor. The Depositor hereby represents and warrants to the Owners and the Note Agent, as of the date of this Agreement, as of the Closing Date, and as of (and as a condition to any Principal Balance Increase occurring on) each Increase Date, in each case with reference to the facts and circumstances then existing, as follows:

(a) Corporate Existence. The Depositor is a corporation, duly organized, validly existing and in good standing under the laws of Delaware, with full power and authority under such laws to own its properties and conduct its business as such properties are presently owned and such business is presently conducted and to execute, deliver and perform its obligations under this Agreement and each Basic Document to which it is a party.

(b) Corporate Authority. The Depositor has the corporate power and authority to execute, deliver and perform this Agreement and each Basic Document to which it is a party and all the transactions contemplated hereby and thereby and has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement and each Basic Document to which it is a party; and, when executed and delivered, each of this Agreement and each Basic Document to which it is a party will constitute its legal, valid and binding obligation, enforceable in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium, receivership, conservatorship and other laws relating to or affecting the enforcement of creditors rights. The enforceability of its obligations under such agreements is also subject to general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law, and no representation or warranty is made with respect to the enforceability of its obligations under any indemnification provisions in such

agreements to the extent that indemnification is sought in connection with securities laws violations and is contrary to public policy.

(c) No Consents Required. No consent, license, approval or authorization of, or registration with, any Governmental Authority is required to be obtained by the Depositor in connection with the execution, delivery or performance by the Depositor of each of this Agreement and the Basic Documents to which it is a party, that has not been duly obtained and which is not and will not be in full force and effect on the Closing Date or the relevant Increase Date, as applicable.

(d) No Violation. The execution, delivery and performance of each of this Agreement and the Basic Documents to which it is a party do not violate any provision of any existing law or regulation applicable to the Depositor, any order or decree of any court or other judicial authority to which it is subject, its charter or by-laws or any mortgage, indenture, contract or other agreement to which it is a party or by which it or any of its properties is bound.

(e) No Proceeding. There is no action, litigation or proceeding before any court, tribunal or governmental body presently pending or, to the knowledge of the Depositor threatened against the Depositor with respect to this Agreement, the Basic Documents to which it is a party, the transactions contemplated hereby or thereby or the issuance of the Note, and there is no such litigation or proceeding against it or any of its properties.

(f) Trust Indenture Act. Neither the Indenture nor the Sale and Servicing Agreement is required to be qualified under the Trust Indenture Act of 1939.

(g) Investment Company Act. The Depositor is not required to be registered under the Investment Company Act of 1940, as amended.

(h) No Event of Default or Default. No Event of Default or Default has occurred and is continuing, both before and immediately after giving effect to the purchase or issuance of the Note or the relevant Principal Balance Increase, as applicable.

(i) The Note. The Note has been duly and validly authorized, and, when executed and authenticated in accordance with the terms of the Indenture and delivered to the Note Agent in accordance with this Agreement, will be duly and validly issued and outstanding, and will be entitled to the benefits of, as applicable, this Agreement and the applicable Basic Documents.

(j) Taxes, Etc. Any taxes, fees and other charges of Governmental Authorities imposed upon the Depositor in connection with the execution, delivery and performance by the Depositor of this Agreement, the other Basic Documents and the Note or otherwise in connection with the Issuer have been paid or will be paid by the Depositor at or prior to the Closing Date or the relevant Increase Date, as applicable, to the extent then due.

(k) Disclosure. All written factual information heretofore furnished by the Depositor or any of its representatives to the Note Agent or any Owner or any of their representatives for purposes of or in connection with this Agreement, including, without limitation, information relating to the Loans and the Depositor's mortgage loan businesses, when considered with other information provided to the Note Agent, other Owners or their representatives, as well as

information publicly available to them, was true and correct in all material respects on the date such information was furnished by the Depositor or, if such information specifically relates to an earlier date, on such earlier date.

(l) Location of Offices. The Depositor's principal place of business and chief executive office is located in the State of California, or such other jurisdiction with respect to which the requirements specified in Section 6.04 have been satisfied.

(m) Sale and Servicing Agreement Representations and Warranties. Its representations and warranties in Section 3.01 of the Sale and Servicing Agreement are true and correct in all material respects as of the dates they were made (unless they specifically refer to an earlier date, in which case they were true and correct on such earlier date).

SECTION 5.02. Representations and Warranties of the Servicer. The Servicer hereby represents and warrants to the Owners and the Note Agent, as of the date of this Agreement, as of the Closing Date, and as of (and as a condition to any Principal Balance Increase occurring on) each Increase Date, in each case with reference to the facts and circumstances then existing, as follows:

(a) Corporate Existence. The Servicer is a corporation, duly organized, validly existing and in good standing under the State of California, with full power and authority under such laws to own its properties and conduct its business as such properties are presently owned and such business is presently conducted and to execute, deliver and perform its obligations under this Agreement and each Basic Document to which it is a party.

(b) Corporate Authority. The Servicer has the corporate power, authority and right to make, execute, deliver and perform this Agreement and each Basic Document to which it is a party and all the transactions contemplated hereby and thereby and has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement and each Basic Document to which it is a party; and, when executed and delivered, each of this Agreement and the Basic Documents to which it is a party will constitute its legal, valid and binding obligation, enforceable in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium, receivership, conservatorship and other laws relating to or affecting the enforcement of creditors rights. The enforceability of its obligations under such agreements is also subject to general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law, and no representation or warranty is made with respect to the enforceability of its obligations under any indemnification provisions in such agreements to the extent that indemnification is sought in connection with securities laws violations and is contrary to public policy.

(c) No Consents Required. No consent, license, approval or authorization of, or registration with, any Governmental Authority is required to be obtained by the Servicer in connection with the execution, delivery or performance by the Servicer of each of this Agreement and the Basic Documents to which it is a party, that has not been duly obtained and which is not and will not be in full force and effect on the Closing Date or the relevant Increase Date, as applicable.

(d) No Violation. The execution, delivery and performance of each of this Agreement and the Basic Documents to which it is a party do not violate any provision of any existing law or regulation applicable to the Servicer any order or decree of any court or other .judicial authority to which it is subject, its charter or by-laws or any mortgage, indenture, contract or other agreement to which it is a party or by which it or any of its properties is bound.

(e) Financial Statements. Prior to the Closing Date, the Servicer has delivered or caused to be delivered to the Note Agent, or, if such financial statements are publicly available, the Agent has otherwise obtained, complete and correct copies of, the audited consolidated balance sheet of Option One Mortgage Corporation and its subsidiaries as of April 30, 2003, and the related audited consolidated statements of income and cash flows of Option One Mortgage Corporation and its subsidiaries for the fiscal year then ended, accompanied by the opinion of Option One Mortgage Corporation's independent certified public accountants. Such financial statements are complete and correct in all material respects and fairly present the financial condition of Option One Mortgage Corporation and its subsidiaries as of their respective dates and the results of operations of Option One Mortgage Corporation and its subsidiaries for the applicable periods then ended, subject to year-end adjustments in the case of unaudited information, all in accordance with generally accepted accounting principles or regulatory accounting principles, as applicable, consistently applied.

(f) No Proceeding. There is no action, litigation or proceeding before any court, tribunal or governmental body presently pending or, to the knowledge of the Servicer threatened against the Servicer with respect to this Agreement, the Basic Documents to which it is a party, the transactions contemplated hereby or thereby or the issuance of the Note, and there is no such litigation or proceeding against it or any of its properties.

(g) Trust Indenture Act. Neither the Indenture nor Sale and Servicing Agreement is required to be qualified under the Trust Indenture Act of 1939.

(h) Investment Company Act. The Servicer is not required to be registered under the Investment Company Act of 1940, as amended.

(i) No Event of Default or Default. No Event of Default or Default has occurred and is continuing, both before and immediately after giving effect to the purchase or issuance of the Note or the relevant Principal Balance Increase, as applicable.

(j) The Note. The Note has been duly and validly authorized, and, when executed and authenticated in accordance with the terms of the Indenture and delivered to the Note Agent in accordance with this Agreement, will be duly and validly issued and outstanding, and will be entitled to the benefits of, as applicable, this Agreement and the applicable Basic Documents.

(k) Taxes, Etc. Any taxes, fees and other charges of Governmental Authorities imposed upon the Servicer in connection with the execution, delivery and performance by the Servicer of this Agreement any other Basic Document and the Note or otherwise in connection with the Issuer have been paid or will be paid by the Servicer at or prior to the Closing Date or the relevant Increase Date, as applicable, to the extent then due.

(l) Disclosure. All written factual information heretofore furnished by the Servicer or any of its representatives to the Note Agent or any Owner or any of their representatives for purposes of or in connection with this Agreement, including, without limitation, information relating to the Loans and the Servicer's mortgage loan businesses, when considered with other information provided to the Note Agent, other Owners or their representatives, as well as information publicly available to them, was true and correct in all material respects on the date such information was furnished by the Servicer or, if such information specifically relates to an earlier date, on such earlier date.

(m) Location of Offices. The Servicer's principal place of business and chief executive office is located in the State of California, or such other jurisdiction with respect to which the requirements specified in Section 6.04 have been satisfied.

(n) Sale and Servicing Agreement Representations and Warranties. Its representations and warranties in Sections 3.03 of the Sale and Servicing Agreement are true and correct in all material respects as of the dates they were made (unless they specifically refer to an earlier date, in which case they were true and correct on such earlier date).

SECTION 5.03. Representations and Warranties of the Issuer. The Issuer hereby represents and warrants to the Owners and the Note Agent as of the date of this Agreement, as of the Closing Date, and as of (and as a condition to any Principal Balance Increase occurring on) each Increase Date, in each case with reference to the facts and circumstances then existing, as follows:

(a) Due Organization. The Issuer is Delaware statutory trust organized, validly existing and in good standing under the laws of the State of Delaware, with full power and authority under such laws to own its properties and conduct its business as such properties are presently owned and such business is presently conducted, to execute, deliver and perform its obligations under this Agreement and each Basic Document to which it is a party and to issue the Note.

(b) Authorization of the Basic Documents. The Issuer has the power, authority and right to make, execute, deliver and perform this Agreement and each Basic Document to which it is a party and all the transactions contemplated hereby and thereby and to issue the Note, and has taken all necessary action to authorize the execution, delivery and performance of this Agreement and each Basic Document to which it is a party and to issue the Note; and, when executed and delivered, each of this Agreement and the Basic Documents to which it is a party will constitute its legal, valid and binding obligation, enforceable in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium, receivership, conservatorship and other laws relating to or affecting the enforcement of rights of creditors from time to time in effect. The enforceability of its obligations under such agreements is also subject to general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law, and no representation or warranty is made with respect to the enforceability of its obligations under any indemnification provisions in such agreements to the extent that indemnification is sought in connection with securities laws violations and is contrary to public policy.

(c) No Consents Required. No consent, license, approval or authorization of, or registration with, any Governmental Authority is required to be obtained by the Issuer in connection with the execution, delivery or performance by the Issuer of each of this Agreement and the Basic Documents to which it is a party, that has not been duly obtained and which is not and will not be in full force and effect on the Closing Date or the relevant Increase Date, as applicable.

(d) No Violation. The execution, delivery and performance of each of this Agreement and the Basic Documents to which it is a party do not violate any provision of any existing law or regulation applicable to the Issuer any order or decree of any court or other judicial authority to which it is subject, the Trust Agreement, any organizational documents or bylaws or any mortgage, indenture, contract or other agreement to which it is a party or by which it or any significant portion of its properties is bound (other than violations of such laws, regulations, orders, decrees, mortgages, indentures, contracts and other agreements which, individually or in the aggregate, would not have a material adverse effect on the Issuer's ability to perform its obligations under, or the validity or enforceability of, this Agreement or the Basic Documents).

(e) No Proceeding. There is no action, litigation or proceeding before any court, tribunal or governmental body presently pending or, to the knowledge of the Issuer, threatened against the Issuer with respect to this Agreement, the Basic Documents, the transactions contemplated hereby or thereby or the issuance of the Note, and there is no such litigation or proceeding against it or any significant portion of its properties which would have a material adverse effect on the transactions contemplated by, or its ability to perform its obligations under, this Agreement or any Basic Document to which it is a party.

(f) Investment Company Act. The Issuer is not required to be registered under the Investment Company Act of 1940, as amended.

(g) The Note. The Note has been duly and validly authorized, and, when executed and authenticated in accordance with the terms of the Indenture and delivered to the Note Agent in accordance with this Agreement, will be duly and validly issued and outstanding, and will be entitled to the benefits of, as applicable, this Agreement and the applicable Basic Documents.

(h) Taxes, Etc. Any taxes, fees and other charges of Governmental Authorities imposed upon the Issuer in connection with the execution, delivery and performance by the Issuer of this Agreement any other Basic Document and the Note has been paid or will be paid by the Issuer at or prior to the Closing Date or the relevant Increase Date, as applicable, to the extent then due.

(i) Disclosure. All written factual information heretofore furnished by the Issuer to the Note Agent or any Owner or any of their representatives for purposes of or in connection with this Agreement or the Note, when considered with other information provided to the Note Agent, other Owners or their representatives, as well as information publicly available to them, was true and correct in all material respects on the date such information was furnished by the Issuer or, if such information specifically relates to an earlier date, on such earlier date.

SECTION 5.04. Representations and Warranties of the Note Agent and the Purchasers. The Note Agent and each of the Purchasers hereby represents and warrants to the Issuer, the Depositor and the Servicer as of the date of this Agreement, as follows:

(a) Each of the Note Agent and such 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. Each of the Note Agent and such 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) Each of the Note Agent and such 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 Note Agent and such 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. Each of the Note Agent and such 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.

The Note Agent shall, and does hereby agree to, indemnify the Issuer, the Owner Trustee, the Depositor, the Trustee and the Servicer against any liability that may result from a breach of the foregoing representations.

ARTICLE VI
COVENANTS OF THE ISSUER, THE DEPOSITOR AND THE SERVICER

SECTION 6.01. Covenants of the Issuer, the Depositor and the Servicer. Each of the Issuer, the Depositor and the Servicer will (with respect to itself only and not with respect to the other), from the date hereof until the Collection Date, unless, in each case, the Note Agent shall otherwise consent in writing:

(a) Preservation of Corporate Existence. Except as permitted by the Sale and Servicing Agreement, preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its formation, and qualify and remain qualified in good standing as a foreign corporation in each jurisdiction where the failure to preserve and maintain such existence, rights, franchises, privileges and qualification is reasonably likely to materially adversely affect the interests of the Note Agent or any Owner under this Agreement or the Note.

(b) Security Interest; Further Assurances. The Issuer shall take all action necessary to maintain vested in the Indenture Trustee under the Indenture, a first priority perfected security interest in the Collateral. The Depositor and Servicer each agrees to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by the Note Agent more fully to effect the purposes of this Agreement.

(c) Access to Information. From the Closing Date until the Collection Date, at any time and from time to time during regular business hours, on reasonable notice to the Depositor or Servicer, as applicable, permit the Note Agent, or its agents or representatives, at the Servicer's expense (once during any calendar year prior to the occurrence of an Event of Default), (i) to examine all books, records and documents (including computer tapes and disks) in the possession or under the control of the Depositor or Servicer, as the case may be, relating to the Loans or the Basic Documents, and (ii) to visit the offices and properties of the Depositor or the Servicer, as applicable, for the purpose of examining such materials described in clause (i) above.

SECTION 6.02. Reporting Requirements of the Depositor and the Servicer. The Depositor and the Servicer will (with respect to itself only and not with respect to the other), from the date hereof until the Collection Date, unless, in each case, the Note Agent shall otherwise consent in writing, furnish to the Note Agent:

(a) a copy of each certificate, report, statement, notice or other communication furnished by or on behalf of the Depositor or the Servicer to the Indenture Trustee or any Rating Agency; pursuant to the Sale and Servicing Agreement or the Indenture, concurrently therewith, and promptly after receipt thereof, a copy of each notice, demand or other communication received by or on behalf of the Depositor or the Servicer under the Sale and Servicing Agreement or the Indenture;

(b) as soon as possible and in any event within five Business Days after the occurrence thereof, notice of each "Event of Default" or "Default" under and as defined in the Indenture or "Servicer Event of Default" under and as defined in the Sale and Servicing Agreement or event that with the giving of notice or lapse of time or both would constitute such a Servicer Event of Default;

(c) copies of all amendments to any Basic Document;

(d) prompt notice of any failure on the part of any party thereto to observe or perform any material term of any Basic Document;

(e) (i) within 120 days following the end of each fiscal year of Option One Mortgage Corporation, beginning with the fiscal year ending April 30, 2004, the audited consolidated balance sheet of Option One Mortgage Corporation and its subsidiaries as of the end of such fiscal year, and the related audited consolidated statements of income and cash flows of Option One Mortgage Corporation and its subsidiaries for such fiscal year, accompanied by the opinion of nationally-recognized independent certified public accountants and (ii) within 60 days following the end of each fiscal quarter of Option One Mortgage Corporation, beginning with the fiscal quarter ending July 31, 2003, the unaudited consolidated balance sheet of Option One

Mortgage Corporation and its subsidiaries as of the end of such fiscal quarter, and the related unaudited consolidated statements of income and cash flows of Option One Mortgage Corporation and its subsidiaries for such fiscal quarter; provided, however, that the financial statements required to be delivered in accordance with this Section 6.02(e) will only be required to be delivered hereunder if such items are not publicly available at the time indicated at no expense to the Note Agent;

(f) such other information, documents, records or reports respecting the Depositor, the Servicer, the Loan Originator, or the Issuer or the condition or operations, financial or otherwise, of the Depositor, the Servicer, the Loan Originator or the Issuer as the Note Agent may from time to time reasonably request; and

(g) such other information, documents, records or reports respecting the Loans or the servicing thereof as the Note Agent may from time to time reasonably request.

SECTION 6.03. Optional Repurchase. The Issuer shall not exercise its right to redeem the Note pursuant to Section 10.01 of the Indenture unless the Owners and the Note Agent have been paid, or will be paid upon such redemption, the Note Principal Balance, all interest thereon and all other amounts owing hereunder in full.

SECTION 6.04. Change in Name; Jurisdiction of Organization. The Depositor shall not (1) make any change to its name indicated on the public record of its jurisdiction of organization which shows it to have been organized, or (2) change its jurisdiction of organization, in either case, unless it shall have given the Note Agent at least 30 days' prior written notice of such relocation and shall have filed such UCC financing statements and other items and delivered such opinions as the Note Agent deems reasonably necessary to maintain the Indenture Trustee's perfected security interest in the Receivables.

ARTICLE VII
INDEMNIFICATION

SECTION 7.01. Indemnification by the Depositor and the Servicer.

(a) The Depositor shall indemnify and hold harmless each Owner, the Note Agent, their respective Affiliates and their respective officers, directors, employees, stockholders, agents and representatives, against any and all losses, claims, damages, liabilities or reasonable expenses (including legal and accounting fees) (collectively, "Losses"), as incurred (payable promptly upon written request), for or on account of or arising from or in connection with or otherwise with respect to any breach of any representation or warranty of the Depositor or the Issuer set forth in this Agreement any other Basic Document or in any certificate delivered pursuant hereto or thereto; provided, however, that the Depositor shall not be so required to indemnify any such Person or otherwise be liable to any such Person hereunder for (i) any Losses incurred for or on account of or arising from or in connection with or otherwise with respect to any breach of any representation or warranty set forth in the Sale and Servicing Agreement a remedy for the breach of which is provided in Section 3.06 of the Sale and Servicing Agreement or (ii) any Losses to the extent they result from the gross negligence or willful misconduct of any Affected Party.

(b) The Servicer shall indemnify and hold harmless each Owner, the Note Agent, their respective Affiliates and their respective officers, directors, employees, stockholders, agents and representatives, against any and all Losses, as incurred (payable promptly upon written request), for or on account of or arising from or in connection with or otherwise with respect to any breach of any representation or warranty of the Servicer set forth in this Agreement or the Sale and Servicing Agreement or in any certificate delivered pursuant hereto or thereto; provided, however, that the Servicer shall not be so required to indemnify any such Person or otherwise be liable to any such Person hereunder for (i) any Losses incurred for or on account of or arising from or in connection with or otherwise with respect to any breach of any representation or warranty set forth in the Sale and Servicing Agreement a remedy for the breach of which is provided in Section 3.06 of the Sale and Servicing Agreement or (ii) any Losses to the extent they result from the gross negligence or willful misconduct of any Affected Party.

(c) In case any action or proceeding (including any governmental or regulatory investigation or proceeding) shall be instituted involving any Affected Party in respect of which indemnity may be sought pursuant to this Section 7.01, such Affected Party shall promptly notify the Issuer and the Depositor in writing and, upon request of the Affected Party, the Issuer and the Depositor shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Affected Party to represent such Affected 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 indemnifying party. The Affected 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 Affected Party, unless (i) the employment of counsel by the Affected Party at its expense has been reasonably 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 Affected Parties, and the Affected 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 Affected Party 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 Affected 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 Affected Party, effect any settlement of any pending or threatened proceeding in respect of which any Affected Party is or could have been a party and indemnity could have been sought hereunder by such Affected Party, unless such settlement includes an unconditional release of such Affected Party from all liability on claims that are the subject matter of such proceeding.

SECTION 7.02. Costs and Expenses. Each of the Depositor and the Servicer agree to pay on demand (a) to the Note Agent and the Purchasers all reasonable costs and expenses in connection with the preparation, execution, delivery and administration (including any

amendments, waivers or consents, other than amendments, waivers and consents made solely at the request of any Purchaser or the Note Agent, as opposed to the Depositor or the Servicer) of this Agreement and the other documents to be delivered hereunder or in connection herewith, including, without limitation, (i) the reasonable fees and out-of-pocket expenses of counsel for each of the Note Agent and the Purchasers, with respect thereto and with respect to advising each of the Note Agent and the Purchasers, as to its respective rights and remedies under this Agreement and the other documents delivered hereunder or in connection herewith, (ii) rating agency fees, costs and expenses incurred in connection with the purchase by the Purchasers of the Note, (iii) the reasonable fees, costs and expenses of any third party auditors and (iv) other reasonable fees, costs and expenses incurred by any Purchaser or the Note Agent in connection with the purchase by such Purchaser of the Note (including trustee's fees, costs and expenses), and (b) to the Note Agent and any other Affected Party, all reasonable costs and expenses, if any (including reasonable counsel fees and expenses), in connection with the enforcement of this Agreement, and the other documents delivered hereunder or in connection herewith.

ARTICLE VIII
THE NOTE AGENT

SECTION 8.01. Authorization and Action.

(a) Each of the Owners hereby designates and appoints JPMorgan as Note Agent hereunder, and authorizes the Note Agent to take such action as agent on its behalf and to exercise such powers as are delegated to the Note Agent under this Agreement and any related agreement, instrument and document as are delegated to the Note Agent by the terms hereof or thereof, together with such powers as are reasonably incidental thereto. The Note Agent reserves the right, in its sole discretion to exercise any rights and remedies under this Agreement or any related agreement, instrument or document executed and delivered pursuant hereto, or pursuant to applicable law, and also to agree to any amendment, modification or waiver of this Agreement or any related agreement, instrument and document, in each instance, on behalf of the Owners. The Note Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Owner, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of the Note Agent shall be read into this Agreement or otherwise exist for the Note Agent. In performing its functions and duties hereunder, the Note Agent does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for the Depositor or the Issuer or any of its successors or assigns. Notwithstanding anything herein or elsewhere to the contrary, the Note Agent shall not be required to take any action which exposes the Note Agent to personal liability or which is contrary to this Agreement or applicable law.

(b) Each Purchaser and each subsequent Owner from time to time hereby acknowledges and agrees that all payments in respect of the Note and in respect of fees and other amounts owing to the Owners under this Agreement shall, except as otherwise expressly provided herein, be remitted by the applicable payor to the Note Agent on behalf of the Owners, and the Note Agent shall distribute all such amounts, promptly following receipt thereof, to the applicable parties in interest according to their respective interests therein, determined by reference to the terms of the Sale and Servicing Agreement, the Indenture, this Agreement and the Note Agent's books and records relating to the Note (it being agreed that the entries made in

such books and records of the Note Agent shall be conclusive and binding for all purposes absent manifest error).

SECTION 8.02. Note Agent's Reliance, Etc. Neither the Note Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them as Note Agent under or in connection with this Agreement or any related agreement, instrument or document except for its or their own gross negligence or willful misconduct. Without limiting the foregoing, the Note Agent: (i) may consult with legal counsel (including counsel for the Depositor, the Servicer, the Issuer, the Owner Trustee or the Indenture Trustee), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (ii) makes no warranty or representation to any Owner and shall not be responsible to any Owner for any statements, warranties or representations made in or in connection with this Agreement or in connection with any related agreement, instrument or document; (iii) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or any related agreement, instrument or document on the part of the Depositor, the Servicer, the Issuer, the Owner Trustee or the Indenture Trustee or to inspect the property (including the books and records) of the Depositor, the Servicer, the Issuer, the Owner Trustee or the Indenture Trustee; (iv) shall not be responsible to any Owner for the due execution, legality, validity, enforceability, genuineness or sufficiency of value of this Agreement or any related agreement, instrument or document; (v) shall not be deemed to be acting as any Owner's trustee or otherwise in a fiduciary capacity hereunder or in connection with any related agreement, instrument or document; and (vi) shall incur no liability under or in respect of this Agreement or any related agreement, instrument or document by acting upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by telex or facsimile) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 8.03. Note Agent and Affiliates. To the extent that the Note Agent or any of its Affiliates shall become an Owner, the Note Agent or such Affiliate, in such capacity, shall have the same rights and powers under this Agreement and each related agreement, instrument and document as would any Owner and may exercise the same as though it were not the Note Agent or such Affiliate, as the case may be. The Note Agent and its Affiliates may generally engage in any kind of business with the Depositor, the Servicer, the Issuer, the Owner Trustee or the Indenture Trustee, any Obligor or any of their respective Affiliates and any Person who may do business with or own securities of any of the foregoing, all as if it were not the Note Agent or such Affiliate, as the case may be, and without any duty to account therefor to the Owners.

SECTION 8.04. Purchase Decision. Each Owner acknowledges that it has, independently and without reliance upon the Note Agent, any other Owner or any of their respective Affiliates, and based on such documents and information as it has deemed appropriate, made its own evaluation and decision to enter into this Agreement and to invest in the Note (or such interest therein as such Owner may hold). Each Owner also acknowledges that it will, independently and without reliance upon the Note Agent, any other Owner or any of their respective Affiliates, and based on such documents and information as it shall deem appropriate at the time, continue to make its own decisions in taking or not taking action under this Agreement or any related agreement, instrument or other document.

SECTION 8.05. Indemnification. Each Owner (other than the Purchasers) agrees to indemnify the Note Agent (to the extent not reimbursed by the Depositor, the Servicer or the Issuer), ratably according to its share of the Note Principal Balance from time to time, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Note Agent in any way relating to or arising out of this Agreement or any related agreement, instrument or document, or any action taken or omitted by the Note Agent under this Agreement, or any related agreement, instrument or document; provided, however, that no Owner shall not liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Note Agent's gross negligence or willful misconduct. Without limitation of the generality of the foregoing, each Owner (including the Purchasers, but only to the extent the Purchasers are reimbursed by the Depositor, the Servicer or the Issuer for such a expenses) agrees to reimburse the Note Agent, ratably according to its share of the Note Principal Balance from time to time, promptly upon demand, for any out-of-pocket expenses (including reasonable counsel fees) incurred by the Note Agent in connection with the administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement or and related agreement, instrument or document.

SECTION 8.06. Successor Note Agent. The Note Agent may resign at any time by giving 30 days' notice thereof to the Owners, the Depositor, the Issuer, the Servicer and the Indenture Trustee and such resignation shall become effective upon the appointment and acceptance of a successor Note Agent as described below. Upon any such resignation, the Owners shall have the right to appoint a successor Note Agent approved by the Depositor (which approval will not be unreasonably withheld or delayed). If no successor Note Agent shall have been so appointed by the Owners and accepted such appointment within 30 days after the retiring Note Agent's giving of notice of resignation, then the retiring Note Agent may, on behalf of the Owners, appoint a successor Note Agent approved by the Depositor (which approval will not be unreasonably withheld or delayed), which successor Note Agent shall be (i) either (a) a commercial bank having a combined capital and surplus of at least $250,000,000 or (b) an Affiliate of such bank and (ii) experienced in the types of transactions contemplated by this Agreement. Upon the acceptance of any appointment as Note Agent hereunder by a successor Note Agent, such successor Note Agent shall thereupon succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Note Agent, and the retiring Note Agent shall be discharged from its duties and obligations hereunder. After any retiring Note Agent's resignation or removal hereunder as Note Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Note Agent hereunder.

ARTICLE IX
MISCELLANEOUS

SECTION 9.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Depositor or the Servicer herefrom, shall in any event be effective unless the same shall be in writing and signed by the Depositor, the Servicer, the Issuer, the Required Owners and the Note Agent. Notwithstanding the foregoing, without the prior written consent of each Purchaser, no such amendment shall (i) decrease the

amount of, or extend the time for payment of, the Note Principal Balance or the Monthly Interest, (ii) change the definition of "Required Owners," or (iii) amend this Section 9.01. Any such amendment, waiver or consent shall be effective in any event only in the specific instance and for the specific purpose for which given.

SECTION 9.02. Notices, Etc. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including telecopies) and mailed, telecopied or delivered, as to each party hereto, at its address set forth on Schedule II attached hereto or at such other address as shall be designated by such party in a written notice to the other party hereto. All such notices and communications shall, when mailed or telecopied, be effective when deposited in the mails or telecopied (with telephonic acknowledgement of receipt). Notwithstanding the foregoing, requests for Principal Balance Increases may be transmitted by electronic mail to the address provided by the Note Agent from time to time and will be deemed to be effective upon being sent.

SECTION 9.03. 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 9.04. Binding Effect; Assignability.

(a) This Agreement shall be binding upon each of and inure to the benefit of the Depositor, the Servicer, the Note Agent, the Owners and their respective successors and permitted assigns.

(b) Neither the Depositor nor the Servicer may assign any of its rights and obligations hereunder or any interest herein without the prior written consent of the Required Owners and the Note Agent.

(c) An Owner may, at any time, subject to the terms and conditions hereinafter set forth and the terms and conditions of the Indenture, (i) without the consent of the Depositor, assign, or grant undivided participation interests in, any or all of its rights and obligations hereunder or under the Note to any Purchaser, any Liquidity Provider, JPMorgan or any other commercial paper conduit managed by JPMorgan, and (ii) with the prior written consent of the Issuer, such consent not to be unreasonably withheld, assign, or grant undivided participation interests in, any or all of its rights and obligations hereunder or under the Note to any other Person; provided, however, that (A) without the prior written consent of the Issuer, such consent not to be unreasonably withheld, no participant (other than a Purchaser, any Liquidity Provider, or JPMorgan) or Affected Party claiming through a participant (other than a Purchaser, any Liquidity Provider, or JPMorgan) shall be entitled to receive any payment pursuant to Sections 2.07, 2.08, 2.09 or 8.02 in excess of the amount that the Owner granting such participation interest would have been entitled to receive had such participation interest not been sold to such participant; (B) in the case of any transfer by sale, assignment or participation, the transferee as a condition of transfer shall be subject to compliance with Sections 2.09(e) and (f) hereof; (C) the aggregate number of Owners at any time shall not exceed ten (excluding, if applicable, any

Federal Reserve Bank to which a pledge is made); and (D) no assignment or participation hereunder shall be effective unless the Note Agent shall have first consented thereto in writing, such consent being required for the purpose of assuring compliance with the requirements of this Section. Any assignment or grant of a participation interest by an Owner pursuant to this Section shall be effected pursuant to documentation satisfactory in form and substance to the Note Agent. Upon the consummation of any such assignment or sale hereunder, the assignee shall be subject to all of the obligations and entitled to all of the rights and benefits of the assignor hereunder. The Note Agent shall promptly notify the Depositor of any sale, assignment or participation under this Section. Each Purchaser hereby agrees that promptly following the sale of any assignment or participation by any Liquidity Provider of all or any portion of its rights and obligations under the applicable Asset Purchase Agreement, such Purchaser, to the extent that the Depositor's prior consent to such assignment or participation is not required hereunder, shall notify the Depositor thereof, specifying the transferor, the transferee and the extent of the applicable assignment or participation.

(d) It is expressly agreed that, in connection with any assignment, sale or other transfer or any proposed assignment, sale or other transfer of the Note or any interest therein, each Owner making or proposing to make such assignment, sale or other transfer may provide such information regarding the Loans, the Issuer, the Sale and Servicing Agreement, the Indenture and the other Basic Documents as such Owner may deem appropriate to any such assignee, purchaser or other transferee or proposed assignee, purchaser or other transferee, as applicable (any such Person being a "Transferee"), of the Note or such interest therein, provided that prior to any such disclosure of such information, such Transferee shall have agreed to maintain the confidentiality of such information designated by the Depositor as confidential on substantially the basis set forth in Section 9.10.

(e) The Note Agent may not assign at any time its rights and obligations hereunder and interests herein as Note Agent without the consent of the Owners, the Depositor, the Servicer or the Issuer (which consent shall not be unreasonably withheld or delayed).

(f) Each Owner may assign and pledge all or a portion of such Owner's interest in the Note to any Federal Reserve Bank as collateral to secure any obligation of such Owner to such Federal Reserve Bank. Notwithstanding anything to the contrary herein or in the Indenture, such assignment may be made at any time without notice or other obligation with respect to the assignment.

(g) This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until the Collection Date; provided, however, that the rights and remedies with respect to any breach of any representation or warranty made by the Depositor and the Servicer pursuant to Article VI and the provisions of Sections 8.01, 8.02, and 10.07 shall be continuing and shall survive any termination of this Agreement.

SECTION 9.05. Note as Evidence of Indebtedness. It is the intent of each of the parities hereto that, for all federal, state, local and foreign taxes, the Note will be evidence of indebtedness of the Issuer. Each of the parties hereto and the other Owners agrees to treat the

Note for purposes of all federal, state, local and foreign taxes as indebtedness of the Issuer secured by the Collateral.

SECTION 9.06. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICTS OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW) AND THE RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 9.07. No Proceedings.

(a) The Issuer, the Servicer and the Depositor, each Owner and the Note Agent each hereby agrees that it will not, prior to the date that is one year and one day after the latest maturing commercial paper note, medium term note or other debt instrument issued by any Conduit Purchaser has been issued, acquiesce, petition or otherwise invoke or cause such Conduit Purchaser to invoke the process of any Governmental Authority for the purpose of commencing or sustaining a case against such Conduit 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 such Conduit Purchaser or any substantial part of its property or ordering the winding-up or liquidation of the affairs of such Conduit Purchaser. The Issuer, the Servicer, the Depositor, each Owner and the Note Agent each hereby further agrees that prior to the date that is one year and one day after the latest maturing commercial paper note, medium, term note or other debt instrument issued by any Conduit Purchaser has been issued, amounts payable by such Conduit Purchaser under or in connection with this Agreement as reimbursement for out-of-pocket expenses or indemnification shall be payable only to the extent that payment thereof will not render such Conduit Purchaser insolvent and is made from funds of such Conduit Purchaser that are freely distributable by such Conduit Purchaser at such Conduit Purchaser's discretion.

(b) Each Owner and the Note Agent hereby agrees that it will not, prior to the date that is one year and one day after the termination of the Trust Agreement, acquiesce, petition or otherwise invoke or cause the Issuer to invoke the process of any Governmental Authority for the purpose of commencing or sustaining a case against the Issuer or the 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 any substantial part of its property or ordering the winding-up or liquidation of the affairs of the Issuer or the Depositor. Each Owner and the Note Agent each further agrees that prior to the date that is one year and one day after the termination of the Trust Agreement with respect to the Depositor, amounts payable by the Depositor under or in connection with this Agreement as reimbursement for out-of-pocket expenses or indemnification shall be payable only to the extent that payment thereof will not render the Depositor insolvent and is made from funds of the Depositor that are freely distributable by the Depositor at the Depositor's discretion.

(c) The provisions of this Section 9.07 shall survive the termination of this Agreement.

SECTION 9.08. Execution in Counterparts; Severability. This 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. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any 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 9.09. No Recourse.

(a) No recourse under or with respect to any obligation, covenant or agreement (including, without limitation, the payment of any fees or any other obligations) of any Purchaser (whether in its capacity as a Purchaser or as an Owner under this Agreement) as contained in this Agreement or any other agreement, instrument or document entered into by it pursuant hereto or in connection herewith shall be had against any incorporator, affiliate, stockholder, officer, employee or director of such Purchaser, as such, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise (except to the extent that recourse against any such Person arises from the gross negligence or willful misconduct of such Person); it being expressly agreed and understood that the agreements of each Purchaser contained in this Agreement and all of the other agreements, instruments and documents entered into by it pursuant hereto or in connection herewith are, in each case, solely the corporate obligations of such Purchaser, and that no personal liability whatsoever shall attach to or be incurred by any incorporator, stockholder, affiliate, officer, employee or director of any Purchaser, as such, or any of them, under or by reason of any of the obligations, covenants or agreements of any Purchaser contained in this Agreement or in any other such instruments, documents or agreements, or which are implied therefrom, and that any and all personal liability of each incorporator, stockholder, affiliate, officer, employee or director of any Purchaser, or any of them, for breaches by any Purchaser of any such obligations, covenants or agreements, which liability may arise either at common law or at equity, or by statute or constitution, or otherwise, is hereby expressly waived except to the extent that such personal liability of any such Person arises from the gross negligence or willful misconduct of such Person.

(b) Notwithstanding anything contained in this Agreement, no Conduit Purchaser shall have any obligation to pay any amount required to be paid by it hereunder to any of the Liquidity Provider, the Note Agent or any Owner, in excess of any amount available to such Conduit Purchaser after paying or making provision for the payment of its Commercial Paper Notes. All payment obligations of each Conduit Purchaser hereunder are contingent upon the availability of funds in excess of the amounts necessary to pay Commercial Paper Notes; and each of the Liquidity Provider, the Note Agent and each Owner agrees that they shall not have a claim under Section 101(5) of the United States Bankruptcy Code if and to the extent that any such payment obligation exceeds the amount available to such Conduit Purchaser to pay such amounts after paying or making provision for the payment of its Commercial Paper Notes.

(c) The provisions of this Section 9.09 shall survive the termination of this Agreement.

SECTION 9.10. Confidentiality. Notwithstanding anything contained herein to the contrary, unless the Depositor has otherwise given its prior written consent, each Affected Person and the Note Agent hereby agrees to protect and maintain the confidentiality of the information relating to the business and operations of the Issuer, the Depositor and the Servicer and to the Loans as the Issuer, the Depositor or the Servicer may from time to time disclose to each Affected Person and the Note Agent; provided, however, that none of the Affected Persons or the Note Agent shall be obligated to take or observe any such measure (i) with respect to disclosures to JPMorgan, any Affected Person under an Asset Purchase Agreement, any Person providing credit support to a Purchaser or any rating agency and (ii) if to do so would, in the reasonable judgment of such Affected Person or the Note Agent, as the case may be, (a) be inconsistent with any Requirement of Law or compliance by such Affected Person or the Note .Agent with any binding request of any regulatory body having jurisdiction over such Affected Person or the Note Agent, as the case may be, or (b) materially and adversely affect the ability of such Affected Person or the Note Agent to perform its obligations hereunder or in connection herewith or to enforce its rights hereunder or in connection herewith.

Notwithstanding anything herein to the contrary, each party hereto (and each employee, representative, or other agent of any of the foregoing) may disclose to any and all persons, without limitation of any kind, the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transaction contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are or have been provided to any of the foregoing relating to such tax treatment or tax structure, and it is hereby confirmed that each of the foregoing has been so authorized since the commencement of discussions regarding the transaction contemplated hereby.

SECTION 9.11. 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 2003-4, 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 9.12. Consent to Concurrent Amendment of Sale and Servicing Agreement. Each of the Conduit Purchasers, Committed Purchasers and Note Agent hereby consent to the amendment of the Sale and Servicing Agreement accomplished by that certain Amended and Restated Sale and Servicing Agreement of even date herewith.

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

OPTION ONE LOAN WAREHOUSE CORPORATION,
as Depositor

By: /s/ CR Fulton

Name: Charles R. Fulton
Title: Assistant Secretary

OPTION ONE MORTGAGE CORPORATION,
as Servicer

By: /s/ CR Fulton

Name: Charles R. Fulton
Title: Vice President

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

FALCON ASSET SECURITIZATION CORPORATION,
as a Conduit Purchaser

By: JPMorgan Chase Bank, N.A., its
attorney-in-fact

By: /s/ Jill T. Lane

Jill T. Lane, Vice President

JUPITER SECURITIZATION CORPORATION, as a
Conduit Purchaser

By: JPMorgan Chase Bank, N.A., its
attorney-in-fact

By: /s/ Jill T. Lane

Jill T. Lane, Vice President

PREFERRED RECEIVABLES FUNDING
CORPORATION as a Conduit Purchaser

By: JPMorgan Chase Bank, N.A., its
attorney-in-fact

By: /s/ Jill T. Lane

Jill T. Lane, Vice President
JPMORGAN CHASE BANK, N.A. (successor
by merger to Bank One, NA (Main
Office Chicago)), as a Committed
Purchaser and as Note Agent

By: /s/ Jill T. Lane

Jill T. Lane, Vice President

SCHEDULE I

COMMITMENTS

COMMITTED PURCHASER	COMMITMENT
JPMORGAN CHASE BANK, N.A.	$1,500,000,000

SCHEDULE II

NOTICE ADDRESSES

If to Falcon Asset Securitization Corporation:	c/o JPMorgan Chase Bank, N.A., as Note Agent Asset Backed Finance Suite IL1-0079, 1-19 1 Bank One Plaza Chicago, Illinois 60670-0079 Facsimile No.: (312) 732-1844 Telephone No.: (312) 732-2960
With a copy to the Note Agent;	
If to Jupiter Securitization Corporation:	c/o JPMorgan Chase Bank, N.A., as Note Agent Asset Backed Finance Suite IL1-0079, 1-19 1 Bank One Plaza Chicago, Illinois 60670-0079 Facsimile No.: (312) 732-1844 Telephone No.: (312) 732-2960
With a copy to the Note Agent;	
If to Preferred Receivables Funding Corporation:	c/o JPMorgan Chase Bank, N.A., as Note Agent Asset Backed Finance Suite IL1-0079, 1-19 1 Bank One Plaza Chicago, Illinois 60670-0079 Facsimile No.: (312) 732-1844 Telephone No.: (312) 732-2960
With a copy to the Note Agent;	
If to the Note Agent:	Asset Backed Finance Suite IL1-0596, 1-21 1 Bank One Plaza Chicago, Illinois 60670-0596 Facsimile No.: (312) 732-4487 Telephone No.: (312) 732-2960

If to the Issuer:

Option One Owner Trust 2003-4
c/o Wilmington Trust Company
One Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890
Attention: Corporate Trust Administration
Facsimile No.: (302) 636-4144
Telephone No.: (302) 636-1000

If to the Depositor:

Option One Loan Warehouse Corporation
3 Ada Drive
Irvine, California 92618
Attention: William O'Neill
Facsimile No.: (949) 790-7540
Telephone No.: (949) 790-7504

If to the Servicer:

Option One Mortgage Corporation
3 Ada Drive
Irvine, California 92618
Attention: William O'Neill
Facsimile No.: (949) 790-7540
Telephone No.: (949) 790-7504

Exhibit 10.3

EXECUTION VERSION

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AMENDED AND RESTATED
FIVE-YEAR CREDIT AND GUARANTEE AGREEMENT

dated as of

August 10, 2005

among

BLOCK FINANCIAL CORPORATION,
as Borrower,

H&R BLOCK, INC.,
as Guarantor,

The Lenders Party Hereto,

BANK OF AMERICA, N.A.,

HSBC BANK USA, NATIONAL ASSOCIATION, and

ROYAL BANK OF SCOTLAND PLC,
as Syndication Agents,

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent,

and

J.P. MORGAN SECURITIES INC.,
as Lead Arranger and Sole Bookrunner

$1,000,000,000 FIVE-YEAR REVOLVING CREDIT FACILITY

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TABLE OF CONTENTS

AMENDED AND RESTATED FIVE-YEAR CREDIT AND GUARANTEE AGREEMENT, dated as of August 10, 2005, among BLOCK FINANCIAL CORPORATION, a Delaware corporation, as Borrower, H&R BLOCK, INC., a Missouri corporation, as Guarantor, the LENDERS party hereto, and JPMORGAN CHASE BANK, N.A., a national association, as Administrative Agent.

WHEREAS, the parties hereto desire to amend and restate the Existing Agreement (as defined below); and

WHEREAS, the Borrower has requested that the Lenders provide a five-year revolving credit facility in an amount of $1,000,000,000;

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. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"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.

"Administrative Agent" means JPMorgan Chase Bank, N.A., a national association, in its capacity as administrative agent for the Lenders hereunder.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"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 Amended and Restated Five-Year Credit and Guarantee Agreement.

"Alternate Base Rate" means, 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 plus 1/2 of 1%. Any change in the Alternate Base Rate due to a 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.

"Anniversary Date" has the meaning assigned to such term in Section 2.18.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments

have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

"Applicable Rate" means, for any day, the rate per annum based on the Ratings in effect on such day, as set forth under the relevant column heading below:

		Applicable Rate for			
Category	Ratings	ABR Loans	Eurodollar Loans	Facility Fees Payable Hereunder	Utilization Fees Payable Hereunder
I	Higher than: A by S&P or A2 by Moody's	0%	0.14%	0.06%	0.10%
II	A by S&P or A2 by Moody's	0%	0.18%	0.07%	0.10%
III	A- by S&P or A3 by Moody's	0%	0.215%	0.085%	0.10%
IV	BBB+by S&P or Baa1 by Moody's	0%	0.305%	0.095%	0.10%
V	BBB by S&P or Baa2 by Moody's	0%	0.39%	0.11%	0.10%
VI	Lower than: BBB by S&P or Baa2 by Moody's	0%	0.45%	0.15%	0.10%

; provided that (a) if on any day the Ratings of S&P and Moody's do not fall in the same category, then the higher of such Ratings shall be applicable for such day, unless one of the two ratings is two or more Ratings levels lower than the other, in which case the applicable rate shall be determined by reference to the Ratings level next below that of the higher of the two ratings, (b) if on any day the Rating of only S&P or Moody's is available, then such Rating shall be applicable for such day and (c) if on any day a Rating is not available from both S&P and Moody's, then the Ratings in category VI above shall be applicable for such day. Any change in the Applicable Rate resulting from a change in Rating by either S&P or Moody's shall become effective on the date such change is publicly announced by such rating agency.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.4), and accepted by the Administrative Agent, substantially in the form of Exhibit A or any other form approved by the Administrative Agent.

"Availability Period" means the period from and including the Closing Date to but excluding the earlier of the Revolving Termination Date and the date of termination of the Commitments.

"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.

"Borrowing" means (a) Revolving Loans of the same Type made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect or (b) a Swingline Loan.

"Borrowing Request" means a request by the Borrower for a Revolving Borrowing in accordance with Section 2.3.

"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": (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, (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 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 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 any Lender (or, for purposes of Section 2.13(b), by any lending office of such Lender or by such 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.

"Class" when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Swingline Loans.

"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, with respect to each Lender, the commitment of such Lender to make Revolving Loans hereunder and to acquire participations in Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Revolving Credit Exposure hereunder, as such commitment may be (i) reduced from time to time pursuant to Section 2.7, (ii) increased from time to time pursuant to Section 2.1(b) and (iii) changed from time to time pursuant to assignments by or to such Lender pursuant to Section 10.4. The initial amount of each Lender's Commitment is set forth on Schedule 2.1 under the heading "Commitment", or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Commitment, as applicable.

"Commitment Expiration Date" has the meaning assigned to such term in Section 2.18.

"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.

"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 August 9, 2005 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 or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are 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 Administrative Agent, any Lender or any other recipient of 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 such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (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 and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.17(b)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement or is attributable to such Foreign Lender's failure or inability to comply with Section 2.15(e), except to the extent that such Foreign Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.15(a).

"Existing Agreement" means the Five-Year Credit and Guarantee Agreement, dated as of August 11, 2004, among the Borrower, the Guarantor, the lenders parties thereto, Bank of America, N.A., Barclays Bank plc, HSBC Bank USA, National Association and The Royal Bank of Scotland plc, as syndication agents and JPMorgan Chase Bank, N.A. (formerly known as JPMorgan Chase Bank), as Administrative Agent.

"Extension Request" has the meaning assigned to such term in Section 2.18.

"Federal Funds Effective Rate" means (a) for the first day of a Borrowing, 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 Administrative Agent, at approximately the time the Borrower requests such Borrowing, for dollar deposits in immediately available funds, in an amount, comparable to the principal amount of such Borrowing and (b) for each day of such Borrowing thereafter, or for any other amount hereunder which bears interest at the Alternate Base Rate, 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 Administrative Agent, 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 principal amount of such Borrowing or other amount, as the case may be; in the case of both clauses (a) and (b), as determined by the Administrative Agent 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.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this

definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"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.

"Increased Facility Activation Notice" means a notice substantially in the form of Exhibit D.

"Increased Facility Closing Date" means any Business Day designated as such in an Increased Facility Activation Notice.

"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.

"Interest Election Request" means a request by the Borrower to convert or continue a Revolving Borrowing in accordance with Section 2.6.

"Interest Payment Date" means (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

"Interest Period" means, with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one week, two weeks or one, two, three or six months thereafter, as the Borrower may elect; provided that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Lenders" means the Persons listed on Schedule 2.1 and any other Person that shall have become a party hereto pursuant to a New Lender Supplement and/or an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Dow Jones Markets screen at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be determined by reference to such other comparable publicly available service for displaying eurodollar rates as may be selected by the Administrative Agent or, in the absence of such availability, by reference to the rate at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"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 and the Notes, if any.

"Loans" means the loans made by the Lenders (including the Swingline Lender) to the Borrower pursuant to this Agreement.

"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 Subsidiary" means any Subsidiary of any Credit Party 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.

"New Lender" has the meaning assigned to such term in Section 2.1(b).

"New Lender Supplement" has the meaning assigned to such term in Section 2.1(b).

"Notes" means the collective reference to any promissory note evidencing Loans.

"Objecting Lender" has the meaning assigned to such term in Section 2.18.

"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 Administrative Agent or any 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 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 Administrative Agent or to the Lenders that are required to be paid by the Borrower pursuant to the terms of any of the foregoing agreements).

"Other Credit Agreement" means 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 or replacement thereof (regardless of whether the amount available thereunder is changed or the term thereof is modified).

"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(e).

"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.

"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.

"Rating" means the rating of S&P or Moody's, as the case may be, applicable to the long-term senior unsecured non-credit enhanced debt of the Borrower, as announced by S&P or Moody's, as the case may be, from time to time.

"Register" has the meaning assigned to such term in Section 10.4(c).

"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.

"Required Lenders" means, at any time, Lenders having Revolving Credit Exposures and unused Commitments representing at least 51% of the sum of the total Revolving Credit Exposures and unused Commitments at such time.

"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.

"Revolving Borrowing" means a Borrowing comprised of Revolving Loans.

"Revolving Credit Exposure" means with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and Swingline Exposure.

"Revolving Loans" has the meaning given to it in Section 2.1(a).

"Revolving Termination Date" means August 10, 2010; provided, however, that such date may be extended by up to three additional years pursuant to Section 2.18 only with respect to those Lenders electing to so extend.

"RSM" means RSM McGladrey, Inc., a Delaware corporation.

"S&P" means Standard & Poor's Ratings Services.

"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.

"Swingline Exposure" means, at any time with respect to all Lenders, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

"Swingline Lender" means JPMorgan Chase Bank, N.A., in its capacity as lender of Swingline Loans hereunder.

"Swingline Loan" means a Loan made pursuant to Section 2.4(a).

"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 (a) the total Commitments plus (b) the total "Commitments" under and as defined in the Other Credit Agreement.

"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 this Agreement, the borrowing of Loans and the use of the proceeds thereof.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the LIBO Rate or the Alternate Base Rate.

"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. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurodollar Loan") or by Class and Type (e.g., a "Eurodollar Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurodollar Borrowing") or by Class and Type (e.g., a "Eurodollar Revolving Borrowing").

SECTION 1.4. 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 Administrative Agent 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 Administrative Agent notifies the Borrower that the Required Lenders request 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. Commitments; Increases in Revolving Facility. (a) Subject to the terms and conditions set forth herein (including the proviso at the end of Section 6.2), each Lender severally agrees to make revolving loans ("Revolving Loans") to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (i) such Lender's Revolving Credit Exposure exceeding such Lender's Commitment or (ii) the total Revolving Credit Exposures exceeding the total Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans.

(b) The Borrower and any one or more Lenders (including New Lenders) may from time to time agree that such Lenders shall make, obtain or increase the amount of their Commitments by executing and delivering to the Administrative Agent an Increased Facility Activation Notice specifying (i) the amount of such increase and (ii) the applicable Increased Facility Closing Date. Notwithstanding the foregoing, without the consent of the Required Lenders, (x) in no event shall the aggregate amount of the Commitments exceed $1,250,000,000, (y) each increase effected pursuant to this paragraph shall be in a minimum amount of $10,000,000 and (z) no more than five Increased Facility Closing Dates may be selected by the Borrower after the Effective Date. No Lender shall have any obligation to participate in any increase described in this paragraph unless it agrees to do so in its sole discretion. Any

additional bank, financial institution or other entity which, with the consent of the Borrower and the Administrative Agent (which consent shall not be unreasonably withheld or delayed), elects to become a "Lender" under this Agreement in connection with any transaction described in this Section 2.1(b) shall execute a New Lender Supplement (each, a "New Lender Supplement"), substantially in the form of Exhibit C, whereupon such bank, financial institution or other entity (a "New Lender") shall become a Lender for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement. The effectiveness of any Increased Facility Activation Notice shall be subject to the receipt by the Administrative Agent of such evidence as it shall reasonably request of the due authorization, execution and delivery by the Borrower of such Increased Facility Activation Notice. On each Increased Facility Closing Date, the Borrower shall make such Borrowings and/or prepayments of Loans such that, after giving effect thereto, the Revolving Credit Exposure of each Lender shall be the same percentage of such Lender's Commitment as the Revolving Credit Exposure of each other Lender is of such other Lender's Commitment.

SECTION 2.2. Loans and Borrowings. (a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.12, each Revolving Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith. Each Swingline Loan shall bear interest at a rate to be agreed upon by the Swingline Lender and the Borrower, which rate shall in no case be greater than the Alternate Base Rate; provided that, if the Swingline Lender shall require other Lenders to acquire participations in such Swingline Loan pursuant to Section 2.4(c) or (d), then such Swingline Loan shall bear interest at the Alternate Base Rate. Each 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.

(c) At the commencement of each Interest Period for any Eurodollar Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $25,000,000. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $25,000,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments. Each Swingline Loan shall be in an amount that is an integral multiple of $1,000,000 and not less than $5,000,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of twelve Eurodollar Revolving Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Revolving Termination Date.

SECTION 2.3. Requests for Revolving Borrowings. To request a Revolving Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.2:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.5(a).

If no election as to the Type of Revolving Borrowing is specified, then the requested Revolving Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Revolving Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.4. Swingline Loans. (a) Subject to the terms and conditions set forth herein (including the proviso at the end of Section 6.2), the Swingline Lender agrees to make Swingline Loans to the Borrower from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (x) the aggregate principal amount of outstanding Swingline Loans exceeding $100,000,000 or (y) the total Revolving Credit Exposures exceeding the total Commitments; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by telecopy), not later than 4:00 p.m., New York City time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day), and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any

such notice received from the Borrower. The Swingline Lender shall make each Swingline Loan available to the Borrower by means of a wire transfer sent to an account specified by the Borrower by 5:00 p.m., New York City time, on the requested date of such Swingline Loan.

(c) The Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., New York City time, on any Business Day require (i) the Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans.

(d) Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to paragraph (c) above, as applicable, is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.5 with respect to Loans made by such Lender (and Section 2.5 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall notify the Borrower of any participation in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

SECTION 2.5. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that, in the case of an ABR Borrowing, if notice of a Borrowing Request was given before the date of the proposed Borrowing, each Lender shall make such ABR Loan on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time, and in the event notice was given on the date of the proposed Borrowing, each Lender shall make such ABR Loan on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., New York City Time; provided further that Swingline Loans shall be made as provided in Section 2.4. The Administrative Agent will make such Loans available to the Borrower by wire transfer of the amounts so received, in like funds, to an account specified by the Borrower by 5:00 p.m., New York City time (to the extent funds in respect thereof are received by the Administrative Agent reasonably prior to such time) on the date of each requested Borrowing.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing (or, in the event notice was given on the date of the proposed Borrowing, prior to the proposed time of such funding) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the Federal Funds Effective Rate or (ii) in the case of the Borrower, the interest rate then applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.6. Interest Elections. (a) Each Revolving Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Revolving Borrowing, shall have an initial Interest Period as specified in such Borrowing Request or determined pursuant to the penultimate sentence of Section 2.3. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Revolving Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.3 if the Borrower were requesting a Revolving Borrowing of the

Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.2:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Revolving Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Revolving Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Revolving Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.7. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the Revolving Termination Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments 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 Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.9, the Revolving Credit Exposures would exceed the total Commitments.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) or (c) 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. Promptly following receipt of any notice, the Administrative Agent shall advise the applicable Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments 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 Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the applicable Lenders in accordance with their respective Commitments.

SECTION 2.8. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan on the Revolving Termination Date and (ii) to the Swingline Lender or to the Administrative Agent pursuant to Section 2.4(c) the then unpaid principal amount of each Swingline Loan on the earlier of the first Business Day prior to the Revolving Termination Date and the first date after such Swingline Loan is made that is five Business Days after such Swingline Loan is made; provided that on each date that a Revolving Loan is made, the Borrower shall repay all Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent

to maintain such accounts 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.

(e) Any 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 such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. 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 (or, if such promissory note is a registered note, to such payee and its registered assigns). In addition, upon receipt of an affidavit of an officer of such Lender as to the loss, theft, destruction or mutilation of the promissory note, and, in the case of any such loss, theft, destruction or mutilation, upon cancellation of such 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 2.9. Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part without premium or penalty except as provided in Section 2.14, subject to prior notice in accordance with paragraph (b) of this Section.

(b) The Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Revolving Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Revolving Borrowing, not later than 11:00 a.m., New York City time, on the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, 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 each Borrowing or portion thereof 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 2.7, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.7. Promptly following receipt of any such notice relating to a Revolving Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type as provided in Section 2.2. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.11.

SECTION 2.10. Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a facility fee, which shall accrue at the Applicable Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the Closing Date to but excluding the date on which such Commitment terminates; provided that, if such Lender continues to have any Revolving Credit Exposure after its Commitment terminates, then such facility fee shall continue to accrue on the daily amount of such Lender's Revolving Credit Exposure from and including the date on which its Commitment

terminates to but excluding the date on which such Lender ceases to have any Revolving Credit Exposure. Accrued facility fees shall be payable in arrears on the last day of March, June, September and December of each year, on the date of any voluntary termination of the Commitments and on the date on which all Loans become due and payable (by acceleration or otherwise); provided that any facility fees accruing after the date on which all Loans become due and payable shall be payable on demand. All facility fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a utilization fee, which shall accrue at the Applicable Rate on the daily amount of the Revolving Credit Exposure of such Lender for each day on which the Revolving Credit Exposure of all Lenders exceeds 50% of the total Lenders' Commitments; provided that, if any Lender continues to have any Revolving Credit Exposure after its Commitment terminates then such utilization fee shall continue to accrue at the Applicable Rate on the entire amount of such Lender's Revolving Credit Exposure (whether or not the amount of such Revolving Credit Exposure exceeds 50% of such Lender's Commitment in effect prior to the Revolving Termination Date), from and including the date on which the Commitments terminate to but excluding the date on which such Lender ceases to have any Revolving Credit Exposure. Accrued utilization fees shall be payable in arrears on the last day of March, June, September and December of each year, on the date of any voluntary termination of the Commitments and on the date on which all Loans become due and payable (by acceleration or otherwise); provided that any utilization fees accruing after the date on which the Loans become due and payable shall be payable on demand. All utilization fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first but excluding the last day).

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, in the case of facility fees and utilization fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.11. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at a rate per annum equal to the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at a rate per annum equal to the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or 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 (i) in the case of overdue principal of any

Loan, 2% plus the rate otherwise applicable to such Loan as provided above or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided above.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, (iii) in the event of any conversion of any Eurodollar Revolving Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion and (iv) all accrued interest shall be payable upon termination of the Commitments.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate 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 applicable Alternate Base Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of the effective date and the amount of each change in interest rate.

SECTION 2.12. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurodollar Borrowing shall be ineffective, and (ii) if any Borrowing Request requests a Eurodollar Revolving Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.13. 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, any Lender; or

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such 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 such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than six months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such 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 2.14. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Revolving Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable under Section 2.9(b) and is revoked in accordance herewith), (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.17, then, in any such event, the Borrower shall compensate each

Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, the loss to any Lender attributable to any such event shall be deemed to include an amount determined by such Lender to be equal to the excess, if any, of (i) the amount of interest that such Lender would pay for a deposit equal to the principal amount of such Loan for the period from the date of such payment, conversion, failure or assignment to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, convert or continue, the duration of the Interest Period that would have resulted from such borrowing, conversion or continuation) if the interest rate payable on such deposit were equal to the LIBO Rate for such Interest Period, over (ii) the amount of interest that such Lender would earn on such principal amount for such period if such Lender were to invest such principal amount for such period at the interest rate that would be bid by such Lender (or an affiliate of such Lender) for dollar deposits from other banks in the eurodollar market at the commencement of such period. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.15. 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 Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made (provided, however, that neither the Borrower nor the Guarantor shall be required to increase any such amounts payable to the Administrative Agent or Lender (as the case may be) with respect to any Indemnified or Other Taxes that are attributable to such Lender's failure to comply with the requirements of paragraph (e) of this Section), (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 Administrative Agent and each 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 Administrative Agent or such Lender, as the case may be, 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 a Lender, or by the Administrative Agent on its own behalf or on behalf of a 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 Administrative Agent 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 Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

SECTION 2.16. Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or under Section 2.13, 2.14 or 2.15, 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 Administrative Agent, 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 Administrative Agent at its offices at 270 Park Avenue, New York, New York, except payments to be made directly to the Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.13, 2.14, 2.15 and 10.3 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. 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.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest, fees and any other amounts then due hereunder, such funds shall be applied (i) first, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties, and (iii) third, any other amounts due and owing hereunder, ratably among the parties entitled thereto in accordance with such amounts then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Revolving Loans or participations in Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and participations in Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans and participations in Swingline Loans of other Lenders to the extent necessary

so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans and participations in Swingline Loans, provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Revolving Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Federal Funds Effective Rate.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.5(b), 2.16(c) or 2.16(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.17. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.13, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, then such 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 such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.13 or 2.15, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.13, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority

for the account of any Lender pursuant to Section 2.15, or if any Lender defaults in its obligation to fund Loans hereunder, or if any Lender becomes an Objecting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 10.4), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (and, if a Commitment is being assigned, the Swingline Lender), which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.13 or payments required to be made pursuant to Section 2.15, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply. In determining whether to make a claim, and calculating the amount of compensation, under Sections 2.13 and 2.15, each Lender shall apply standards that are not inconsistent with those generally applied by such Lender in similar circumstances.

SECTION 2.18. Extension of Revolving Termination Date.

Not less than 30 days and not more than 90 days prior to any anniversary of the Closing Date (each, an "Anniversary Date"), provided that no Event of Default shall have occurred and be continuing, the Borrower may, with the prior written consent of the Guarantor, and by written notice to the Administrative Agent (which notice the Administrative Agent shall promptly transmit to each Lender) (the "Extension Request"), request that each Lender agree to an extension of the Revolving Termination Date then in effect for a period of one year. Each Lender shall notify the Administrative Agent, not less than 15 days prior to such Anniversary Date, of its election to extend or not extend the Revolving Termination Date as requested in such Extension Request (which notices the Administrative Agent shall promptly transmit to the Borrower). Notwithstanding any provision of this Agreement to the contrary, any notice by any Lender of its willingness to extend the Revolving Termination Date shall be revocable by such Lender in its sole and absolute discretion at any time prior to the date which is 15 days prior to the applicable Anniversary Date. If any Lender shall fail to respond, such Lender shall be deemed to have elected not to extend. If the Required Lenders shall approve in writing the extension of the Revolving Termination Date as requested in the Extension Request, the Revolving Termination Date shall automatically and without any further action by any Person be extended an additional year with respect to each Lender that elected to so extend by giving written notice thereof pursuant to this Section 2.18; provided that the Commitment of any Lender which does not consent in writing to such extension (or which revokes such consent) at least 15 days prior to the applicable Anniversary Date then in effect (an "Objecting Lender") shall, unless earlier terminated in accordance with this Agreement, expire on the Revolving Termination Date in effect on the date of such Extension Request and all Loans and other amounts payable

hereunder to such Objecting Lender shall be paid to such Objecting Lender on such Revolving Termination Date (such Lender's "Commitment Expiration Date"). If, as of the fifteenth day before the Revolving Termination Date then in effect, the Required Lenders shall not approve in writing the extension of the Revolving Termination Date requested in an Extension Request, the Revolving Termination Date shall not be extended pursuant to such Extension Request. In the event that the Borrower shall elect not to replace the Commitments of an Objecting Lender prior to such Lender's Commitment Expiration Date, (i) such Objecting Lender's Commitment shall terminate on its Commitment Expiration Date and (ii) on such Commitment Expiration Date, the Borrower shall make a mandatory prepayment in an amount equal to the aggregate principal amount of all outstanding Loans that exceeds the aggregate amount of the Commitments. The Revolving Termination Date may be extended for a total of three successive periods of one year pursuant to this Section 2.18.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Each of the Credit Parties represents and warrants to the Lenders 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) 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 Lenders consolidated balance sheets and statements of income and cash flows (and, in the case of the Guarantor, of stockholders' equity) as of and for the fiscal year ended April 30, 2005 (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. 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, 2005 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, 2005.

(b) Since April 30, 2005, 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 and Holding Company Status. Neither of the Credit Parties nor any of the Subsidiaries is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended, or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

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 Administrative Agent or any 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 any Lender with the provisions of Regulations U, T or X of the Board. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each 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 Administrative Agent (or its counsel) shall have received from each party hereto a counterpart of this Agreement signed on behalf of such party.

(b) The Lenders and the Administrative Agent shall have received all fees required to be paid on or prior to the Effective Date.

SECTION 4.2. Closing Date. The obligations of the Lenders to make Loans (or to purchase participations in Swingline 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 Administrative Agent shall have received reasonably satisfactory written opinions (addressed to the Administrative Agent and the Lenders and dated the Closing Date) of Mayer, Brown, Rowe & Maw LLP, special New York counsel for the Credit Parties, and Bryan Cave LLP, special counsel for the Credit Parties, substantially in the forms of Exhibit B-1 and B-2, respectively, and covering such other matters relating to the Credit Parties, this Agreement or the Transactions as the Required Lenders shall reasonably request. The Credit Parties hereby request such counsel to deliver such opinion.

(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent 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, this Agreement or the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel.

(d) The Administrative Agent 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) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Closing Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(f) The Borrower shall have repaid all obligations owing and outstanding under the Existing Agreement.

(g) All governmental and material third party approvals necessary in connection with the execution, delivery and performance of this Agreement shall have been obtained and be in full force and effect.

The Administrative Agent shall notify the Borrower and the Lenders of the Closing Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans (or to purchase participations in Swingline 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 Effective Date. Upon the Effective Date, all Lenders under the Existing Agreement that have not become parties hereto on or prior to the Effective Date shall no longer be Lenders hereunder, and the Commitments as of the Effective Date shall be as set forth on Schedule 2.1 hereto.

SECTION 4.3. Each Loan or Extension. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and any extension of this Agreement pursuant to Section 2.18, 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 Borrowing (except to the extent related to a specific earlier date).

(b) At the time of and immediately after giving effect to such Borrowing, no Default shall have occurred and be continuing.

Each Borrowing 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 Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full, each of the Credit Parties covenants and agrees with the Lenders that:

SECTION 5.1. Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent and each 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 other 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; and

(e) 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 Administrative Agent or any Lender may reasonably request.

SECTION 5.2. Notices of Material Events. The Borrower will furnish to the Administrative Agent and each 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 its business and activities. Each Credit Party will, and will cause each of the Subsidiaries to, permit any representatives designated by the Administrative Agent or any 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 Administrative Agent or any 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 for paying at maturity commercial paper issued by the Borrower from time to time, for general corporate purposes or for working capital needs. 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.

SECTION 5.9. Cleandown. During the period from March 1 to June 30 of each fiscal year, the Credit Parties shall reduce the aggregate outstanding principal amount of all their Short-Term Debt to $200,000,000 or less for a minimum period of thirty consecutive days.

ARTICLE VI
NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full, each of the Credit Parties covenants and agrees with the Lenders 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 hereunder;

(b) (i) 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 and (ii) subject to the proviso at the end of this Section 6.2, Indebtedness under the Other Credit Agreement;

(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 in an aggregate outstanding principal amount not to exceed $1,500,000,000; provided, however, that (i) the proceeds of such Indebtedness are used solely in connection with the Borrower's Refund Anticipation Loan Program, including any Indirect RAL Participation Transaction, (ii) such Indebtedness is incurred during the period beginning on January 15 of any year and ending on March 15 of such year, (iii) such Indebtedness is repaid in full by April 15 of the year in which such Indebtedness is incurred and (iv) 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(b)(ii), 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 hereunder and the then outstanding principal amount of the "Loans" under the Other Credit Agreement (such sum, the "Total Facility Loan Outstandings"), except that, during the period from January 15 of any year to March 15 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 up to $1,500,000,000.

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) 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 Lenders; 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 the date of execution of this Agreement 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).

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 Administrative Agent or any Lender created hereunder), 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 Administrative Agent and the Lenders and their respective 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 Administrative Agent or any 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 Commitments 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 Administrative Agent or any Lender from any 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 Commitments are terminated.

(d) The Guarantor agrees that whenever, at any time or from time to time, it shall make any payment to the Administrative Agent or any Lender on account of its liability hereunder, it will notify the Administrative Agent and such 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 Administrative Agent or any Lender, the Guarantor shall not be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against the Borrower or against any collateral security or guarantee or right of offset held by the Administrative Agent or any 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 Administrative Agent and the Lenders by the Borrower on account of the Obligations are paid in full and the Commitments are 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 Administrative Agent and the Lenders, segregated from other funds of

the Guarantor, and shall, forthwith upon receipt by the Guarantor, be turned over to the Administrative Agent in the exact form received by the Guarantor (duly indorsed by the Guarantor to the Administrative Agent, if required) to be applied against the Obligations, whether matured or unmatured, in such order as the Administrative Agent 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 Commitments.

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 Administrative Agent or any Lender may be rescinded by the Administrative Agent or such 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 Administrative Agent or any 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 Administrative Agent (or the requisite Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any Lender for the payment of the Obligations may be sold, exchanged, waived, surrendered or released. Neither the Administrative Agent nor any Lender shall 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 Administrative Agent or any 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 Administrative Agent or any 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 Administrative Agent or any 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 Administrative Agent or any 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 Administrative Agent and the Lenders, 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 Administrative Agent or any 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 Administrative Agent or any 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 Administrative Agent and any 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 Administrative Agent or any 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 Administrative Agent or any 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 Administrative Agent and the Lenders, and their respective 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 Commitments 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 Administrative Agent or any 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 Administrative Agent 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 fee 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), 5.8 or 5.9 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 Administrative Agent (given at the request of any 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 Required Lenders, 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; or

(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;

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 Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments 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 Commitments 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
THE ADMINISTRATIVE AGENT

Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing by the Required Lenders, and (c) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Credit Party or any Subsidiary that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or when expressly required hereby, all the Lenders) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by any Credit Party or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or

by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for any Credit Party), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and of all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right, with the consent of the Borrower so long as no Event of Default under Section 8(a), 8(b) or 8(i) shall have occurred and be continuing (which consent shall not be unreasonably withheld), to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 10.3 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

Notwithstanding anything to the contrary contained in this Agreement, the parties hereto hereby agree that no agent (other than the Administrative Agent) shall have any rights, duties or responsibilities in its capacity as agent hereunder and that no agent (other than the

Administrative Agent) shall have the authority to take any action hereunder in its capacity as such.

ARTICLE X
MISCELLANEOUS

SECTION 10.1. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, 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 4400 Main Street, Kansas City, Missouri 64111, Attention of Becky Shulman (Telecopy No. (816) 753-8538), David Staley (Telecopy No. (816) 753-0371) and Michael Post (Telecopy No. (816) 753-0037);

(b) if to the Administrative Agent or the Swingline Lender, to JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 1111 Fannin Street, Houston, TX 77002, Attention of Harry Kumala (Telecopy No. (713)750-2452), with a copy to JPMorgan Chase Bank, N.A., 270 Park Avenue, New York, New York 10017, Attention of William Castro (Telecopy No. (212) 270-1789); and

(c) if to any Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

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. Notices and other communications to the Lenders hereunder may be posted to Intralinks or a similar website or delivered by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Section 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent, 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 Administrative Agent or any 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 Administrative Agent and the Lenders 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 Administrative Agent or any 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 Required Lenders or by the Credit Parties and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.16(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) release the guarantee contained in Article VII, without the written consent of each Lender or (vi) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; provided, further, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or the Swingline Lender hereunder without the prior written consent of the Administrative Agent or the Swingline Lender, as the case may be.

SECTION 10.3. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable and documented fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement and any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent, or any Lender, including the reasonable and documented fees, charges and disbursements of any counsel for the Administrative Agent, or any 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 Administrative Agent and each Lender, and each Related Party of any of the foregoing Persons (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 (i) the execution or delivery of this Agreement

or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Credit Parties or any Subsidiaries, or any Environmental Liability related in any way to the Credit Parties or any Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; 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) To the extent that any Credit Party fails to pay any amount required to be paid by it to the Administrative Agent or the Swingline Lender under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent or the Swingline Lender, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent or the Swingline Lender in its capacity as such. The Administrative Agent or the Swingline Lender shall have the right to deduct any amount owed to it by any Lender under this paragraph (c) from any payment made by it to such Lender hereunder.

(d) To the extent permitted by applicable law, the Credit Parties shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

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 each 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 each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that (i) each of the Borrower and the Administrative

Agent (and, in the case of an assignment of all or a portion of a Commitment or any Lender's obligations in respect of its Swingline Exposure, the Swingline Lender) must give its prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, (iv) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $3,500, and (v) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; 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. Upon acceptance and recording pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.13, 2.14, 2.15 and 10.3). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and each Credit Party, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of any Credit Party, the Administrative Agent or the Swingline Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such 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) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Credit Parties, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such 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 described in the first proviso to Section 10.2(b) that affects such Participant. Subject to paragraph (f) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.13, 2.14 and 2.15 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.13 or 2.15 than the applicable 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. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.15 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.15(e) as though it were a Lender.

(g) Any 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 such 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 a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

(h) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle (an "SPC"), identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower, the option to provide to the Borrower all or any part of any Loan that such Granting Lender would otherwise be obligated to make to the Borrower pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any Loan and (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Lender). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive

the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any state thereof. In addition, notwithstanding anything to the contrary in this Section 10.4(h), any SPC may (A) with notice to, but without the prior written consent of, the Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Lender, or with the prior written consent of the Borrower and the Administrative Agent (which consent shall not be unreasonably withheld) to any financial institutions providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans, and (B) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC; provided that non-public information with respect to the Borrower may be disclosed only with the Borrower's consent which will not be unreasonably withheld. This paragraph (h) may not be amended without the written consent of any SPC with Loans outstanding at the time of such proposed amendment. An SPC shall not be entitled to receive any greater payment under Section 2.13 or 2.15 than the applicable Granting Lender would have been entitled to receive under such Sections if the Granting Lender had made the relevant credit extension.

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 Administrative Agent or any 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 fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.13, 2.14, 2.15 and 10.3 and Article IX 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 Commitments 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 any separate letter agreements with respect to fees payable to the Administrative Agent 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 Administrative Agent and when the Administrative Agent 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, each 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 deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such 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 such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each 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 any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or 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 action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or 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 suit, action or 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 action or 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. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

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. Each of the Administrative Agent and the Lenders 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 Administrative Agent or any Lender on a nonconfidential basis from a source other than any Credit Party. 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 Administrative Agent or any 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. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person 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 such 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 such Lender.

SECTION 10.14. USA Patriot Act.

Each 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 such Lender to identify the Borrower in accordance with the Act.

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

By: Becky S. Shulman

Title: Vice President and Treasurer

H&R BLOCK, INC.

By: Becky S. Shulman

Title: Vice President and Treasurer

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent, as a Lender and
as Swingline Lender

By: /s/ Dwight Seagren

Title: Vice President

SCHEDULE 2.1

COMMITMENTS

Lender	Commitment
JPMorgan Chase Bank, N.A.	$ 100,000,000
Bank of America, N.A.	$ 100,000,000
Royal Bank of Scotland plc	$ 100,000,000
Barclays Capital plc	$ 75,000,000
HSBC Bank USA, National Association	$ 75,000,000
Citibank, N.A	$ 62,500,000
Key Bank National Association	$ 50,000,000
Wells Fargo Bank, N.A.	$ 50,000,000
Calyon New York Branch	$ 37,500,000
Mellon Bank, N.A.	$ 37,500,000
Royal Bank of Canada	$ 37,500,000
SunTrust Bank	$ 37,500,000
U.S. Bank National Association	$ 37,500,000
Wachovia Bank, National Association	$ 37,500,000
BNP Paribas	$ 25,000,000
Comerica Bank	$ 25,000,000
E.Sun Commercial Bank, Ltd. (Los Angeles)	$ 15,000,000
Deutsche Bank AG New York Branch	$ 12,500,000
Fifth Third Bank	$ 12,500,000
Lehman Brothers Bank, FSB	$ 12,500,000
Merrill Lynch Bank USA	$ 10,000,000
Sumitomo Mitsui Banking Corporation	$ 10,000,000
UBS Loan Finance LLC	$ 10,000,000
Bank Midwest, N.A.	$ 5,000,000
Chang Hwa Commercial Bank, Ltd.	$ 5,000,000
Commerce Bank, N.A.	$ 5,000,000
National City Bank	$ 5,000,000
PNC Bank, National Association	$ 5,000,000
UMB Bank, N.A.	$ 5,000,000
TOTAL	$1,000,000,000

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.

EXHIBIT A

FORM OF
ASSIGNMENT AND ACCEPTANCE

Reference is made to the $1,000,000,000 Amended and Restated Five-Year Credit and Guarantee Agreement, dated as of August 10, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Block Financial Corporation (the "Borrower"), H&R Block, Inc., the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent for the Lenders (in such capacity, the "Agent"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

The Assignor identified on Schedule l hereto (the "Assignor") and the Assignee identified on Schedule l hereto (the "Assignee") agree as follows:

1. The Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor, and the Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor, as of the Effective Date (as defined below), the interest described in Schedule 1 hereto (the "Assigned Interest") in and to the Assignor's rights and obligations under the Credit Agreement with respect to those credit facilities contained in the Credit Agreement as are set forth on Schedule 1 hereto (individually, an "Assigned Facility"; collectively, the "Assigned Facilities"), in a principal amount for each Assigned Facility as set forth on Schedule 1 hereto.

2. The Assignor (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or with respect to the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, or any other instrument or document furnished pursuant thereto, other than that the Assignor has not created any adverse claim, lien or encumbrance upon the interest being assigned by it hereunder and that such interest is free and clear of any such adverse claim, lien or encumbrance; (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Credit Party, any of their respective Subsidiaries or any other obligor or the performance or observance by any Credit Party, any of their Subsidiaries or any other obligor of any of their respective obligations under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto; and (c) attaches any promissory notes held by it evidencing the Assigned Facilities and (i) requests that the Agent, upon request by the Assignee, exchange the attached promissory notes for a new promissory note or promissory notes payable to the Assignee and (ii) if the Assignor has retained any interest in the Assigned Facility, requests that the Agent exchange the attached promissory notes for a new promissory note or promissory notes payable to the Assignor, in each case in amounts which reflect the assignment being made hereby (and after giving effect to any other assignments which have become effective on the Effective Date).

3. The Assignee (a) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (b) confirms that it has received a copy of the Credit

Agreement, together with copies of the financial statements delivered pursuant to Section 3.4 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it will, independently and without reliance upon the Assignor, the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to Section 2.15(e) of the Credit Agreement.

4. The effective date of this Assignment and Acceptance shall be the Effective Date of Assignment described in Schedule 1 hereto (the "Effective Date"). Following the execution of this Assignment and Acceptance, it will be delivered to the Agent for acceptance by it and recording by the Agent pursuant to the Credit Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by the Agent, be earlier than five Business Days after the date of such acceptance and recording by the Agent).

5. Upon such acceptance and recording, from and after the Effective Date, the Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to the Effective Date and to the Assignee for amounts which have accrued subsequent to the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

6. From and after the Effective Date, (a) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and shall be bound by the provisions thereof and (b) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

7. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed as of the date first above written by their respective duly authorized officers on Schedule 1 hereto.

Schedule 1

to Assignment and Acceptance

Name of Assignor: _____

Name of Assignee: _____

Effective Date of Assignment: _____

Principal Amount Assigned	Commitment Percentage Assigned
$_____	__._____%
$_____	__._____%

[NAME OF ASSIGNEE]

By: _____

Title: _____

[NAME OF ASSIGNOR]

By: _____

Title: _____

Consented to and Accepted:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and as
Swingline Lender

By: _____

Title: _____

Consented To:

BLOCK FINANCIAL CORPORATION

By: _____

Title: _____

EXHIBIT B-1

[FORM OF OPINION OF MAYER, BROWN, ROWE & MAW LLP]

EXHIBIT B-2

[FORM OF OPINION OF BRYAN CAVE LLP]

EXHIBIT C

FORM OF
NEW LENDER SUPPLEMENT

NEW LENDER SUPPLEMENT (this "New Lender Supplement"), dated _____, 20__, to the Amended and Restated Five-Year Credit and Guarantee Agreement, dated as of August 10, 2005, as amended, supplemented or otherwise modified from time to time (the "Credit Agreement"), among Block Financial Corporation, H&R Block, Inc., the Lenders party thereto, the Syndication Agents named therein and JPMorgan Chase Bank, N.A. as Administrative Agent.

WITNESSETH:

WHEREAS, the Credit Agreement provides in Section 2.01(b) thereof that any bank, financial institution or other entity may become a party to the Credit Agreement with the consent of the Borrower and the Administrative Agent (which consent shall not be unreasonably withheld) by executing and delivering to the Borrower and the Administrative Agent a supplement to the Credit Agreement in substantially the form of this New Lender Supplement; and

WHEREAS, the undersigned now desires to become a party to the Credit Agreement;

NOW, THEREFORE, the undersigned hereby agrees as follows:

1. The undersigned agrees to be bound by the provisions of the Credit Agreement, and agrees that it shall, on the date this New Lender Supplement is accepted by the Borrower and the Administrative Agent, become a Lender for all purposes of the Credit Agreement to the same extent as if originally a party thereto, with an incremental Commitment of $_____.

2. The undersigned (a) represents and warrants that it is legally authorized to enter into this New Lender Supplement; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent audited financial statements referred to in Section 3.4 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this New Lender Supplement; (c) agrees that it has made and will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, any other Loan Document or any instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement, any other Loan Document or any instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit

Agreement are required to be performed by it as a Lender including, without limitation, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to Section 2.15(e) of the Credit Agreement.

3. The address of the undersigned for notices for the purposes of the Credit Agreement is as follows:

4. Terms defined in the Credit Agreement shall have their defined meanings when used herein.

IN WITNESS WHEREOF, the undersigned has caused this New Lender Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF LENDER]

By

Name:

Title:

Accepted this _____ day of _____, 20__.

BLOCK FINANCIAL CORPORATION

By

Name:

Title:

Accepted this _____ day of _____, 20__.

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By

Name:

Title:

EXHIBIT D

FORM OF INCREASED FACILITY ACTIVATION NOTICE

To: JPMORGAN CHASE BANK, N.A., as Administrative
Agent under the Credit Agreement referred to below

Reference is hereby made to the Amended and Restated Five-Year Credit and Guarantee Agreement, dated as of August 10, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Block Financial Corporation (the "Borrower"), H&R Block, Inc., the Lenders party thereto, the Syndication Agents named therein and JPMorgan Chase Bank, N.A., as Administrative Agent. Terms defined in the Credit Agreement shall have their defined meanings when used herein.

This notice is an Increased Facility Activation Notice referred to in the Credit Agreement, and the Borrower and each of the Lenders party hereto hereby notify you that:

1. Each Lender party hereto agrees to [make] [provide] an incremental Commitment in the amount set forth opposite such Lender's name below under the caption "Incremental Commitment Amount."

2. The Increased Facility Closing Date is _____, 20___.

The Borrower certifies that no Default or Event of Default has occurred and is continuing on the date of this notice.

IN WITNESS WHEREOF, the undersigned have executed this Increased Facility Activation Notice this ___ day of _____, 20___.

BLOCK FINANCIAL CORPORATION

By: _____

Name: _____

Title: Treasurer

Incremental Commitment Amount

$_____

[NAME OF LENDER]

By: _____

Name: _____

Title: _____

CONSENTED TO:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: _____

Name: _____

Title: _____

Exhibit 10.4

EXECUTION VERSION

==========

FIVE-YEAR CREDIT AND GUARANTEE AGREEMENT

dated as of

August 10, 2005

among

BLOCK FINANCIAL CORPORATION,
as Borrower,

H&R BLOCK, INC.,
as Guarantor,

The Lenders Party Hereto,

BANK OF AMERICA, N.A.,

HSBC BANK USA, NATIONAL ASSOCIATION, and

ROYAL BANK OF SCOTLAND PLC,
as Syndication Agents,

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent,

and

J.P. MORGAN SECURITIES INC.,
as Lead Arranger and Sole Bookrunner

$1,000,000,000 FIVE-YEAR REVOLVING CREDIT FACILITY

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FIVE-YEAR CREDIT AND GUARANTEE AGREEMENT, dated as of August 10, 2005, among BLOCK FINANCIAL CORPORATION, a Delaware corporation, as Borrower, H&R BLOCK, INC., a Missouri corporation, as Guarantor, the LENDERS party hereto, and JPMORGAN CHASE BANK, N.A., a national association, as Administrative Agent.

WHEREAS, the Borrower has requested that the Lenders provide a five-year revolving credit facility in an amount of $1,000,000,000;

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. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"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.

"Administrative Agent" means JPMorgan Chase Bank, N.A., a national association, in its capacity as administrative agent for the Lenders hereunder.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"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 Five-Year Credit and Guarantee Agreement.

"Alternate Base Rate" means, 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 plus 1/2 of 1%. Any change in the Alternate Base Rate due to a 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.

"Anniversary Date" has the meaning assigned to such term in Section 2.18.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

"Applicable Rate" means, for any day, the rate per annum based on the Ratings in effect on such day, as set forth under the relevant column heading below:

		Applicable Rate for			
Category	Ratings	ABR Loans	Eurodollar Loans	Facility Fees Payable Hereunder	Utilization Fees Payable Hereunder
I	Higher than: A by S&P or A2 by Moody's	0%	0.14%	0.06%	0.10%
II	A by S&P or A2 by Moody's	0%	0.18%	0.07%	0.10%
III	A- by S&P or A3 by Moody's	0%	0.215%	0.085%	0.10%
IV	BBB+by S&P or Baa1 by Moody's	0%	0.305%	0.095%	0.10%
V	BBB by S&P or Baa2 by Moody's	0%	0.39%	0.11%	0.10%
VI	Lower than: BBB by S&P or Baa2 by Moody's	0%	0.45%	0.15%	0.10%

; provided that (a) if on any day the Ratings of S&P and Moody's do not fall in the same category, then the higher of such Ratings shall be applicable for such day, unless one of the two ratings is two or more Ratings levels lower than the other, in which case the applicable rate shall be determined by reference to the Ratings level next below that of the higher of the two ratings, (b) if on any day the Rating of only S&P or Moody's is available, then such Rating shall be applicable for such day and (c) if on any day a Rating is not available from both S&P and Moody's, then the Ratings in category VI above shall be applicable for such day. Any change in the Applicable Rate resulting from a change in Rating by either S&P or Moody's shall become effective on the date such change is publicly announced by such rating agency.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.4), and accepted by the Administrative Agent, substantially in the form of Exhibit A or any other form approved by the Administrative Agent.

"Availability Period" means the period from and including the Closing Date to but excluding the earlier of the Revolving Termination Date and the date of termination of the Commitments.

"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.

"Borrowing" means (a) Revolving Loans of the same Type made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect or (b) a Swingline Loan.

"Borrowing Request" means a request by the Borrower for a Revolving Borrowing in accordance with Section 2.3.

"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": (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, (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 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 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 any Lender (or, for purposes of Section 2.13(b), by any lending office of such Lender or by such 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.

"Class" when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Swingline Loans.

"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, with respect to each Lender, the commitment of such Lender to make Revolving Loans hereunder and to acquire participations in Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Revolving Credit Exposure hereunder, as such commitment may be (i) reduced from time to time pursuant to Section 2.7, (ii) increased from time to time pursuant to Section 2.1(b) and (iii) changed from time to time pursuant to assignments by or to such Lender pursuant to Section 10.4. The initial amount of each Lender's Commitment is set forth on Schedule 2.1 under the heading "Commitment", or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Commitment, as applicable.

"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.

"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 August 9, 2005 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 or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are 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 Administrative Agent, any Lender or any other recipient of 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 such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (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 and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.17(b)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement or is attributable to such Foreign Lender's failure or inability to comply with Section 2.15(e), except to the extent that such Foreign Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.15(a).

"Existing Agreement" means the 364-Day Credit and Guarantee Agreement, dated as of August 11, 2004, among the Borrower, the Guarantor, the lenders parties thereto, Bank of America, N.A., Barclays Bank plc, HSBC Bank USA, National Association and The Royal Bank of Scotland plc, as syndication agents and JPMorgan Chase Bank, N.A. (formerly known as JPMorgan Chase Bank), as Administrative Agent.

"Extension Request" has the meaning assigned to such term in Section 2.18.

"Federal Funds Effective Rate" means (a) for the first day of a Borrowing, 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 Administrative Agent, at approximately the time the Borrower requests such Borrowing, for dollar deposits in immediately available funds, in an amount, comparable to the principal amount of such Borrowing and (b) for each day of such Borrowing thereafter, or for any other amount hereunder which bears interest at the Alternate Base Rate, 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 Administrative Agent, 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 principal amount of such Borrowing or other amount, as the case may be; in the case of both clauses (a) and (b), as determined by the Administrative Agent 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.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"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.

"Increased Facility Activation Notice" means a notice substantially in the form of Exhibit D.

"Increased Facility Closing Date" means any Business Day designated as such in an Increased Facility Activation Notice.

"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.

"Interest Election Request" means a request by the Borrower to convert or continue a Revolving Borrowing in accordance with Section 2.6.

"Interest Payment Date" means (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

"Interest Period" means, with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one week, two weeks or one, two, three or six months thereafter, as the Borrower may elect; provided that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Lenders" means the Persons listed on Schedule 2.1 and any other Person that shall have become a party hereto pursuant to a New Lender Supplement and/or an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Dow Jones Markets screen at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be determined by reference to such other comparable publicly available service for displaying eurodollar rates as may be selected by the Administrative Agent or, in the absence of such availability, by reference to the rate at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"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 and the Notes, if any.

"Loans" means the loans made by the Lenders (including the Swingline Lender) to the Borrower pursuant to this Agreement.

"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 Subsidiary" means any Subsidiary of any Credit Party 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.

"New Lender" has the meaning assigned to such term in Section 2.1(b).

"New Lender Supplement" has the meaning assigned to such term in Section 2.1(b).

"Notes" means the collective reference to any promissory note evidencing Loans.

"Objecting Lender" has the meaning assigned to such term in Section 2.18.

"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 Administrative Agent or any 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 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 Administrative Agent or to the Lenders that are required to be paid by the Borrower pursuant to the terms of any of the foregoing agreements).

"Other Credit Agreement" means 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).

"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(e).

"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.

"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.

"Rating" means the rating of S&P or Moody's, as the case may be, applicable to the long-term senior unsecured non-credit enhanced debt of the Borrower, as announced by S&P or Moody's, as the case may be, from time to time.

"Register" has the meaning assigned to such term in Section 10.4(c).

"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.

"Required Lenders" means, at any time, Lenders having Revolving Credit Exposures and unused Commitments representing at least 51% of the sum of the total Revolving Credit Exposures and unused Commitments at such time.

"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.

"Revolving Borrowing" means a Borrowing comprised of Revolving Loans.

"Revolving Credit Exposure" means with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and Swingline Exposure.

"Revolving Loans" has the meaning given to it in Section 2.1(a).

"Revolving Termination Date" means August 10, 2010; provided, however, that such date may be extended by up to three additional years pursuant to Section 2.18 only with respect to those Lenders electing to so extend.

"RSM" means RSM McGladrey, Inc., a Delaware corporation.

"S&P" means Standard & Poor's Ratings Services.

"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.

"Swingline Exposure" means, at any time with respect to all Lenders, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

"Swingline Lender" means JPMorgan Chase Bank, N.A., in its capacity as lender of Swingline Loans hereunder.

"Swingline Loan" means a Loan made pursuant to Section 2.4(a).

"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 (a) the total Commitments plus (b) the total "Commitments" under and as defined in the Other Credit Agreement.

"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 this Agreement, the borrowing of Loans and the use of the proceeds thereof.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the LIBO Rate or the Alternate Base Rate.

"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. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurodollar Loan") or by Class and Type (e.g., a "Eurodollar Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurodollar Borrowing") or by Class and Type (e.g., a "Eurodollar Revolving Borrowing").

SECTION 1.4. 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 Administrative Agent 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 Administrative Agent notifies the Borrower that the Required Lenders request 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. Commitments; Increases in Revolving Facility. (a) Subject to the terms and conditions set forth herein (including the proviso at the end of Section 6.2), each Lender severally agrees to make revolving loans ("Revolving Loans") to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (i) such Lender's Revolving Credit Exposure exceeding such Lender's Commitment or (ii) the total Revolving Credit Exposures exceeding the total Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans.

(b) The Borrower and any one or more Lenders (including New Lenders) may from time to time agree that such Lenders shall make, obtain or increase the amount of their Commitments by executing and delivering to the Administrative Agent an Increased Facility Activation Notice specifying (i) the amount of such increase and (ii) the applicable Increased Facility Closing Date. Notwithstanding the foregoing, without the consent of the Required Lenders, (x) in no event shall the aggregate amount of the Commitments exceed $1,250,000,000, (y) each increase effected pursuant to this paragraph shall be in a minimum amount of $10,000,000 and (z) no more than five Increased Facility Closing Dates may be selected by the

Borrower after the Effective Date. No Lender shall have any obligation to participate in any increase described in this paragraph unless it agrees to do so in its sole discretion. Any additional bank, financial institution or other entity which, with the consent of the Borrower and the Administrative Agent (which consent shall not be unreasonably withheld or delayed), elects to become a "Lender" under this Agreement in connection with any transaction described in this Section 2.1(b) shall execute a New Lender Supplement (each, a "New Lender Supplement"), substantially in the form of Exhibit C, whereupon such bank, financial institution or other entity (a "New Lender") shall become a Lender for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement. The effectiveness of any Increased Facility Activation Notice shall be subject to the receipt by the Administrative Agent of such evidence as it shall reasonably request of the due authorization, execution and delivery by the Borrower of such Increased Facility Activation Notice. On each Increased Facility Closing Date, the Borrower shall make such Borrowings and/or prepayments of Loans such that, after giving effect thereto, the Revolving Credit Exposure of each Lender shall be the same percentage of such Lender's Commitment as the Revolving Credit Exposure of each other Lender is of such other Lender's Commitment.

SECTION 2.2. Loans and Borrowings. (a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.12, each Revolving Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith. Each Swingline Loan shall bear interest at a rate to be agreed upon by the Swingline Lender and the Borrower, which rate shall in no case be greater than the Alternate Base Rate; provided that, if the Swingline Lender shall require other Lenders to acquire participations in such Swingline Loan pursuant to Section 2.4(c) or (d), then such Swingline Loan shall bear interest at the Alternate Base Rate. Each 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.

(c) At the commencement of each Interest Period for any Eurodollar Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $25,000,000. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $25,000,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments. Each Swingline Loan shall be in an amount that is an integral multiple of $1,000,000 and not less than $5,000,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of twelve Eurodollar Revolving Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Revolving Termination Date.

SECTION 2.3. Requests for Revolving Borrowings. To request a Revolving Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.2:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.5(a).

If no election as to the Type of Revolving Borrowing is specified, then the requested Revolving Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Revolving Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.4. Swingline Loans. (a) Subject to the terms and conditions set forth herein (including the proviso at the end of Section 6.2), the Swingline Lender agrees to make Swingline Loans to the Borrower from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (x) the aggregate principal amount of outstanding Swingline Loans exceeding $100,000,000 or (y) the total Revolving Credit Exposures exceeding the total Commitments; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by telecopy), not later than 4:00 p.m., New York City time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day), and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Borrower. The Swingline Lender shall make each Swingline Loan available to the Borrower by means of a wire transfer sent to an account specified by the Borrower by 5:00 p.m., New York City time, on the requested date of such Swingline Loan.

(c) The Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., New York City time, on any Business Day require (i) the Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans.

(d) Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to paragraph (c) above, as applicable, is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.5 with respect to Loans made by such Lender (and Section 2.5 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall notify the Borrower of any participation in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

SECTION 2.5. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that, in the case of an ABR Borrowing, if notice of a Borrowing Request was given before the date of the proposed Borrowing, each Lender shall make such ABR Loan on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time, and in the event notice was given on the date of the proposed Borrowing, each Lender shall make such ABR Loan on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., New York City Time; provided further that Swingline Loans shall be made as provided in Section 2.4. The Administrative Agent will make such Loans available to the Borrower by wire transfer of the amounts so received, in like funds, to an account specified by the Borrower by 5:00 p.m., New York City time (to the extent funds in respect thereof are received by the Administrative Agent reasonably prior to such time) on the date of each requested Borrowing.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing (or, in the event notice was given on the date of the proposed Borrowing, prior to the proposed time of such funding) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the Federal Funds Effective Rate or (ii) in the case of the Borrower, the interest rate then applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.6. Interest Elections. (a) Each Revolving Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Revolving Borrowing, shall have an initial Interest Period as specified in such Borrowing Request or determined pursuant to the penultimate sentence of Section 2.3. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Revolving Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.3 if the Borrower were requesting a Revolving Borrowing of the

Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.2:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Revolving Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Revolving Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Revolving Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.7. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the Revolving Termination Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments 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 Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.9, the Revolving Credit Exposures would exceed the total Commitments.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) or (c) 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. Promptly following receipt of any notice, the Administrative Agent shall advise the applicable Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments 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 Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the applicable Lenders in accordance with their respective Commitments.

SECTION 2.8. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan on the Revolving Termination Date and (ii) to the Swingline Lender or to the Administrative Agent pursuant to Section 2.4(c) the then unpaid principal amount of each Swingline Loan on the earlier of the first Business Day prior to the Revolving Termination Date and the first date after such Swingline Loan is made that is five Business Days after such Swingline Loan is made; provided that on each date that a Revolving Loan is made, the Borrower shall repay all Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent

to maintain such accounts 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.

(e) Any 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 such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. 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 (or, if such promissory note is a registered note, to such payee and its registered assigns). In addition, upon receipt of an affidavit of an officer of such Lender as to the loss, theft, destruction or mutilation of the promissory note, and, in the case of any such loss, theft, destruction or mutilation, upon cancellation of such 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 2.9. Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part without premium or penalty except as provided in Section 2.14, subject to prior notice in accordance with paragraph (b) of this Section.

(b) The Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Revolving Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Revolving Borrowing, not later than 11:00 a.m., New York City time, on the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, 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 each Borrowing or portion thereof 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 2.7, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.7. Promptly following receipt of any such notice relating to a Revolving Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type as provided in Section 2.2. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.11.

SECTION 2.10. Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a facility fee, which shall accrue at the Applicable Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the Closing Date to but excluding the date on which such Commitment terminates; provided that, if such Lender continues to have any Revolving Credit Exposure after its Commitment terminates, then such facility fee shall continue to accrue on the daily amount of such Lender's Revolving Credit Exposure from and including the date on which its Commitment

terminates to but excluding the date on which such Lender ceases to have any Revolving Credit Exposure. Accrued facility fees shall be payable in arrears on the last day of March, June, September and December of each year, on the date of any voluntary termination of the Commitments and on the date on which all Loans become due and payable (by acceleration or otherwise); provided that any facility fees accruing after the date on which all Loans become due and payable shall be payable on demand. All facility fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a utilization fee, which shall accrue at the Applicable Rate on the daily amount of the Revolving Credit Exposure of such Lender for each day on which the Revolving Credit Exposure of all Lenders exceeds 50% of the total Lenders' Commitments; provided that, if any Lender continues to have any Revolving Credit Exposure after its Commitment terminates then such utilization fee shall continue to accrue at the Applicable Rate on the entire amount of such Lender's Revolving Credit Exposure (whether or not the amount of such Revolving Credit Exposure exceeds 50% of such Lender's Commitment in effect prior to the Revolving Termination Date), from and including the date on which the Commitments terminate to but excluding the date on which such Lender ceases to have any Revolving Credit Exposure. Accrued utilization fees shall be payable in arrears on the last day of March, June, September and December of each year, on the date of any voluntary termination of the Commitments and on the date on which all Loans become due and payable (by acceleration or otherwise); provided that any utilization fees accruing after the date on which the Loans become due and payable shall be payable on demand. All utilization fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first but excluding the last day).

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, in the case of facility fees and utilization fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.11. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at a rate per annum equal to the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at a rate per annum equal to the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or 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 (i) in the case of overdue principal of any

Loan, 2% plus the rate otherwise applicable to such Loan as provided above or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided above.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, (iii) in the event of any conversion of any Eurodollar Revolving Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion and (iv) all accrued interest shall be payable upon termination of the Commitments.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate 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 applicable Alternate Base Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of the effective date and the amount of each change in interest rate.

SECTION 2.12. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurodollar Borrowing shall be ineffective, and (ii) if any Borrowing Request requests a Eurodollar Revolving Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.13. 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, any Lender; or

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such 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 such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than six months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such 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 2.14. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Revolving Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable under Section 2.9(b) and is revoked in accordance herewith), (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.17, then, in any such event, the Borrower shall compensate each

Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, the loss to any Lender attributable to any such event shall be deemed to include an amount determined by such Lender to be equal to the excess, if any, of (i) the amount of interest that such Lender would pay for a deposit equal to the principal amount of such Loan for the period from the date of such payment, conversion, failure or assignment to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, convert or continue, the duration of the Interest Period that would have resulted from such borrowing, conversion or continuation) if the interest rate payable on such deposit were equal to the LIBO Rate for such Interest Period, over (ii) the amount of interest that such Lender would earn on such principal amount for such period if such Lender were to invest such principal amount for such period at the interest rate that would be bid by such Lender (or an affiliate of such Lender) for dollar deposits from other banks in the eurodollar market at the commencement of such period. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.15. 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 Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made (provided, however, that neither the Borrower nor the Guarantor shall be required to increase any such amounts payable to the Administrative Agent or Lender (as the case may be) with respect to any Indemnified or Other Taxes that are attributable to such Lender's failure to comply with the requirements of paragraph (e) of this Section), (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 Administrative Agent and each 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 Administrative Agent or such Lender, as the case may be, 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 a Lender, or by the Administrative Agent on its own behalf or on behalf of a 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 Administrative Agent 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 Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

SECTION 2.16. Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or under Section 2.13, 2.14 or 2.15, 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 Administrative Agent, 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 Administrative Agent at its offices at 270 Park Avenue, New York, New York, except payments to be made directly to the Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.13, 2.14, 2.15 and 10.3 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. 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.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest, fees and any other amounts then due hereunder, such funds shall be applied (i) first, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties, and (iii) third, any other amounts due and owing hereunder, ratably among the parties entitled thereto in accordance with such amounts then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Revolving Loans or participations in Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and participations in Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans and participations in Swingline Loans of other Lenders to the extent necessary

so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans and participations in Swingline Loans, provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Revolving Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Federal Funds Effective Rate.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.5(b), 2.16(c) or 2.16(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.17. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.13, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, then such 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 such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.13 or 2.15, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.13, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority

for the account of any Lender pursuant to Section 2.15, or if any Lender defaults in its obligation to fund Loans hereunder, or if any Lender becomes an Objecting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 10.4), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (and, if a Commitment is being assigned, the Swingline Lender), which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.13 or payments required to be made pursuant to Section 2.15, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply. In determining whether to make a claim, and calculating the amount of compensation, under Sections 2.13 and 2.15, each Lender shall apply standards that are not inconsistent with those generally applied by such Lender in similar circumstances.

SECTION 2.18. Extension of Revolving Termination Date.

Not less than 30 days and not more than 90 days prior to any anniversary of the Closing Date (each, an "Anniversary Date"), provided that no Event of Default shall have occurred and be continuing, the Borrower may, with the prior written consent of the Guarantor, and by written notice to the Administrative Agent (which notice the Administrative Agent shall promptly transmit to each Lender) (the "Extension Request"), request that each Lender agree to an extension of the Revolving Termination Date then in effect for a period of one year. Each Lender shall notify the Administrative Agent, not less than 15 days prior to such Anniversary Date, of its election to extend or not extend the Revolving Termination Date as requested in such Extension Request (which notices the Administrative Agent shall promptly transmit to the Borrower). Notwithstanding any provision of this Agreement to the contrary, any notice by any Lender of its willingness to extend the Revolving Termination Date shall be revocable by such Lender in its sole and absolute discretion at any time prior to the date which is 15 days prior to the applicable Anniversary Date. If any Lender shall fail to respond, such Lender shall be deemed to have elected not to extend. If the Required Lenders shall approve in writing the extension of the Revolving Termination Date as requested in the Extension Request, the Revolving Termination Date shall automatically and without any further action by any Person be extended an additional year with respect to each Lender that elected to so extend by giving written notice thereof pursuant to this Section 2.18; provided that the Commitment of any Lender which does not consent in writing to such extension (or which revokes such consent) at least 15 days prior to the applicable Anniversary Date then in effect (an "Objecting Lender") shall, unless earlier terminated in accordance with this Agreement, expire on the Revolving Termination Date in effect on the date of such Extension Request and all Loans and other amounts payable

hereunder to such Objecting Lender shall be paid to such Objecting Lender on the Revolving Termination Date. If, as of the fifteenth day before the Revolving Termination Date then in effect, the Required Lenders shall not approve in writing the extension of the Revolving Termination Date requested in an Extension Request, the Revolving Termination Date shall not be extended pursuant to such Extension Request. In the event that the Borrower shall elect not to replace the Commitments of an Objecting Lender, (i) such Objecting Lender's Commitment shall terminate on the Commitment Expiration Date and (ii) upon such Commitment Expiration Date, the Borrower shall make a mandatory prepayment in an amount equal to the aggregate principal amount of any outstanding Loans hereunder that exceed the Commitments. The Revolving Termination Date may be extended for a total of three successive periods of one year pursuant to this Section 2.18.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Each of the Credit Parties represents and warrants to the Lenders 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) 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 Lenders consolidated balance sheets and statements

of income and cash flows (and, in the case of the Guarantor, of stockholders' equity) as of and for the fiscal year ended April 30, 2005 (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. 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, 2005 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, 2005.

(b) Since April 30, 2005, 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 and Holding Company Status. Neither of the Credit Parties nor any of the Subsidiaries is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended, or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

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 Administrative Agent or any 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 any Lender with the provisions of Regulations U, T or X of the Board. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each 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 Administrative Agent (or its counsel) shall have received from each party hereto a counterpart of this Agreement signed on behalf of such party.

(b) The Lenders and the Administrative Agent shall have received all fees required to be paid on or prior to the Effective Date.

SECTION 4.2. Closing Date. The obligations of the Lenders to make Loans (or to purchase participations in Swingline 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 Administrative Agent shall have received reasonably satisfactory written opinions (addressed to the Administrative Agent and the Lenders and dated the Closing Date) of Mayer, Brown, Rowe & Maw LLP, special New York counsel for the Credit Parties, and Bryan Cave LLP, special counsel for the Credit Parties, substantially in the forms of Exhibit B-1 and B-2, respectively, and covering such other matters relating to the Credit Parties, this Agreement or the Transactions as the Required Lenders shall reasonably request. The Credit Parties hereby request such counsel to deliver such opinion.

(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent 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, this Agreement or the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel.

(d) The Administrative Agent 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) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Closing Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(f) The Borrower shall have repaid all obligations owing and outstanding under the Existing Agreement.

(g) All governmental and material third party approvals necessary in connection with the execution, delivery and performance of this Agreement shall have been obtained and be in full force and effect.

The Administrative Agent shall notify the Borrower and the Lenders of the Closing Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans (or to purchase participations in Swingline 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 Effective Date.

SECTION 4.3. Each Loan or Extension. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and any extension of this Agreement pursuant to Section 2.18, 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 Borrowing (except to the extent related to a specific earlier date).

(b) At the time of and immediately after giving effect to such Borrowing, no Default shall have occurred and be continuing.

Each Borrowing 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 Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full, each of the Credit Parties covenants and agrees with the Lenders that:

SECTION 5.1. Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent and each 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 other 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; and

(e) 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 Administrative Agent or any Lender may reasonably request.

SECTION 5.2. Notices of Material Events. The Borrower will furnish to the Administrative Agent and each 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 its business and activities. Each Credit Party will, and will cause each of the Subsidiaries to, permit any representatives designated by the Administrative Agent or any 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 Administrative Agent or any 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 for paying at maturity commercial paper issued by the Borrower from time to time, for general corporate purposes or for working capital needs. 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.

SECTION 5.9. Cleandown. During the period from March 1 to June 30 of each fiscal year, the Credit Parties shall reduce the aggregate outstanding principal amount of all their Short-Term Debt to $200,000,000 or less for a minimum period of thirty consecutive days.

ARTICLE VI
NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full, each of the Credit Parties covenants and agrees with the Lenders 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 hereunder;

(b) (i) 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 and (ii) subject to the proviso at the end of this Section 6.2, Indebtedness under the Other Credit Agreement;

(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 in an aggregate outstanding principal amount not to exceed $1,500,000,000; provided, however, that (i) the proceeds of such Indebtedness are used solely in connection with the Borrower's Refund Anticipation Loan Program, including any Indirect RAL Participation Transaction, (ii) such Indebtedness is incurred during the period beginning on January 15 of any year and ending on March 15 of such year, (iii) such Indebtedness is repaid in full by April 15 of the year in which such Indebtedness is incurred and (iv) 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(b)(ii), 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 hereunder and the then outstanding principal amount of the "Loans" under the Other Credit Agreement (such sum, the "Total Facility Loan Outstandings"), except that, during the period from January 15 of any year to March 15 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 up to $1,500,000,000.

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) 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 Lenders; 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 the date of execution of this Agreement 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).

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 Administrative Agent or any Lender created hereunder), 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 Administrative Agent and the Lenders and their respective 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 Administrative Agent or any 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 Commitments 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 Administrative Agent or any Lender from any 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 Commitments are terminated.

(d) The Guarantor agrees that whenever, at any time or from time to time, it shall make any payment to the Administrative Agent or any Lender on account of its liability hereunder, it will notify the Administrative Agent and such 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 Administrative Agent or any Lender, the Guarantor shall not be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against the Borrower or against any collateral security or guarantee or right of offset held by the Administrative Agent or any 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 Administrative Agent and the Lenders by the Borrower on account of the Obligations are paid in full and the Commitments are 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 Administrative Agent and the Lenders, segregated from other funds of

the Guarantor, and shall, forthwith upon receipt by the Guarantor, be turned over to the Administrative Agent in the exact form received by the Guarantor (duly indorsed by the Guarantor to the Administrative Agent, if required) to be applied against the Obligations, whether matured or unmatured, in such order as the Administrative Agent 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 Commitments.

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 Administrative Agent or any Lender may be rescinded by the Administrative Agent or such 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 Administrative Agent or any 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 Administrative Agent (or the requisite Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any Lender for the payment of the Obligations may be sold, exchanged, waived, surrendered or released. Neither the Administrative Agent nor any Lender shall 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 Administrative Agent or any 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 Administrative Agent or any 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 Administrative Agent or any 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 Administrative Agent or any 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 Administrative Agent and the Lenders, 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 Administrative Agent or any 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 Administrative Agent or any 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 Administrative Agent and any 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 Administrative Agent or any 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 Administrative Agent or any 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 Administrative Agent and the Lenders, and their respective 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 Commitments 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 Administrative Agent or any 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 Administrative Agent 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 fee 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), 5.8 or 5.9 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 Administrative Agent (given at the request of any 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 Required Lenders, 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; or

(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;

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 Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments 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 Commitments 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
THE ADMINISTRATIVE AGENT

Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing by the Required Lenders, and (c) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Credit Party or any Subsidiary that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or when expressly required hereby, all the Lenders) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by any Credit Party or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or

by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for any Credit Party), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and of all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right, with the consent of the Borrower so long as no Event of Default under Section 8(a), 8(b) or 8(i) shall have occurred and be continuing (which consent shall not be unreasonably withheld), to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 10.3 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

Notwithstanding anything to the contrary contained in this Agreement, the parties hereto hereby agree that no agent (other than the Administrative Agent) shall have any rights, duties or responsibilities in its capacity as agent hereunder and that no agent (other than the

Administrative Agent) shall have the authority to take any action hereunder in its capacity as such.

ARTICLE X
MISCELLANEOUS

SECTION 10.1. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, 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 4400 Main Street, Kansas City, Missouri 64111, Attention of Becky Shulman (Telecopy No. (816) 753-8538), David Staley (Telecopy No. (816) 753-0371) and Michael Post (Telecopy No. (816) 753-0037);

(b) if to the Administrative Agent or the Swingline Lender, to JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 1111 Fannin Street, Houston, TX 77002, Attention of Harry Kumala (Telecopy No. (713) 750-2452), with a copy to JPMorgan Chase Bank, N.A., 270 Park Avenue, New York, New York 10017, Attention of William Castro (Telecopy No. (212) 270-1789); and

(c) if to any Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

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. Notices and other communications to the Lenders hereunder may be posted to Intralinks or a similar website or delivered by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Section 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent, 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 Administrative Agent or any 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 Administrative Agent and the Lenders 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 Administrative Agent or any 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 Required Lenders or by the Credit Parties and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.16(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) release the guarantee contained in Article VII, without the written consent of each Lender or (vi) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; provided, further, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or the Swingline Lender hereunder without the prior written consent of the Administrative Agent or the Swingline Lender, as the case may be.

SECTION 10.3. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable and documented fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement and any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent, or any Lender, including the reasonable and documented fees, charges and disbursements of any counsel for the Administrative Agent, or any 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 Administrative Agent and each Lender, and each Related Party of any of the foregoing Persons (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 (i) the execution or delivery of this Agreement

or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Credit Parties or any Subsidiaries, or any Environmental Liability related in any way to the Credit Parties or any Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; 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) To the extent that any Credit Party fails to pay any amount required to be paid by it to the Administrative Agent or the Swingline Lender under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent or the Swingline Lender, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent or the Swingline Lender in its capacity as such. The Administrative Agent or the Swingline Lender shall have the right to deduct any amount owed to it by any Lender under this paragraph (c) from any payment made by it to such Lender hereunder.

(d) To the extent permitted by applicable law, the Credit Parties shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

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 each 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 each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that (i) each of the Borrower and the Administrative

Agent (and, in the case of an assignment of all or a portion of a Commitment or any Lender's obligations in respect of its Swingline Exposure, the Swingline Lender) must give its prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, (iv) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $3,500, and (v) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; 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. Upon acceptance and recording pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.13, 2.14, 2.15 and 10.3). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and each Credit Party, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of any Credit Party, the Administrative Agent or the Swingline Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such 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) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Credit Parties, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such 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 described in the first proviso to Section 10.2(b) that affects such Participant. Subject to paragraph (f) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.13, 2.14 and 2.15 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.13 or 2.15 than the applicable 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. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.15 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.15(e) as though it were a Lender.

(g) Any 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 such 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 a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

(h) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle (an "SPC"), identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower, the option to provide to the Borrower all or any part of any Loan that such Granting Lender would otherwise be obligated to make to the Borrower pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any Loan and (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Lender). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive

the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any state thereof. In addition, notwithstanding anything to the contrary in this Section 10.4(h), any SPC may (A) with notice to, but without the prior written consent of, the Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Lender, or with the prior written consent of the Borrower and the Administrative Agent (which consent shall not be unreasonably withheld) to any financial institutions providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans, and (B) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC; provided that non-public information with respect to the Borrower may be disclosed only with the Borrower's consent which will not be unreasonably withheld. This paragraph (h) may not be amended without the written consent of any SPC with Loans outstanding at the time of such proposed amendment. An SPC shall not be entitled to receive any greater payment under Section 2.13 or 2.15 than the applicable Granting Lender would have been entitled to receive under such Sections if the Granting Lender had made the relevant credit extension.

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 Administrative Agent or any 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 fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.13, 2.14, 2.15 and 10.3 and Article IX 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 Commitments 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 any separate letter agreements with respect to fees payable to the Administrative Agent 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 Administrative Agent and when the Administrative Agent 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, each 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 deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such 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 such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each 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 any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or 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 action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or 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 suit, action or 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 action or 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. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

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. Each of the Administrative Agent and the Lenders 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, (i) to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) to any direct, indirect, actual or prospective counterparty (and its advisor) to any swap, derivative or securitization transaction related to the 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 Administrative Agent or any Lender on a nonconfidential basis from a source other than any Credit Party. 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 Administrative Agent or any 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. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such

Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person 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 such 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 such Lender.

SECTION 10.14. Termination of Existing Agreement.

The Lenders that are parties to the Existing Agreement (and which constitute "Required Lenders" under and as defined in the Existing Agreement) hereby waive the three business days' notice requirement set forth in Section 2.7 of the Existing Agreement for terminating the commitments under the Existing Agreement, and such Lenders and the Borrower agree that, subject to the Borrower's payment of all amounts then payable under the Existing Agreement (whether or not then due), the commitments under the Existing Agreement shall be terminated on the Effective Date and replaced by the Commitments hereunder. After the termination of such commitments, the Existing Agreement shall be of no further force or effect (except for provisions thereof which by their terms survive termination thereof).

SECTION 10.15. USA Patriot Act.

Each 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 such Lender to identify the Borrower in accordance with the Act.

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

By: /s/ Becky S. Shulman

Title: Vice President and Treasurer

H&R BLOCK, INC.

By: /s/ Becky s. Shulman

Title: Vice President and Treasurer

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent, as a Lender and
as Swingline Lender

By: /s/ Dwight Seagren

Title: Vice President

SCHEDULE 2.1

COMMITMENTS

Lender	Commitment
JPMorgan Chase Bank, N.A	$ 100,000,000
Bank of America, N.A	$ 100,000,000
HSBC Bank USA, National Association	$ 100,000,000
Royal Bank of Scotland plc	$ 100,000,000
BNP Paribas	$ 75,000,000
Calyon New York Branch	$ 62,500,000
Wachovia Bank, National Association	$ 62,500,000
Key Bank National Association	$ 50,000,000
Wells Fargo Bank, N.A	$ 50,000,000
Citibank, N.A	$ 37,500,000
Lehman Brothers Bank, FSB	$ 37,500,000
Mellon Bank, N.A	$ 37,500,000
U.S. Bank National Association	$ 37,500,000
Comerica Bank	$ 25,000,000
The Bank of New York	$ 15,000,000
Deutsche Bank AG, New York Branch	$ 12,500,000
Fifth Third Bank	$ 12,500,000
Royal Bank of Canada	$ 12,500,000
SunTrust Bank	$ 12,500,000
Merrill Lynch Bank USA	$ 10,000,000
Sumitomo Mitsui Banking Corporation	$ 10,000,000
UBS Loan Finance LLC	$ 10,000,000
Bank Midwest, N.A	$ 5,000,000
Chang Hwa Commercial Bank, Ltd.	$ 5,000,000
Commerce Bank, N.A	$ 5,000,000
National City Bank	$ 5,000,000
PNC Bank, National Association	$ 5,000,000
UMB Bank, N.A	$ 5,000,000
TOTAL	$1,000,000,000

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.

EXHIBIT A

FORM OF
ASSIGNMENT AND ACCEPTANCE

Reference is made to the $1,000,000,000 Five-Year Credit and Guarantee Agreement, dated as of August 10, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Block Financial Corporation (the "Borrower"), H&R Block, Inc., the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent for the Lenders (in such capacity, the "Agent"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

The Assignor identified on Schedule l hereto (the "Assignor") and the Assignee identified on Schedule l hereto (the "Assignee") agree as follows:

1. The Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor, and the Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor, as of the Effective Date (as defined below), the interest described in Schedule 1 hereto (the "Assigned Interest") in and to the Assignor's rights and obligations under the Credit Agreement with respect to those credit facilities contained in the Credit Agreement as are set forth on Schedule 1 hereto (individually, an "Assigned Facility"; collectively, the "Assigned Facilities"), in a principal amount for each Assigned Facility as set forth on Schedule 1 hereto.

2. The Assignor (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or with respect to the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, or any other instrument or document furnished pursuant thereto, other than that the Assignor has not created any adverse claim, lien or encumbrance upon the interest being assigned by it hereunder and that such interest is free and clear of any such adverse claim, lien or encumbrance; (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Credit Party, any of their respective Subsidiaries or any other obligor or the performance or observance by any Credit Party, any of their Subsidiaries or any other obligor of any of their respective obligations under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto; and (c) attaches any promissory notes held by it evidencing the Assigned Facilities and (i) requests that the Agent, upon request by the Assignee, exchange the attached promissory notes for a new promissory note or promissory notes payable to the Assignee and (ii) if the Assignor has retained any interest in the Assigned Facility, requests that the Agent exchange the attached promissory notes for a new promissory note or promissory notes payable to the Assignor, in each case in amounts which reflect the assignment being made hereby (and after giving effect to any other assignments which have become effective on the Effective Date).

3. The Assignee (a) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (b) confirms that it has received a copy of the Credit

Agreement, together with copies of the financial statements delivered pursuant to Section 3.4 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it will, independently and without reliance upon the Assignor, the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to Section 2.15(e) of the Credit Agreement.

4. The effective date of this Assignment and Acceptance shall be the Effective Date of Assignment described in Schedule 1 hereto (the "Effective Date"). Following the execution of this Assignment and Acceptance, it will be delivered to the Agent for acceptance by it and recording by the Agent pursuant to the Credit Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by the Agent, be earlier than five Business Days after the date of such acceptance and recording by the Agent).

5. Upon such acceptance and recording, from and after the Effective Date, the Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to the Effective Date and to the Assignee for amounts which have accrued subsequent to the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

6. From and after the Effective Date, (a) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and shall be bound by the provisions thereof and (b) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

7. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed as of the date first above written by their respective duly authorized officers on Schedule 1 hereto.

Schedule 1

to Assignment and Acceptance

Name of Assignor: _____

Name of Assignee: _____

Effective Date of Assignment: _____

Principal Amount Assigned	Commitment Percentage Assigned
$_____	___._____%
$_____	___._____%

[NAME OF ASSIGNEE]

By: _____

Title: _____

[NAME OF ASSIGNOR]

By: _____

Title: _____

Consented to and Accepted:

JPMORGAN CHASE BANK, N.A., as Administrative Agent and as Swingline Lender

By: _____

Title: _____

Consented To:

BLOCK FINANCIAL CORPORATION

By: _____

Title: _____

EXHIBIT B-1

[FORM OF OPINION OF MAYER, BROWN, ROWE & MAW LLP]

EXHIBIT B-2

[FORM OF OPINION OF BRYAN CAVE LLP]

EXHIBIT C

FORM OF
NEW LENDER SUPPLEMENT

NEW LENDER SUPPLEMENT (this "New Lender Supplement"), dated _____, 20__, to the Five-Year Credit and Guarantee Agreement, dated as of August 10, 2005, as amended, supplemented or otherwise modified from time to time (the "Credit Agreement"), among Block Financial Corporation, H&R Block, Inc., the Lenders party thereto, the Syndication Agents named therein and JPMorgan Chase Bank, N.A. as Administrative Agent.

WITNESSETH:

WHEREAS, the Credit Agreement provides in Section 2.01(b) thereof that any bank, financial institution or other entity may become a party to the Credit Agreement with the consent of the Borrower and the Administrative Agent (which consent shall not be unreasonably withheld) by executing and delivering to the Borrower and the Administrative Agent a supplement to the Credit Agreement in substantially the form of this New Lender Supplement; and

WHEREAS, the undersigned now desires to become a party to the Credit Agreement;

NOW, THEREFORE, the undersigned hereby agrees as follows:

1. The undersigned agrees to be bound by the provisions of the Credit Agreement, and agrees that it shall, on the date this New Lender Supplement is accepted by the Borrower and the Administrative Agent, become a Lender for all purposes of the Credit Agreement to the same extent as if originally a party thereto, with an incremental Commitment of $_____.

2. The undersigned (a) represents and warrants that it is legally authorized to enter into this New Lender Supplement; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent audited financial statements referred to in Section 3.4 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this New Lender Supplement; (c) agrees that it has made and will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, any other Loan Document or any instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement, any other Loan Document or any instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, without limitation, if it is

organized under the laws of a jurisdiction outside the United States, its obligation pursuant to Section 2.15(e) of the Credit Agreement.

3. The address of the undersigned for notices for the purposes of the Credit Agreement is as follows:

4. Terms defined in the Credit Agreement shall have their defined meanings when used herein.

IN WITNESS WHEREOF, the undersigned has caused this New Lender Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF LENDER]

By

Name:

Title:

Accepted this _____ day of _____, 20__.

BLOCK FINANCIAL CORPORATION

By

Name:

Title:

Accepted this _____ day of _____, 20__.

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By

Name:

Title:

EXHIBIT D

FORM OF INCREASED FACILITY ACTIVATION NOTICE

To: JPMORGAN CHASE BANK, N.A., as Administrative
Agent under the Credit Agreement referred to below

Reference is hereby made to the Five-Year Credit and Guarantee Agreement, dated as of August 10, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Block Financial Corporation (the "Borrower"), H&R Block, Inc., the Lenders party thereto, the Syndication Agents named therein and JPMorgan Chase Bank, N.A., as Administrative Agent. Terms defined in the Credit Agreement shall have their defined meanings when used herein.

This notice is an Increased Facility Activation Notice referred to in the Credit Agreement, and the Borrower and each of the Lenders party hereto hereby notify you that:

1. Each Lender party hereto agrees to [make] [provide] an incremental Commitment in the amount set forth opposite such Lender's name below under the caption "Incremental Commitment Amount."

2. The Increased Facility Closing Date is _____, 20___.

The Borrower certifies that no Default or Event of Default has occurred and is continuing on the date of this notice.

IN WITNESS WHEREOF, the undersigned have executed this Increased Facility Activation Notice this ___ day of _____, 20___.

BLOCK FINANCIAL CORPORATION

By: _____
Name: _____
Title: Treasurer

Incremental Commitment Amount

$_____

[NAME OF LENDER]

By: _____
Name: _____
Title: _____

CONSENTED TO:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: _____
Name: _____
Title: _____

Exhibit 10.5

SALE AND SERVICING AGREEMENT

among

OPTION ONE OWNER TRUST 2005-7
as Issuer

and

OPTION ONE LOAN WAREHOUSE CORPORATION
as Depositor

and

OPTION ONE MORTGAGE CORPORATION
as Loan Originator and Servicer

and

WELLS FARGO BANK, N.A.
as Indenture Trustee

Dated as of September 1, 2005

OPTION ONE OWNER TRUST 2005-7
MORTGAGE-BACKED NOTES

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AMENDED AND RESTATED SALE AND SERVICING AGREEMENT

This Sale and Servicing Agreement is entered into effective as of September 1, 2005, among OPTION ONE OWNER TRUST 2005-7, 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 Loan Originator (in such capacity, the "Loan Originator") and as Servicer (in such capacity, the "Servicer"), and WELLS FARGO BANK, N.A., a national banking association, as Indenture Trustee on behalf of the Noteholders (in such capacity, the "Indenture Trustee").

WITNESSETH:

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.

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 September 1, 2005, 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 process which may include an automated appraisal consistent with the Underwriting policies and 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 (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.

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, each Hedging Instrument, if any, 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: September 22, 2005.

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 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.

Committed Purchaser: The meaning set forth in the Note Purchase Agreement.

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

Conduit Purchaser: The meaning set forth in the Note Purchase Agreement.

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.

Cooperative: The entity that holds title (fee or an acceptable leasehold estate) to all of the real property that the Project comprises, including the land, separate dwelling units and all common areas.

Cooperative Apartment: The specific dwelling unit relating to a Cooperative Loan.

Cooperative Loan: A Mortgage Loan that is secured by Cooperative Shares and a Proprietary Lease granting exclusive rights to occupy the related Cooperative Apartment.

Cooperative Shares: The shares of stock issued by a Cooperative, owned by the Borrower, and allocated to a Cooperative Apartment.

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 September 1, 2005, 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 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.

Deemed Cured: With respect to the occurrence of a Performance Trigger or 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 Performance Trigger or Rapid Amortization Trigger has been waived in writing by the Noteholder Agent.

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 Noteholder Agent 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 Noteholder Agent 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: HSBC Securities (USA) 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 Noteholder Agent, 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 Noteholder Agent, any other deposit account or a securities account.

Eligible Servicer: (a) Option One 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: 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.

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.

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.

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 45 days after 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.

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 September 1, 2005, 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 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.

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 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, each day during 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)(1) 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: Option One and its permitted successors and assigns.

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: The Fourth Amended and Restated Loan Purchase and Contribution Agreement, between Option One, as seller, and the Depositor, as purchaser, dated as of September 1, 2005, 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 Noteholder Agent 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: 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.

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: 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: HSBC Bank USA, N.A. or an Affiliate thereof designated by HSBC Bank USA, N.A. in writing to the parties hereto and, in either case, its successors in interest.

Master Disposition Confirmation Agreement: The Fourth Amended and Restated Master Disposition Confirmation Agreement, dated as of June 1, 2005, 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.

Mixed Use Mortgage Loan: A Mortgage Loan secured by a Mortgage on real property which consists of a mix of residential and commercial use.

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)(1)(i) during the immediately preceding Remittance Period and (ii) the aggregate of amounts deposited into the Collection Account pursuant to Section 5.01(b)(1)(ii) through 5.01(b)(1)(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.

Multi-Family Mortgage Loan: A Mortgage Loan secured by a Multi-family Property conforming to the standards for such properties established in the Underwriting Guidelines.

Multi-family Property: A single parcel of real property improved by one or more detached multi-family housing structures comprising five or more dwelling units.

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 Noteholder Agent, 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 Noteholder Agent, would not be ultimately recoverable.

Nonutilization Fee: As defined in the Pricing Letter.

Note: As defined in the Indenture.

Note Interest Rate: As defined in the Pricing Letter.

Noteholder: As defined in the Indenture.

Noteholder Agent: HSBC Securities (USA) Inc. and its successors and assigns acting at the direction, and as agent, of the Majority Noteholders.

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 Purchasers, the Noteholder Agent, the Administrative Agent, the Issuer and the Depositor, dated as of September 1, 2005, 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 Noteholder Agent 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 Noteholder Agent 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 Noteholder Agent shall select an alternative comparable index (over which the Noteholder Agent 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.

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: 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.

Performance Trigger: Shall exist if, as of any Determination Date, the aggregate Principal Balance of all Loans that are equal to or greater than 30 days Delinquent as of such Determination Date (including Defaulted Loans and Foreclosed Loans) divided by the Pool Principal Balance as of such Determination Date is greater than or equal to 10%, provided, however, that a Performance Trigger shall not occur if such percentage is reduced to less than 10% within three (3) Business Days of such Determination Date as the result of the exercise of a Servicer Call.

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-1 or better by S&P and P-1 or better by Moody's.

(g) Investment agreements approved by the Noteholder Agent 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 Noteholder Agent 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 Noteholder Agent;

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 pricing letter among the Issuer, the Depositor, Option One 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: Any suit in equity, action at law or other judicial or administrative proceeding.

Project: With respect to a Cooperative Loan, all real property owned by the related Cooperative including the land, separate dwelling units and all common areas.

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

Proprietary Lease: With respect to a Cooperative Loan, a lease on a Cooperative Apartment evidencing the possessory interest of the Borrower in such Cooperative Apartment.

Purchasers: As defined in the Note Purchase Agreement.

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: 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 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 (iii) 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 or equal to 30 days (including Defaulted Loans and Foreclosed Loans) as of such Determination Date is greater than or equal to 15% of the Pool Principal Balance; provided, however, that a Rapid Amortization Trigger shall not occur if such percentage is reduced to less than 15% within one Business Day 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: Deutsche Bank AG, Barclay's Bank PLC, The Tokyo Mitsubishi Bank and National Westminster Bank PLC and their successors in interest; provided, however, that if the Noteholder Agent determines that any of the foregoing banks are not suitable to serve as a Reference Bank, then any leading banks selected by the Noteholder Agent 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 Noteholder Agent 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)(1) 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 Noteholder Agent 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 Noteholder Agent 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 Noteholder Agent can determine no such arithmetic mean, the lowest

one-month U.S. dollar lending rate which New York City banks selected by the Noteholder Agent 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 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) 364 days after such date, 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 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: 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, 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; (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 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 2005-7, the Delaware statutory trust created pursuant to the Trust Agreement.

Trust Agreement: The Trust Agreement dated as of September 1, 2005 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 Noteholder Agent.

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 fifteenth Business 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 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 M 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.

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.

(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 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 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 Committed Purchaser or the Conduit 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 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. 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 (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 be 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 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 Committed Purchaser or Conduit Purchaser, as applicable, 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 recission, all funds received in connection with such recission shall be promptly returned to the Committed Purchaser or Conduit Purchaser, as applicable, 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 Noteholder Agent 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 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 (1) Business Day of notice thereof from the Indenture Trustee or the Noteholder Agent 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 Noteholder

Agent 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) 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 Noteholder Agent of such upcoming Transfer Date and shall deliver or cause to be delivered to the Noteholder Agent: (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 Noteholder Agent 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 Noteholder Agent 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 Noteholder Agent: (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 Noteholder Agent 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 Purchasers 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 Noteholder Agent 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 Noteholder Agent 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) 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 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 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 Noteholder Agent 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; 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) Option One or any of its Affiliates shall default 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 or any of its 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 2001-1B, 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 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 the 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, 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 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, 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; 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 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, 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 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 Committed Purchaser or the Conduit 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 Noteholder Agent 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) 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;

(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) The Loan Originator is in compliance with each of its 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 Noteholder Agent 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, 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 Majority 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; and

(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.

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 Noteholder Agent 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 Noteholder Agent 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. 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 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)(1) 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 Noteholder Agent 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 Noteholder Agent 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 Noteholder Agent, 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 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 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(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 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. 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 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 Noteholder Agent object 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 Noteholders or which the Noteholders 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 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;

(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 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 2005-7 Collection Account, Wells Fargo Bank, N.A., as Indenture Trustee, for the benefit of the Option One Owner Trust 2005-7 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 2005-7 Distribution Account, Wells Fargo Bank, N.A., as Indenture Trustee, for the benefit of the Option One Owner Trust 2005-7

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 2005-7 Collection/Distribution Account, Wells Fargo Bank, N.A., as Indenture Trustee, for the benefit of the Option One Owner Trust 2005-7 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):

(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)(1); and

(xi) 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 (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)(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 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 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 Committed Purchaser, 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; 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 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)(1)(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), 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.

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. 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 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 2005-7 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; 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 Purchasers 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 Purchasers and shall be maintained for and on behalf of the Purchasers, entitled "HSBC Bank USA, N.A., for the benefit of the Issuer, Re: Custodial Agreement dated as of September 1, 2005." 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 2005-7 Transfer Obligation Account, Wells Fargo Bank, N.A., as Indenture Trustee, in trust for the Option One Owner Trust 2005-7 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.

(f) If with respect to any Business Day there exists an Overcollateralization Shortfall, 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) 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 Majority Noteholders, 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 hereof 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 Majority Noteholders, 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;

(v) If on any applicable Payment Date, the amount available to pay the Nonutilization Fee is insufficient, the Loan Originator shall deposit the amount of such shortfall on the Business Day prior to such Payment Date;

(vi) If the amount available to pay the 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;

(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 Servicer'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.

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 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 2005-7"), 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 Noteholder Agent 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, 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 2005-7"), 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 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 Loan Originator 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)(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) whether a Performance Trigger or 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 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 the occurrence of a Performance Trigger, 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 Noteholders hereby irrevocably appoint, 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 hereof, on each Business Day, the Market Value Agent shall determine the Market Value of each Loan, for the purposes of the Basic Documents, in its sole discretion exercised in good faith. 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 discretion exercised in good faith, 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 Noteholders, shall determine are necessary in order to hedge the interest rate risk with respect to 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)(1)(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 the Loan Originator and the Servicer shall maintain a minimum Tangible Net Worth $425 million as of any day.

(b) Each of the Loan Originator 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 the Loan Originator 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 the Loan Originator 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) Each of the Loan Originator 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.

(g) Each of the Loan Originator and the Servicer, on a quarterly basis, shall provide the Noteholder Agent with an Officer's Certificate stating that the Loan Originator 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. 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, 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.

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 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 Majority 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 Noteholder Agent 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 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 Noteholder Agent 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 comply with the Financial Covenants; or

(7) the Servicer ceases to be a 100% direct or indirect wholly-owned subsidiary of H&R Block Inc.; or

(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.

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, (iii) a Rapid Amortization Trigger or (iv) an event that shall 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 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 Noteholders by 4:00 p.m. New York City time. Following a Term Event, the failure of the 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.

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 Majority Noteholders, the Indenture Trustee, the Issuer and the Depositor, the 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 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 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)(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 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 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 2005-7, 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, 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 Loan Originator; (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 2005-7, 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 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, not to exceed $15,000 per calendar quarter (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 Noteholder Agent, 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 Noteholder Agent 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 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 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 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 2005-7, 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 Third Party Beneficiary. The Noteholders and Noteholder Agent shall be third-party beneficiaries to the provisions of this Agreement, and shall be entitled to rely upon and directly enforce such provisions of this Agreement as if parties hereto.

Section 11.21 No Agency.

Nothing contained herein or in the Basic Documents shall be construed to create an agency or fiduciary relationship between the Noteholder Agent, 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 Noteholder Agent, 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 3.06 hereof, any Loan Originator 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 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 SALE AND SERVICING AGREEMENT.

OPTION ONE OWNER TRUST 2005-7,

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/ CR Fulton

Name: Charles R. Fulton
Title: Assistant Secretary

OPTION ONE MORTGAGE CORPORATION, as Loan Originator and Servicer

By: /s/ CR Fulton

Name: Charles R. Fulton
Title: Assistant Secretary

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

By: /s/ Reid Denny

Name: Reid Denny
Title: Vice President

Exhibit 10.6

NOTE PURCHASE AGREEMENT

AMONG

OPTION ONE OWNER TRUST 2005-7
AS ISSUER

AND

OPTION ONE LOAN WAREHOUSE CORPORATION
AS DEPOSITOR

HSBC SECURITIES (USA) INC.,
AS NOTEHOLDER AGENT

AND

HSBC BANK USA, N.A.
and
BRYANT PARK FUNDING LLC
AS PURCHASERS

AND

HSBC SECURITIES (USA) INC.,
AS ADMINISTRATIVE AGENT

DATED AS OF SEPTEMBER 1, 2005

OPTION ONE OWNER TRUST 2005-7
MORTGAGE-BACKED NOTES

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NOTE PURCHASE AGREEMENT

NOTE PURCHASE AGREEMENT dated as of September 1, 2005 (the "Note Purchase Agreement"), among OPTION ONE OWNER TRUST 2005-7 (the "Issuer"), OPTION ONE LOAN WAREHOUSE CORPORATION (the "Depositor"), HSBC SECURITIES (USA) INC. (the "Noteholder Agent"), HSBC BANK USA, N.A. and BRYANT PARK FUNDING LLC (the "Purchasers") and HSBC SECURITIES (USA) INC. (the "Administrative Agent").

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:

"Administrative Agent" means HSBC Securities (USA) Inc., acting as the administrative agent for the Conduit Purchaser and with the authority to take or refrain from taking any action herein on behalf of the Conduit Purchaser, as set forth in Section 10.15.

"Closing" shall have the meaning set forth in Section 2.02.

"Closing Date" shall have the meaning set forth in Section 2.02.

"Committed Purchaser" means HSBC Bank USA, N.A. and its permitted successors and assigns or an Affiliate thereof identified in writing by HSBC Bank USA, N.A. to the Indenture Trustee and the other parties hereto, subject to the consent of the Loan Originator, which may not be unreasonably withheld or delayed.

"Conduit Purchaser" means Bryant Park Funding LLC.

"Commitment" means the commitment of the Committed 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 each of the Committed Purchaser, the Conduit Purchaser and any of their officers, directors, employees, agents, representatives, assignees and Affiliates and any Person who controls any of the Purchasers or their Affiliates within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act and any provider of liquidity or credit enhancement to the Conduit Purchaser.

"Indenture" means the Indenture dated as of September 1, 2005 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 Option One Mortgage Corporation, a California corporation.

"Maximum Note Principal Balance" has the meaning set forth in the Pricing Letter.

"Pricing Letter" means the pricing letter among the Issuer, the Depositor, Option One and the Indenture Trustee, dated the date hereof and any amendments thereto.

"Purchased Notes" means the Option One Owner Trust 2005-7 Mortgage-Backed Notes issued by the Issuer pursuant to the Indenture.

"Purchasers" means the Committed Purchaser and the Conduit Purchaser and their permitted successors and assigns.

"Sale and Servicing Agreement" means the Sale and Servicing Agreement dated as of September 1, 2005, 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.

(a) (i) At any time during the Revolving Period at least two Business Days in the case of a Loan that is not a Wet Funded Loan, or at least one Business Day, in the case of a Wet Funded Loan, 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 Purchasers 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 Committed 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; provided however, that the portion of such Additional Note Principal Balance required to be purchased by the Committed Purchaser shall be reduced by the amount of such Additional Note Principal Balance that the Conduit Purchaser purchases pursuant to Section 2.01(a)(ii).

(ii) In the event that the Conduit Purchaser elects, in its sole discretion, to purchase any Additional Note Principal Balance with respect to any Purchase Request hereunder, the Conduit Purchaser shall purchase such related Additional Note Principal Balance hereunder and the amount of Additional Note Principal Balance to be purchased by the Committed Purchaser shall be reduced by such amount.

(b) (i) Notwithstanding any other provision of this Note Purchase Agreement, and in order to reduce the number of fund transfers among the parties hereto, the Issuer, the Noteholder Agent and the Purchasers agree that the Noteholder Agent may (but shall

not be obligated to), and the Issuer and the Purchasers hereby irrevocably authorize the Noteholder Agent to fund, on behalf of the Purchasers, purchases of Additional Note Principal Balances pursuant to this Section 2.01; provided, however, that the Noteholder Agent shall in no event fund such purchase of Additional Note Principal Balances if the Noteholder Agent shall have determined that one or more of the conditions precedent contained in Section 3.01(a) will not be satisfied on the day of the proposed purchase of Additional Note Principal Balances. If the Issuer gives a Purchase Request requesting a purchase of Additional Note Principal Balances and the Noteholder Agent elects not to fund such proposed purchase of Additional Note Principal Balances on behalf of the Purchasers, then promptly after receipt of the Purchase Request requesting such purchase of Additional Note Principal Balances, the Noteholder Agent shall notify each Purchaser of the specifics contained in such Purchase Request and that it will not fund such Purchase Request on behalf of the Purchasers. If the Noteholder Agent notifies the Purchasers that it will not fund a requested purchase of Additional Note Principal Balances on behalf of the Purchasers, each Purchaser shall purchase its respective portion of the Additional Note Principal Balance pursuant to Section 2.01(a), by remitting the required funds to the Issuer pursuant to and in accordance with Section 3.01(b) hereof. If the Noteholder Agent elects to fund a requested purchase of Additional Note Principal Balances, the Noteholder Agent will remit the required funds for such Purchase Request to the Issuer pursuant to and in accordance with Section 3.01(b) hereof.

(ii) If the Noteholder Agent has notified the Purchasers that the Noteholder Agent, on behalf of the Purchasers, will fund a particular purchase of Additional Note Principal Balances pursuant to Section 2.01(b)(i), the Noteholder Agent may assume that such Purchaser has made such amount available to the Noteholder Agent on such day and the Noteholder Agent, in its sole discretion, may, but shall not be obligated to, cause a corresponding amount to be made available to the Issuer on such day. If the Noteholder Agent makes such corresponding amount available to the Issuer and such corresponding amount is not in fact made available to the Noteholder Agent by such Purchaser, the Noteholder Agent shall be entitled to recover such corresponding amount on demand from such Purchaser together with interest thereon, for each day from the date such payment was due until the date such amount is paid to the Noteholder Agent, at the Note Interest Rate. During the period in which such Purchaser has not paid such corresponding amount to the Noteholder Agent, notwithstanding anything to the contrary contained in this Note Purchase Agreement or any other Basic Document, the amount so advanced by the Noteholder Agent to the Issuer shall, for all purposes hereof, be a purchase of Additional Note Principal Balances made by the Noteholder Agent for its own account. Upon any such failure by a Purchaser to pay the Noteholder Agent, the Noteholder Agent shall promptly thereafter notify the Issuer of such failure and the Issuer shall immediately pay such corresponding amount to the Noteholder Agent for its own account.

(iii) Nothing in this Section 2.01(b) shall be deemed to relieve the Committed Purchaser from its obligations to fulfill its Commitment hereunder or to prejudice any rights that the Noteholder Agent or the Issuer may have against the Committed Purchaser as a result of any default by such Committed Purchaser hereunder. The Issuer shall have no obligation under or arising out of this Section 2.01(b).

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 Thacher

Proffitt & Wood, Two World Financial Center, New York, New York 10281 on September 22, 2005, 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 Conduit Purchaser may, and the Committed 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 Purchasers and the Noteholder Agent shall have received evidence reasonably satisfactory to them of the completion of all recordings, registrations, and filings as may be necessary or, in the reasonable opinion of the Purchasers, 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, each of the Purchasers shall have completed their initial due diligence review with respect to the Loans and the Loan Originator and determined, in such Purchaser's sole discretion, that both the Loans and the

origination, servicing and business practices of the Loan Originator are reasonably acceptable to such Purchaser; and

(viii) The Purchasers shall have received, in form and substance reasonably satisfactory to the Purchasers, 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).

(b) The price paid by the Purchasers 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) Each 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 any 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 each Purchaser's records shall be binding upon the parties hereto, notwithstanding any notation or record made or kept by any other party hereto.

(d) Each 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.

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 Committed 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 Purchasers shall have received, in form and substance reasonably satisfactory to the Purchasers, 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 Purchasers favorable opinions, dated as of the Closing Date and reasonably satisfactory in form and substance to the Purchasers and their counsel. In addition to the foregoing, the Loan Originator shall have caused its counsel to deliver to the Purchasers 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 Purchasers a favorable opinion, dated as of the Closing Date and reasonably satisfactory in form and substance to the Purchasers and their 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 Purchasers 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 Purchasers may reasonably request, dated as of the Closing Date and reasonably satisfactory in form and substance to the Purchasers and their counsel.

(g) Filings and Recordations. Each 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 Purchasers, 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 Purchasers, 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 Purchasers, 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 Purchasers shall have received a duly executed counterpart of each of the Basic Documents, in form reasonably acceptable to the Purchasers, 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. Each 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. Each 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 Purchasers such other opinions, information, certificates and documents as the Purchasers 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 Purchasers and their 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 Purchasers shall have received control agreements relating to the Trust Accounts reasonably satisfactory to the Purchasers.

(r) Underwriting Guidelines. The Purchasers 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 Purchasers 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 Purchasers, this Note Purchase Agreement may be terminated by the Purchasers by notice to the Loan Originator at any time at or prior to the Closing Date, and the Purchasers 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 Purchasers, as of the Closing Date, and as of each Transfer Date and the Purchasers 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, individually or in the aggregate, have a material adverse effect on (a) the interests of the Purchasers, (b) the legality, validity or enforceability of this Note Purchase Agreement or any other Transaction Document or the rights or remedies of the Purchasers 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 Transaction 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 either 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 Purchasers 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 Purchasers 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 2005-7, 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 Purchasers, 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.

SECTION 5.02 Securities Act. Assuming the accuracy of the representations and warranties of and compliance with the covenants of the Purchasers, 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 Purchasers 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(a) 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 Purchasers 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 PURCHASERS

Each 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. Each 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. Each 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 Purchasers of this Note Purchase Agreement and the consummation by the Purchasers of the transactions contemplated hereby have been duly and validly authorized by all necessary organizational action on the part each Purchaser. This Note Purchase Agreement has been duly and validly executed and delivered by the Purchasers and constitutes a legal, valid and binding obligation of each Purchaser, enforceable against each 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 Purchasers of this Note Purchase Agreement nor the consummation by the Purchasers of any of the transactions contemplated hereby, nor the fulfillment by the Purchasers of the terms hereof, will conflict with, or violate, result in a breach of or constitute a default under any term or provision of such Purchaser's organizational documents or any Governmental Rule applicable to such Purchaser.

SECTION 6.03 Securities Act. The Purchasers hereby represents and warrants to the Issuer and the Depositor as of the date of this Note Purchase Agreement, as follows:

(a) Each 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. Each 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) Each 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 each 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 Purchasers understand 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 each 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 each 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 each such Purchaser is a party or by which each such Purchaser is bound or of any statute, order or regulation applicable to each such Purchaser of any court, regulatory body, administrative agency or governmental body having jurisdiction over each such 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. Each 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. Each 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 each such Purchaser that materially and adversely affects, the ability of each 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 Purchasers:

(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 Purchasers may from time to time reasonably request;

(c) as soon as possible and in any event within two (2) 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 thirty (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 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 Purchasers, 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 Purchasers 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 Purchasers 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 Purchasers.

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 Purchasers and any subsequent purchaser therefrom of Additional Note Principal Balance, if the Purchasers 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.

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 Purchasers, 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 Purchasers, (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 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. Each 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 Noteholder Agent. The Noteholder Agent 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 Noteholder Agent 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 Noteholder Agent 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 Purchasers. 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 Purchasers 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 Purchasers.

(b) The Purchasers 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 Purchasers of participating interests to a Participant, the Purchasers' rights and obligations under this Note Purchase Agreement shall remain unchanged, the Purchasers shall remain solely responsible for the performance thereof, and the Issuer and the Depositor shall continue to deal solely and directly with the Purchasers and shall have no obligations to deal with any Participant in connection with the Purchasers' 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 each 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 each 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 Purchasers hereby covenant and agree that they will not institute against the Issuer or the Depositor or the Conduit Purchaser, or join in any institution against the Issuer or the Depositor or the Conduit 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 -- Purchasers and Depositor.

(a) The obligations of the Purchasers under this Note Purchase Agreement, or any other agreement, instrument, document or certificate executed and delivered by or issued by the Purchasers or any officer thereof are solely the partnership or corporate obligations of the Purchasers, 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 Purchasers or any officer thereof in connection therewith, against any stockholder, limited partner, employee, officer, director or incorporator of the Purchasers.

(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 Purchasers, by accepting the Purchased Notes, acknowledge 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 Administrative Agent. The Conduit Purchaser hereby irrevocably appoints and authorizes the Administrative Agent to perform the duties of the Conduit Purchaser. As to any matters not expressly provided for by this Note Purchase Agreement or the other Basic Documents, the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Conduit Purchaser; provided, however, that the Administrative Agent shall not be required to take any action which, in the reasonable opinion of the Administrative Agent, exposes the Administrative Agent to liability or which is contrary to this Note Purchase Agreement or any other Basic Document or applicable law. The duties of the Administrative Agent shall be mechanical and administrative in nature. The Administrative Agent shall not have by reason of this Note Purchase Agreement or any other Basic Document a fiduciary relationship in respect of any Noteholder. Nothing in this Note Purchase Agreement or any other Basic Document, express or implied, is intended to or shall be construed to impose upon the Administrative Agent any obligations in respect of this Note Purchase Agreement or any other Basic Document except as expressly set forth herein or therein. The Administrative Agent and its directors, officers, agents or employees shall not be liable for any action taken or omitted to be taken by it under or in connection with this Note Purchase Agreement or any other Basic Document unless such action or inaction shall constitute gross negligence or willful misconduct on the part of the Administrative Agent or its directors, officers, agents or employees. The Administrative Agent may at any time request instructions from the Conduit Purchaser with respect to any actions or approvals which by the terms of this Note Purchase Agreement or any other Basic Document the Administrative Agent is permitted or required to take or to grant, and if such instructions are promptly requested, the Administrative Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval under any of the other Basic Document until it shall have received such instructions from the Conduit Purchaser. Without limiting the foregoing, the Conduit Purchaser shall not have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting under this Note Purchase Agreement, the Notes or any of the other Basic Document in accordance with the instructions of the Conduit Purchaser.

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 2005-7, 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 2005-7

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/ CR Fulton

Name: Charles R. Fulton
Title: Assistant Secretary

HSBC Bank USA, N.A.,
as Committed Purchaser

By: /s/ Peter Nealon

Name: Peter Nealon
Title:

Bryant Park Funding LLC,
as Conduit Purchaser

By: /s/ Andrew Yearde

Name: Andrew Yearde
Title:

HSBC Securities (USA) Inc.,
as Noteholder Agent

By: /s/ Thomas Carrol

Name: Thomas Carrol
Title:

HSBC Securities (USA) Inc.,
as Administrative Agent

By: /s/ Thomas Carrol

Name: Thomas Carrol
Title:

SCHEDULE I
INFORMATION FOR NOTICES

1. if to the Issuer:

Option One Owner Trust 2005-7
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: William O'Neill
Telecopy number: (949) 790-7540
Telephone number: (949) 790-7504

2. if to the Depositor:

Option One Loan Warehouse Corporation
3 Ada Road
Irvine, California 92618
Attention: William O'Neill
Telecopy number: (949) 790-7540
Telephone number: (949) 790-7504

3. if to the Purchasers:

HSBC Bank USA, N.A.
452 Fifth Avenue
New York, New York 10018
Attention: Peter Nealon
Telecopy number: (212) 525-2479
Telephone number: (212) 525-8141

Bryant Park Funding LLC
c/o Global Securitization Services, LLC
445 Broad Hollow Road, Suite 239
Melville, New York 11747
Attention: Andrew Yearde
Telecopy number: (212) 302-5151

Telephone number: (212) 302-8767

4. if to the Noteholder Agent:

HSBC Securities (USA) Inc.
452 Fifth Avenue
New York, New York 10018
Attention: Thomas Carroll
Telecopy number: (646) 366-3476
Telephone number: (212) 525-2059

5. if to the Administrative Agent:

HSBC Securities (USA) Inc.
452 Fifth Avenue
New York, New York 10018
Attention: Thomas Carroll
Telecopy number: (646) 366-3476
Telephone number: (212) 525-2059

Schedule I

Exhibit 10.7

INDENTURE

between

OPTION ONE OWNER TRUST 2005-7
as Issuer

and

WELLS FARGO BANK, N.A.
as Indenture Trustee

Dated as of September 1, 2005

OPTION ONE OWNER TRUST 2005-7
MORTGAGE-BACKED NOTES

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INDENTURE

INDENTURE dated as of September 1, 2005 (the "Indenture"), between OPTION ONE OWNER TRUST 2005-7, a Delaware statutory trust, as Issuer (the "Issuer"), and WELLS FARGO BANK, N.A., as Indenture Trustee (the "Indenture Trustee").

WITNESSETH THAT:

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 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.

"Additional Note Principal Balance" has the meaning set forth in the Sale and Servicing Agreement.

"Administration Agreement" means the Administration Agreement dated as of September 1, 2005, 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" 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 September 22, 2005.

"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 2005-7, 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 2005-7, 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.

"Issuer" means Option One Owner Trust 2005-7.

"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 Option One Mortgage Corporation, a California corporation.

"Majority Certificateholders" has the meaning set forth 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" 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.

"Note Purchase Agreement" means the Note Purchase Agreement dated as of September 1, 2005, among the Issuer, HSBC Securities (USA) Inc., as Noteholder Agent, HSBC Bank USA, N.A. as Committed Purchaser, Bryant Park Funding LLC, as Conduit Purchaser and HSBC Securities (USA) Inc., as Administrative Agent.

"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 Noteholder Agent.

"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 Noteholder Agent 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 among the Issuer, the Depositor, Option One and the Indenture Trustee, dated the date hereof 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 Sale and Servicing Agreement dated as of September 1, 2005, among the Issuer, the Depositor, the Loan Originator and 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 September 1, 2005, 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 2005-7 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 Noteholder Agent.

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.

(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 Noteholder Agent 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 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, 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 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 Noteholder Agent 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 Noteholder Agent

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 120 days after the end of each fiscal year of the Issuer (commencing with the fiscal year beginning on May 1, 2006), 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 Noteholder Agent prompt written notice of each Event of 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 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. "Events 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 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 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 the 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 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, 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, 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, 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, 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, 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 to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official 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, the Depositor or the 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 the Loan Originator in furtherance of any of the foregoing; or

(i) a Change of Control of the Loan Originator; or

(j) the Notes shall be Outstanding on the day after the end of the Revolving Period.

The Loan Originator shall deliver to the Noteholders and Noteholder Agent written notice of any Event of Default, as set forth under clauses (a) through (j) above. 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 Purchasers 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 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 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, 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) (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 Security holders, 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), 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 Person, as evidenced by an Opinion of Counsel delivered to the Indenture Trustee by the Noteholder Agent 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 Noteholder Agent 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 Noteholder Agent in its sole discretion at any time. Upon removal of the Paying Agent, the Noteholder Agent 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 Noteholder Agent 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 Noteholder Agent, 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 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 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, 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 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 2005-7, 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 2005-7, 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. Third Party Beneficiary. The Noteholders and Noteholder Agent shall be third-party beneficiaries to the provisions of this Indenture, and shall be entitled to rely upon and directly enforce such provisions of this Indenture as if parties hereto.

Section 11.18. 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 2005-7, 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 2005-7

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/ Reid Denny

Name: Reid Denny
Title: Vice President

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 2005-7, 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 September, 2005.

Notary Public

(Seal)
My commission expires:

- ---

STATE OF _____)
)ss.:
COUNTY OF _____)

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 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 _____, 2005.

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.

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 2005-7

MORTGAGE-BACKED NOTES

OPTION ONE OWNER TRUST 2005-7, 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 September 1, 2005 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 September 1, 2005 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: September____, 2005

OPTION ONE OWNER TRUST 2005-7

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: September____, 2005

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. 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, 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 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, 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 September, 2005
of OPTION ONE OWNER TRUST 2005-7

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 2005-7

Re: Option One Owner Trust 2005-7

Reference is hereby made to the Indenture dated as of September 1, 2005 (the "INDENTURE") between Option One Owner Trust 2005-7 (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 September 1, 2005 among the Trust, Option One Loan Warehouse Corporation (the "DEPOSITOR"), Option One Mortgage Corporation (the "SERVICER" and 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 2005-7

Re: Option One Owner Trust 2005-7

In connection with our proposed purchase of $ _____ Note Principal Balance Mortgage-Backed Notes (the "OFFERED NOTES") issued by Option One Owner Trust 2005-7, 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 September 1, 2005 between Option One Owner Trust 2005-7 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 2005-7

Re: Option One Owner Trust 2005-7

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 2005-7 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 September 1, 2005 between Option One Owner Trust 2005-7 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 10.8

OMNIBUS AMENDMENT NO. 1

This Omnibus Amendment No. 1 (the "Amendment"), dated as of September 8, 2005, among OPTION ONE OWNER TRUST 2002-3, a Delaware statutory trust, UBS REAL ESTATE SECURITIES INC. (f/k/a UBS Warburg Real Estate Securities Inc.), a Delaware corporation, and OPTION ONE MORTGAGE CORPORATION, a California corporation, amends the following agreements (the "Amended Agreements"):

(A) AMENDED AND RESTATED NOTE PURCHASE AGREEMENT, dated as of March 18, 2005, among Option One Owner Trust 2002-3 (the "Company"), UBS Real Estate Securities Inc. (the "Note Purchaser"), and Option One Mortgage Corporation ("OOMC", or the "Loan Originator") (the "Note Purchase Agreement"); and

(B) PRICING SIDE LETTER, dated as of March 18, 2005, among the Company, the Note Purchaser and the Loan Originator (the "Pricing Side Letter").

This Amendment shall constitute Amendment No. 1 to the Note Purchase Agreement and Amendment No. 1 to the Pricing Side Letter.

A. Amendment to the Note Purchase Agreement

1. The definition of "Commitment Term" in Section 1.1 of the Note Purchase Agreement is hereby deleted in its entirety and replaced with the following:

> "'Commitment Term'" shall mean that period of time commencing on September 9, 2005 and continuing until the earlier of (i) September 8, 2006 (or, if applicable, such later date as may be in effect from time to time pursuant to Section 2.10(d)), and (ii) the date upon which the Obligations are declared to be, or become, due and payable in full in accordance with Article X."

B. Amendment to the Pricing Side Letter

1. The section heading numbers following Section 2 are hereby renumbered as follows: "Section 2 - Removal of Mortgage Loans from the Facility" shall read "Section 3 - Removal of Mortgage Loans from the Facility"; "Section 3 - Negative Pledge of Hedging Agreements" shall read "Section 4 - Negative Pledge of Hedging Agreements"; "Section 4 - Confidential Information" shall read "Section 5 - Confidential Information"; "Section 5 - No Recourse" shall read "Section 6 - No Recourse"; and "Section 6 - General Provisions" shall read "Section 7 - General Provisions".

2. Section 2 of the Pricing Side Letter is hereby deleted in its entirety and replaced with the following:

"Section 2 - Minimum Usage

The Company and OOMC hereby acknowledge that the Note Purchaser is entering into this facility with the understanding that the Note Purchaser expects to receive at least $6,563,744.82 (the "Minimum Usage Fee") in spread ("spread" being the cumulative dollar amount of that portion of the Note interest represented by the Margin) during the Commitment Term (i.e., on or prior to September 8, 2006). If, by the end of the Commitment Term, the total spread paid to the Note Purchaser is less than the Minimum Usage Fee, then the Company and OOMC, jointly and severally, shall pay to the Note Purchaser, on the last day of the Commitment Term, an amount equal to such shortfall."

C. General Provisions

1. Defined Terms. Unless defined in this Amendment, capitalized terms used in this Amendment shall have the meaning given such terms in the Amended Agreements.

2. Expenses. The Loan Originator agrees to pay and reimburse the Note Purchaser for all of the reasonable out-of pocket costs and expenses incurred by the Note Purchaser in connection with the preparation, execution and delivery of this Amendment, including, without limitation, the reasonable fees and disbursements of Dewey Ballantine LLP, counsel to the Note Purchaser.

3. Liability. It is expressly understood and agreed by the parties that (a) this Amendment 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 Company 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 Company 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 Company or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Company hereunder or under any other related documents. Nothing expressed or implied in the preceding sentence, however, shall alter the terms and conditions of Section 7.1 of the Trust Agreement.

4. Condition to Effectiveness. As a condition to the effectiveness of this Amendment, the Note Purchaser shall have given its consent.

5. Effect of Amendment. Upon the execution of this Amendment and the attached consent of Note Purchaser, the Agreement shall be modified and amended in accordance herewith and the respective rights, limitations, obligations, duties, liabilities and immunities of each party to the Agreement shall hereafter be determined, exercised and enforced subject in all respects to such modifications and amendments, and all the terms and conditions of this Amendment shall be part of the terms and conditions of the Agreement for any and all purposes as of the date first set forth above. The Agreement, as amended hereby, is hereby ratified and confirmed in all respects.

6. The Amended Agreements in Full Force and Effect as Amended. Except as specifically amended hereby, all the terms and conditions of the Amended Agreements shall remain in full force and effect and, except as expressly provided herein, the effectiveness of this Amendment shall not operate as, or constitute a waiver or modification of, any right, power or remedy of any party to the Amended Agreements. All references to the Amended Agreements in any other document or instrument shall be deemed to mean the Amended Agreements as amended by this Amendment.

7. Counterparts. This Amendment may be executed by the parties in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. This Amendment shall become effective when counterparts hereof executed on behalf of such party shall have been received.

8. Governing Law. This Amendment shall be construed in accordance with and governed by the laws of the State of New York applicable to agreements made and to be performed therein.

[Remainder of page left intentionally blank.]

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

OPTION ONE OWNER TRUST 2002-3,
as the Company

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

UBS REAL ESTATE SECURITIES INC.,
as the Note Purchaser

By: /s/ Robert Carpenter

Name: Robert Carpenter
Title: Executive Director

By: /s/ George A. Mangiaracina

Name: George A. Mangiaracina
Title: Managing Director

OPTION ONE MORTGAGE CORPORATION
as the Loan Originator

By: /s/ CR Fulton

Name: Charles R. Fulton
Title: Vice President

OTHER INCOME LICENSE AGREEMENT
(PRODUCTS AND/OR SERVICES)

This Agreement is entered into this 19th day of September, 2005, ("Effective Date") between Wal-Mart Stores, Inc. its affiliates, successors and assigns ("Wal-Mart"), a Delaware corporation with offices at 1300 S.E. 8th Street, Bentonville, Arkansas and H&R Block Services, Inc., on its behalf, and on behalf of its affiliates, franchisees, subsidiaries, successors, and assigns ("Licensee"), with offices at 4400 Main Street, Kansas City, Missouri 64111.

WHEREFORE, Wal-Mart agrees to make space available in certain Wal-Mart stores for Licensee's tax return preparation services and Licensee agrees to pay fees and commission to Wal-Mart upon the following terms and conditions:

1. Definitions:

(a) "Promotion" means the tax preparation services offered and provided by Licensee and its franchisees.

(b) "Site(s)" means an area of space measured at Six (6) Feet deep by Fifteen (15) Feet wide in which is placed a kiosk with privacy screens at least Five (5) Feet high around the tax preparation areas.

(c) "Tax Season" means the period beginning on or about the 15th day of January through the 18th day of April of the relevant year.

(d) "Full Tax Season" begins on or about the 15th day of January and ends on April 18th or such later date as the Internal Revenue Service permits the filing of federal income tax returns without an extension of the relevant Tax Season.

(e) "Peak Tax Season" begins on or about the 15th day of January and ends on March 1st of the relevant Tax Season.

(f) "Tax Timeline" is a timeline describing the various phases and requirements, and the deadlines for each, in which Licensee and Wal-Mart shall determine which Wal-Mart stores Licensee or its franchisees may conduct the Promotion for the relevant Tax Season. An example of a Tax Timeline is attached to, and incorporated into, this Agreement as Exhibit B.

2. LICENSE. WAL-MART HEREBY GRANTS TO LICENSEE, SUBJECT TO THE TERMS OF THIS AGREEMENT, THE RIGHT TO OFFER AND CONDUCT TAX PREPARATION SERVICES AT VARIOUS WAL-MART STORES ON DATES SPECIFIED IN THE RELEVANT TAX TIMELINE. AT NOT TIME DURING THE TERM OF THIS AGREEMENT MAY THIS LICENSE COMMENCE LATER THAN JANUARY 2ND OF THE RELEVANT TAX SEASON. .

3. Service.

(a) Wal-Mart shall provide Licensee with the Tax Timeline no later than April 1st of the year preceding the relevant Tax Season.

(b) Licensee shall comply with all deadlines provided in the relevant Tax Timeline.

(c) Wal-Mart shall, on or about the date specified in the relevant Tax Timeline, provide Licensee with a list of stores in which Licensee or its franchisees are granted a license to conduct the Promotion for the relevant Tax Season (the "Final List").

(d) Licensee shall conduct the Promotion at a Site on one of the Pre-approved Locations. Exhibit C, attached and incorporated into this Agreement, sets forth pre-approved locations within any store on the Final List at which a Site may be located ("Pre-approved Location(s)").

(i) Wal-Mart has no obligation to provide, for any reason whatsoever, a substitute location for the Site other than one of the Pre-approved Locations.

(ii) If Wal-Mart reasonably determines that a Site requires relocation to another Preapproved Location but fails to notify the Licensee prior to the installation of telecommunications at original location, Wal-Mart will reimburse Licensee for any direct costs incurred, including the cost of moving and re-establishing telecommunications at the new Preapproved Location.

(iii) At no time, and regardless of where the Site is located, Wal-Mart shall not be liable to Licensee or its franchisees for any loss including, but not limited to, lost profits incurred by Licensee or its franchisees.

(e) Licensee will be released, at its option, from its obligations under this Agreement to conduct the Promotion at a particular store on the Final List if:

(i) The Site is located or relocated in an area other than a Pre-approved Location, or

(ii) Licensee's franchisee fails to sign an agreement with Licensee under which the franchisee is contractually obligated to Licensee to conduct the Promotion at a store on the Final List and Licensee notifies Wal-Mart, in writing, of this failure within three (3) weeks after the Effective Date.

(iii) If the Site is located or relocated in an area other than a Pre-approved Location after telecommunications are installed, and if Licensee opts to be released from its obligations under this Agreement to conduct the Promotion at that particular store, Licensor will reimburse Licensee for any direct costs incurred in the installation of telecommunications at the Pre-approved Location.

(iv) Wal-Mart shall not be liable to Licensee or its franchisees for any loss including, but not limited to, lost profits directly or indirectly incurred by Licensee or its franchisees as a result of this sub-paragraph.

(f) If Wal-Mart elects to close a store included on the Final List prior to or during the relevant Tax Season, Wal-Mart shall use commercially reasonable efforts to provide Licensee with a substitute location; however, Wal-Mart shall not be liable, under any circumstances, for any loss (including, but not limited to, lost profits) sustained by Licensee or its franchisees if a substitute location is not provided. In the event a substitute location is not provided, Licensee will be released from any obligation in this Agreement to pay future license fees or future

commissions related to that closed store. Furthermore, Wal-Mart shall return to Licensee the pro rata share of any license fee paid in advance of Licensee's use of the license.

(g) Licensee shall operate the Site(s) Monday through Saturday each week of the relevant Tax Season at least ten (10) hours a day and for at least five (5) hours a day on each Sunday in the relevant Tax Season, unless prohibited by local law. Any variance in working hours must have the prior approval of the Wal-Mart store manager.

(h) Licensee may elect to cease the Promotion at one or more Site(s) during the relevant Tax Season provided that Licensee provide the Wal-Mart Other Income Department with prior notice of each Site Licensee elects to cease the Promotion no later than February 20th of the relevant Tax Season. Licensee shall remain liable under this Agreement for all obligations to pay license fees and commissions for any Site at which it elects to cease its Promotion, just as if the Promotion was conducted at the Site(s) for the Full Tax Season.

(i) Wal-Mart makes no guaranties that Licensee or its franchisees will be allowed to conduct the Promotion in the same stores each Tax Season. Licensee shall, at its own expense, conduct within sixty (60) days following the end of the relevant Tax Season, a survey of store managers at which the Promotion was held that measures the store managers' satisfaction with the Promotion and shall share the results of this survey with the Wal-Mart Other Income Department. Wal-Mart shall have the right to approve the survey design and substance.

4. Term. This Agreement commences on the latter date on which signed by both parties and continues through the 30th day of May 2007, unless terminated earlier in accordance with the provisions of Section 19. This Agreement may not be renewed or extended.

5. Indemnification.

(a) Supplier agrees to indemnify, defend and hold harmless Wal-Mart, its affiliates, subsidiaries, successors and assigns and their officers, directors, agents and employees, from and against any and all losses, damages, injuries, claims, suits, demands, judgments, decrees, costs, expenses, and liabilities, including but not limited to reasonable attorneys' fees and court costs, for property damage, economic injury, and personal injury, including death, which may be suffered, incurred or asserted by any person in connection with or arising out of any act or omission of Supplier its affiliates, subsidiaries, employees, franchisees, agents, or assigns from the breach of this Agreement, and/or from the operation of the Promotion.

(b) Wal-Mart agrees to indemnify, defend and hold harmless Supplier, its affiliates, franchisees, subsidiaries, successors and assigns and the officers, directors, agents and employees of each from and against any and all losses, damages, injuries, claims, suits, demands, judgments, decrees, costs, expenses and liabilities, including, but not limited to, reasonable attorneys' fees and court costs, for property damage and personal injury, including death, which may be suffered, incurred or asserted by any person arising solely out of any act or omission of Wal-Mart, and/or the operation of the Store in which the Site is located. It being expressly understood that under no circumstances will Wal-Mart be liable to Supplier, its affiliates, subsidiaries, employees, franchisees, agents, or assigns for lost profits.

(c) Each party receiving notice of matter that raises the obligation to indemnify, defend, or hold harmless by either party shall promptly notify the other party. The party with the obligation under this Agreement to indemnify, defend, and hold harmless immediately shall take necessary and appropriate action to protect the interests of the other party. Any counsel, whom Supplier provides to Defend Wal-Mart, its affiliates, subsidiaries, successors and assigns and their officers, directors, agents and employees, shall accept, and acknowledge receipt of, Wal-Mart's Indemnity Counsel Guidelines ("Guidelines") and shall conduct the Defense of Wal-Mart, its affiliates, subsidiaries, successors and assigns and their officers, directors, agents and employees, strictly in accordance with the Guidelines. If Wal-Mart determines that a conflict of interest exists, Wal-Mart may request Supplier replace or cause to be replaced the counsel. If the counsel is not timely replaced, Wal-Mart may replace the counsel, and Supplier, as part of its Indemnity obligation under this Agreement, shall pay to the new counsel or reimburse to Wal-Mart any and all fees and expenses as to the new counsel, including all expenses or costs to change counsel. At all times, each indemnified party shall have the right to direct its defense, including the right to accept or reject any terms and conditions requisite to the resolution of any matter for which the other party is indemnifying, defending, and holding harmless the indemnified party, its affiliates, franchisees, subsidiaries, successors and assigns and their officers, directors, agents and employees.

(d) All indemnities, waivers, and obligations to defend in this Agreement are and shall be (i) independent of, and will not be limited by, each other or any insurance obligations in this Agreement (whether or not complied with) or damages or benefits payable under workers' compensation or other statutes and (ii) will survive the termination of this Agreement. The indemnity, waiver, and obligation to defend provisions in this Agreement shall include all applicable law affecting the validity or enforceability of those provisions, and the applicable law will operate to amend those provisions to the minimum extent necessary to bring the provisions into conformity with the applicable law. The provisions, as modified, shall continue in full force and effect. ALL INDEMNITIES, WAIVERS, AND OBLIGATIONS TO DEFEND IN SECTION 4 OF THIS AGREEMENT SHALL BE ENFORCED TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW FOR THE BENEFIT OF THE PARTY BEING INDEMNIFIED.

6. Insurance.

(a) Coverage. Licensee shall procure and maintain during the term of this Agreement, at Licensee's sole cost and expense, from companies with a rating of B+ or better and a financial Size Category rating of VII or better, as rated in the A.M. Best Key Rating Guide for Property and Casualty Insurance Companies, the following insurance in the amounts and with the conditions set forth:

(i) Workers' Compensation insurance with statutory limits or if no statutory limits exist, with minimum limits of Five Hundred Thousand Dollars ($500,000) per occurrence.

(ii) Employer's Liability insurance with minimum limits of Five Hundred Thousand Dollars ($500,000) for each employee for bodily injury by accident and for each employee for bodily injury by disease.

(iii) Commercial General Liability insurance, including Personal and Advertising Injury, Environmental Liability, Products-Completed Operations, Bodily Injury, and Property Damage, with minimum limits of Five Hundred Thousand Dollars ($500,000) per occurrence, One Million Dollars ($1,000,000) general aggregate, Five Hundred Thousand Dollars ($500,000) products-completed operations aggregate, and Five Hundred Thousand Dollars ($500,000) personal and advertising injury per occurrence. Licensee shall obtain an endorsement to each insurance policy to provide aggregate limits per location.

(iv) Business Automobile Liability insurance with minimum combined single limits of Five Hundred Thousand Dollars ($500,000). Licensee shall cause each insurance company to provide coverage for liability arising out of the operation of owned, hired, and non-owned vehicles.

(v) Contractual Liability insurance with minimum limits of One Million Dollars ($1,000,000) per occurrence, and Two Million Dollars ($2,000,000) general aggregate. Licensee shall obtain an endorsement to each insurance policy to provide aggregate limits per location. The contractual liability insurance shall not be limited to coverage for the Indemnity, Waiver, and obligation to Defend provisions in this Agreement, but, instead, the contractual liability insurance shall cover all of Licensee's obligations to the fullest extent possible under the contractual liability endorsement. Further, the contractual liability insurance shall not limit, in any way, coverage provided to Wal-Mart and its subsidiaries, affiliates, officers, directors, employees, and agents as additional insureds under each of Licensee's insurance policies.

(vi) Umbrella/Excess Liability Insurance with minimum limits of Two Million Dollars ($2,000,000). Licensee shall cause each insurance company to provide the insurance on an umbrella basis in excess over and no less broad than the liability coverage required in this Agreement, with the same inception and expiration dates as Commercial General Liability insurance, and with coverage that "drops down" for exhausted aggregate limits under liability coverage in this Agreement and to issue an endorsement with aggregate limits of insurance per location.

(b) Requirements. Licensee shall cause each insurance company (i) to issue the insurance on an occurrence basis, (ii) to provide defense as an additional benefit and not within the limits of liability, (iii) to issue an endorsement to all policies that the policies are primary and that Wal-Mart's policies are excess, secondary and noncontributing, (iv) to issue an endorsement to all policies to provide a waiver of subrogation in favor of Wal-Mart, (v) to issue an endorsement to all policies, except the workers' compensation and employer's liability insurance policies, to include Wal-Mart and its subsidiaries, affiliates, officers, directors, employees, and agents as "additional insureds," and (vi) to include in each insurance policy a provision that the insurance company or companies shall not cancel, non-

renew, or change coverage from the requirements of this Agreement without providing at least thirty (30) days advance written notice to Wal-Mart. The insurance company or companies shall not exclude from coverage the negligence, strict liability, or gross negligence, whether sole or otherwise, of the "additional insureds." Licensee releases Wal-Mart and its subsidiaries, affiliates, officers, directors, employees, and agents from any liability covered by the insurance for which subrogation is waived; the release applies to any liabilities, no matter how caused, not just to insurance proceeds actually received. Licensee shall provide to Wal-Mart at least thirty (30) days advance written notice of any contemplated cancellation, non-renewal, or change in insurance coverage. Licensee shall provide to Wal-Mart a certified copy of any and all insurance policies required in this Agreement if Wal-Mart requests a copy.

(c) Certificates. Licensee shall provide to Wal-Mart's Other Income Department on or before the Targeted Possession Date a certificate or certificates of insurance evidencing all required insurance in this Agreement and acceptable to Wal-Mart. All certificates, among other things, shall:

(i) Show Wal-Mart Stores, Inc., its subsidiaries and affiliates as a certificate holder and Wal-Mart's address as 702 S.W. 8th Street, Bentonville, Arkansas 72716.

(ii) Show Licensee as the Named Insured.

(iii) Show the names of the insurance companies providing each coverage, their addresses, the policy numbers of each coverage, and policy dates of each coverage.

(iv) Show the name of the person providing the certificate and that person's address and telephone number.

(v) Contain the signature of an authorized representative of the person providing the certificate.

(vi) Show that each insurance company named Wal-Mart and its subsidiaries, affiliates, officers, directors, employees, and agents as additional insureds in each insurance policy.

(vii) Confirm waivers of subrogation.

(viii) Show the primary status of each insurance policy and the aggregate limits per location.

(x) Not contain the phrases "endeavor to" and "but failure to mail such notice will impose no obligation or liability of any kind upon Company, its agents or representatives," or similar phrases

(ix) Contain the following express provision: "This is to certify that the policies of insurance described herein have been issued to the Insured for whom this certificate is executed and are in force at this time. In the event of cancellation, non-renewal, or material reduction in coverage affecting the certificate holder, 30 (thirty) days prior written notice will be given to the certificate holder by certified mail or registered mail, return receipt requested."

(x) Have any and all disclaimers deleted from the certificate.

(xi) Fax insurance certificate to the attention of: Wal-Mart Other Income Department Fax # (479) 273-4100

(d) Breach; Indemnity. Licensee's failure to procure and maintain the required insurance shall constitute a material breach of, and default under, this Agreement. Licensee shall indemnify, defend, and hold harmless Wal-Mart, its affiliates, subsidiaries, successors and assigns and their officers, directors, agents and employees, from and against any losses, damages, injuries, claims, suits, demands, judgments, decrees, costs, expenses, and liabilities, including but not limited to reasonable attorneys' fees and court costs, for property damage, economic injury, and personal injury, including death, which may be suffered, incurred or asserted by any person arising from Licensee's failure to procure and/or maintain the insurance.

7. Compliance.

(a) Compliance with Regulations. Licensee shall comply with all federal, state, and local laws, rules, orders, directives and regulations (collectively "Regulations") pertaining to its operations within the Site, including but not limited to the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. Section 621 et seq.; the Americans with Disabilities Act of 1990, 42 U.S.C. Section 12101 et seq.; the Child Labor Act, 29 U.S.C. Section 212 et seq.; the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000e et seq.; the Economic Dislocation and Worker Adjustment Act, 29 U.S.C. Section 565 et seq.; the Employee Polygraph Protection Act of 1988, 29 U.S.C. Section 2001 et seq.; the Equal Pay Act of 1963, 29 U.S.C. Section 201 et seq.; the Fair Labor Standards Act of 1938, as amended, 29 U.S.C. Section 201 et seq.; the Family and Medical Leave Act of 1993, 29 U.S.C. Section 2601 et seq.; the Immigration Reform and Control Act of 1986, 8 U.S.C. Section 1324a et seq.; the Occupational Safety and Health Act of 1970, 29 U.S.C. Section 553 et seq.; the Older Worker Benefit Protection Act, 29 U.S.C. Section 621 et seq.; and the Omnibus Budget Reconciliation Act of 1986, 29 U.S.C. Section 623 et seq. and all applicable banking laws, statutes, and regulations. Licensee waives any claim it may have against Wal-Mart regarding any changes Wal-Mart may make in the Store or the Site necessary to comply with such Regulations.

(b) Immigration Compliance. Licensee further warrants and covenants that as to all persons who work in the Site, Licensee has (i) complied, and shall at all times during the term of this Agreement comply, in all respects with the Immigration Reform and Control Act of 1986, as amended, the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, as amended, and all of the laws, rules and regulations relating thereto, (ii) properly maintained, and shall at all times during the term of this Agreement properly maintain, all records required by the United States Citizenship and Immigration Services (the "USCIS"), including, without limitation, the completion and maintenance of the Form I-9 for each of Licensee's employees, and shall at all times during the term of this Agreement respond, in a timely fashion to any inspection requests related to such I-9 Forms. During the term of this Agreement, Licensee shall, and shall cause its directors, officers, managers, agents and employees to, fully cooperate in all respects with any audit, inquiry, inspection or investigation that may be conducted by the USCIS of Licensee or any of its employees with respect to employees working in the Site. Wal-Mart may, in its sole discretion, terminate this

Agreement immediately if, at any time during the term, (i) Licensee violates or is in breach of any provision of this Section or (ii) the USCIS determines that Licensee has not complied with the Immigration Reform and Control Act of 1986, as amended, the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, as amended, or any of the laws, rules and regulations relating thereto.

(c) Compensation of Licensee's Employees. Licensee warrants that it shall comply with all federal, state, and local laws, ordinances, statutes, rules, and regulations governing the employment of its workers, including, but not limited to, Licensee warrants that it shall be responsible exclusively for all compensation, salary, and any other remuneration due to individuals who work in the Site. Licensee further warrants that should Wal-Mart be named as a respondent or defendant in any administrative or judicial proceeding based upon an alleged violation of any federal, state or local law, regulation or ordinance arising out of the Licensee's employment of individuals performing work at the Site under this Agreement, Licensee shall indemnify, defend and hold harmless Wal-Mart from any and all liability due to the Licensee's actions. If Licensee breaches this provision, Wal-Mart may terminate this Agreement immediately, in its sole discretion.

8. Independent Contractor. It is expressly understood and agreed that the relationship created between Licensee and Wal-Mart by this Agreement is that of independent contractor, and except as set forth in this Agreement, neither party shall have the right to direct and control the day-to-day activities of the other or to create or assume any obligation on behalf of the other party for any purpose whatsoever. Nothing in this Agreement shall be deemed to constitute the parties as partners, joint venturers, co-owners or otherwise as participants in a joint or common undertaking, and neither party shall be determined hereby to be the owner of the assets, customers, or business of the other. Except as set forth in this Agreement, all financial obligations associated with each party's business are the sole responsibility of that party.

9. Tax Numbers and Operator's Licenses. Licensee agrees to secure all sales tax numbers, operator's licenses, and local, state, and/or federal authorities may require any other licensing in accordance with applicable law as. Wal-Mart is not responsible for determining which tax numbers and licenses are required and shall not be liable for any fees, fines, or penalties imposed on Licensee for failure to obtain the necessary licenses and/or tax numbers. Licensee shall not use Wal-Mart's tax numbers and licenses. Licensee agrees it will pay all appropriate tax liabilities levied upon its operation of its Promotion.

10. Maintenance. Licensee shall be responsible for maintenance of the Site(s). Licensee shall keep the Site(s) clean, free of hazards, and safe for customers and associates. Licensee shall not be responsible for maintenance of any areas outside the Site(s) including, without limitation, any condition pertaining to the buildings or the areas in or about the buildings at which the Promotion is located.

11. Construction. Licensee shall be responsible for any and all expenses, related to the construction of the kiosks on the Sites, including but not limited to demolition, electrical,

carpentry, utilities, and plumbing. However, no changes to the premises will be allowed without the prior written consent of Wal-Mart. Licensee shall obtained all necessary permits required for construction and comply with all applicable building codes.

12. Utilities. Licensee shall be allowed to use existing electrical utility service at the store for basic operation of the Promotion at no additional charge over the amount set forth in section 16 below. Licensee, however, shall be responsible for its telephone equipment, installation, and charges.

13. Signage. At all locations where Licensee is conducting the Promotion, there shall exist conspicuous and clearly visible signage informing prospective customers: (a) that a free estimate for providing tax return preparation assistance to meet customers needs will be provided prior to the customer being committed to use Promotion services; (b) a toll free Telephone number where customers may address any problems and receive prompt response or resolution to the problem identified, and (c) the hours of operation. Wal-Mart hereby grants Licensee, its affiliates, its franchisees, and agents, reasonable rights of access necessary to install and maintain mutually agreed upon signage promoting the Promotion within or on the assigned kiosk space at the assigned store.

14. Liability and Responsibility for Equipment. Wal-Mart will not be responsible nor be held liable for any injury or damage to any person or property resulting from use, misuse, or failure of any equipment used by Licensee or any of its affiliates, subsidiaries, employees, franchisees, agents, or assigns even if such equipment is furnished, rented, or loaned to Licensee by Wal-Mart. The acceptance of use of any such equipment by Licensee or any of its employees or agents shall be construed to mean that Licensee accepts full responsibility for and agrees to indemnify Wal-Mart against any and all loss, liability, and claims for injury or damage whatsoever resulting from the use, misuse, or failure of such equipment.

15. Adoption of Wal-Mart Policy. Licensee shall ensure that any employee, agent, or representative assigned by Licensee to the Promotion will be suitable for the Promotion consistent with the first-class operations and facilities of Wal-Mart. Such employees shall at all times while on the Wal-Mart premises be appropriately attired, trained, and groomed and shall maintain a pleasant and courteous attitude toward customers. Wal-Mart shall provide a copy of the Wal-Mart Tenant Handbook ("Handbook") to Licensee. Licensee shall comply with and shall require its employees, agents, and representatives to comply with the guidelines set forth in the Handbook. At the request of Wal-Mart, Licensee shall reassign any of its employees, agents, or representatives that fail to comply with the provisions herein or notify it's franchisee of such request as appropriate. Licensee shall conduct the Promotion consistent with Wal-Mart's policy of guaranteeing customer satisfaction. Licensee shall conduct at least two (2) random personal visits of each Site during the tax season to ensure compliance with all Licensee's and Wal-Mart's rules and regulations.

16. License Fee; Commission; and Report.

(a) Licensee shall pay an annual license fee to Wal-Mart in three (3) equal installments on or before January 31st, February 28th, and March 31st of each Tax Season as follows:

(i) Supercenters: The annual license fee for Tax Season 2006 is $6300 per Site and increases to $6500 for Tax Season 2007.

(ii) Division 1 Stores: The annual license fee for Tax Season 2006 is $4600 per Site and increases to $4800 for Tax Season 2007.

(b) Licensee shall pay to Wal-Mart a commission on or before April 30th of each Tax Season as provided in the below schedule:

(i) Supercenters:

Number of Tax Returns Prepared Per Site	Commission Due
If between 401 and 650:	$ 500
If between 651 and 850	$1100
If between 851 and 1100	$1700
If between 1101 and 1300	$2300
If between 1301 and 1400	$2900
If more than 1401	$3500

(ii) Division 1 Stores:

Number of Tax Returns Prepared Per Site	Commission Due
If between 401 and 600	$ 500
If between 601 and 800	$1100
If between 801 and 1000	$1700
If more than 1000	$2300

(c) Licensee Reports showing the number of tax returns prepared for the month(s) shall be submitted on or before the date each commission is due. All reports shall be submitted to Wal-Mart leasing operations and all payments made via wire transfer to the following account: [BANK NUMBER, ROUTING NUMBER, ACCOUNT NUMBER]. H&R Block, Inc. guarantees all payments due to Wal-Mart hereunder. The failure to make timely payment of an amount due to Wal-Mart hereunder shall constitute a material breach of this Agreement.

(d) In the event that a Wal-Mart store designation is changed from a Division 1 or Supercenter to the other format during a Tax Season, then any amount due from Licensee pursuant to this Section 16 shall be determined for the entire Tax Season based upon the designation of such store as of January 15.

17. Audit. At Wal-Mart's expense, Wal-Mart may audit such books and records of Licensee its affiliates, subsidiaries, employees, franchisees, or assigns necessary to determine the number of federal tax returns prepared or gross revenue generated at each Site. Notwithstanding the foregoing, Wal-Mart shall not have access to or be entitled to review any taxpayer information, and all Customer files and Customer information shall remain the property of Licensee. Wal-Mart shall give Licensee at least seven days notice of any such audit, and all such audits shall be conducted during regular business hours unless the parties otherwise agree. Wal-Mart shall not attempt to schedule any audit to take place during the

Tax Season. The audit shall be conducted at the place where the records relating to tax returns prepared at the Site(s) are maintained.

18. Assignment/Transfer. The License granted by this Agreement is personal to the Licensee and is not assignable. Any attempt to assign this License or this Agreement terminates the license privileges granted herein. Notwithstanding the foregoing, Licensee may delegate to its franchisee(s) the responsibility of conducting the Promotion at certain Wal-Mart stores, but such a delegation does not relieve Licensee from its obligations under this Agreement.

19. Termination.

(a) This Agreement creates a license only. Licensee acknowledges that Licensee is not vested with and shall not claim any estate in the Site, location, or property by virtue of this Agreement or by virtue of Licensee's use of the Site, location, or property. Licensee acknowledges that in no event is the relationship between the parties a so-called "landlord-tenant" relationship, and Licensee irrevocably waives any tenant's rights or remedies available under otherwise applicable "landlord-tenant" laws.

(b) Termination of either this Agreement or the License granted herein terminates the other in the entirety.

(c) Either party may terminate this Agreement upon material breach by the other party if the breaching party fails to cure the breach within fifteen (15) days of receiving notice from the non-breaching party of such breach.

(d) Either party may terminate this Agreement without cause by providing written notice of the termination to the other party any time between April 16th and May 1st preceding the relevant Tax Season.

(e) Licensee shall remove all of its equipment and property from the Site(s) within the first fifteen (15) days following the termination of this Agreement. All costs of such removal are the responsibility of Licensee. In the event Licensee fails to remove its equipment, Wal-Mart may elect to consider any equipment or property to be abandoned and may dispose of the equipment or property by any reasonable means necessary to free the space. Wal-Mart shall charge Licensee all related costs.

20. Financial Services. Licensee covenants and warrants that neither it nor its affiliates, subsidiaries, employees, franchisees, agents, or assigns shall directly offer any financial services in any Wal-Mart store to Wal-Mart customers or shoppers other than the tax return preparation services that are provided as a part of the Promotion. Notwithstanding the foregoing, where allowed by law, Licensee may contact any of its clients outside of any Wal-Mart store about the client's interest in financial services and may offer in the course of the Promotion its refund settlement products including, without limitation, refund anticipation loans, refund anticipation checks, and IRA's. Any breach of this section shall be deemed a material breach of this Agreement entitling Wal-Mart to terminate this Agreement pursuant to Section 19.

21. Governing Law; Jurisdiction; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Arkansas, without regard to the internal law of Arkansas regarding conflicts of laws. The parties mutually consent and submit to the exclusive jurisdiction of the federal and state courts for Benton or Washington County, Arkansas, and agree that any action, suit or proceeding concerning this Agreement or any of the related agreements which may be entered into between Wal-Mart and Licensee shall be brought only in the federal or state courts for Benton or Washington County, Arkansas. The parties mutually acknowledge and agree that they will not raise, in connection with any such suit, action or proceeding brought in any federal or state court for Benton or Washington County, Arkansas, any defense or objection based upon lack of personal jurisdiction, improper venue, or inconvenience of forum. THE PARTIES ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THIS CLAUSE AND AGREE WILLINGLY TO ITS TERMS, AND LICENSEE ACKNOWLEDGES THAT IT HAS RECEIVED CONSIDERATION FOR AGREEING TO ITS TERMS.

22. Notices. Any notice of breach or termination of this Agreement by either party shall be in writing and addressed as follows and shall be deemed given when delivered in person or by courier or on the third business day after being mailed, postage prepaid, by certified mail, return receipt requested. Any other notice given in connection with this Agreement shall be in writing and addressed as follows and shall be deemed given when first class mail is received:

If to Wal*Mart: Wal-Mart Stores, Inc.
Attention: Leasing Operations
1300 SE 8th Street
Bentonville, AR 72716-0850

With a copy to: Wal-Mart Stores, Inc. Legal Department
Attention: General Counsel - Wal-Mart Stores Division
702 S.W. 8th Street
Bentonville, AR 72712-0185

If to Licensee: H&R Block Services, Inc.
Attention: Kelli Herr
4400 Main St.
Kansas City, MO 64111

With a copy to: H&R Block Services, Inc.
Attention: Legal Department
4400 Main St.
Kansas City, MO 64111

23. Use of Wal-Mart's Name. Licensee understands that listing Wal-Mart as a customer has value and therefore agrees that except as provided below, Licensee, its affiliates, subsidiaries, employees, franchisees, agents, or assigns will not use Wal-Mart's trade names,

trademarks, service names, service marks, or logos without Wal-Mart's prior written consent. In addition, neither Licensee nor its affiliates, subsidiaries, employees, franchisees, agents, or assigns, will list Wal-Mart as a customer in any press releases, advertisements, trade shows, posters, reference lists, or similar public announcements without Wal-Mart's prior written permission. However, permission will not be required for Licensee to communicate to its current or potential customers that Licensee is engaged in the Promotion at participating locations. Licensee may also verbally reference Wal-Mart as a customer in private conversations with or private letters to prospective Licensee customers. Wal-Mart agrees that it will not use the Licensee's name without Licensee's permission, other than to advertise the fact that Licensee is engaged in the Promotion at participating Wal-Mart stores. Wal-Mart shall not permit advertising at any store where a Site is located by any person or entity, other than Licensee, relating to the operation of a tax preparation or related business at any other Wal-Mart store.

24. Exclusivity. Wal-Mart has or may have relationships with other Wal-Mart Other Income Licensees, or other persons or entities, who or which are engaged in providing services and products similar to or competitive with the Promotion at certain Wal-Mart Stores; and Licensee has or may have relationships with other retailers to provide tax return preparation services at or from locations operated by such other retailers. Licensee and Wal-Mart agree that neither Wal-Mart's relationship with such other tax return preparation businesses, nor Licensee's relationship with such other retailers, gives rights of any kind to the other party to this Agreement. Notwithstanding the foregoing provisions of this Section, Wal-Mart agrees that it will not allow any person or entity other than Licensee to offer tax return preparation services (at any store from time to time designated on Exhibit A) provided, however, Wal-Mart shall not be prohibited from entering into relationships with other tax return preparation providers as to any stores listed on Exhibit A that Licensee has elected not to operate the Promotion at, or that Licensee has de-listed pursuant to paragraph 2 above, by September 18 of the year preceding the Tax Season.

25. Entire Agreement. This Agreement, together with any exhibits, schedules or other writing attached hereto or incorporated by reference herein, constitutes the entire agreement between the parties with respect to the subject matter of this Agreement, and all prior and contemporaneous negotiations, agreements, and understandings are hereby superseded, merged and integrated into this Agreement.

26. No Claim for Lost Profits. Licensee its affiliates, subsidiaries, employees, franchisees, agents, or assigns expressly waive any claim against Wal-Mart for lost profits and incidental and consequential damages in connection with this Agreement. Licensee its affiliates, subsidiaries, employees, franchisees, agents, or assigns agree that any damages as against Wal-Mart shall be limited to the amount paid to Wal-Mart hereunder, except that claims for indemnification under paragraph 4(b) shall not be subject to this limitation.

In witness whereof, Wal-Mart and Licensee hereto execute this Agreement on the date and year first written above.

Other Income License Agreement

Wal-Mart Stores, Inc.

By: /s/ Glenn Habern

Glenn Habern
Title: Senior Vice President,
New Business Development

H&R Block Services, Inc.

By: /s/ Betsy L. Stephens

Betsy L. Stephens
Title Senior Vice President,
Products & Distribution

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is entered into as of the 27th day of September, 2005, by and between HRB Management, Inc., a Missouri Corporation (the "Company"), and Jeff Nachbor ("Executive").

ARTICLE ONE
EMPLOYMENT

1.01 - Agreement as to Employment. Effective _____ (the "Employment Date"), the Company hereby employs Executive to serve in the capacity set forth in Section 1.02, and Executive hereby accepts such employment by the Company, subject to the terms of this Agreement. The Company reserves the right, in its sole discretion, to change the title of Executive at any time.

1.02 - Duties.

(a) Executive is employed by the Company to serve as its Senior Vice President - Corporate Controller, subject to the authority and direction of the Board of Directors of the Company and the Chief Financial Officer - Executive Vice President of H&R Block, Inc. a Missouri Corporation. Subject to the foregoing, Executive will have such authority and responsibility and duties as stated in the job description for the position of Senior Vice President - Corporate Controller, which has been provided to Executive on or before the Employment Date. The Company reserves the right to modify, delete, add, or otherwise change Executive's job responsibilities and job description, in its sole discretion, at any time. Executive will perform such other duties, which may be beyond the scope of the job description, as are assigned to Executive from time to time.

(b) So long as Executive is employed under this Agreement, Executive agrees to devote Executive's full business time and efforts exclusively on behalf of the Company and to competently and diligently discharge Executive's duties hereunder. Executive will not be prohibited from engaging in such personal, charitable, or other nonemployment activities that do not interfere with Executive's full-time employment hereunder and that do not violate the other provisions of this Agreement or the H&R Block, Inc. Code of Business Ethics & Conduct, which Executive acknowledges having read and understood. Executive will comply fully with all policies of the Company as are from time to time in effect and applicable to Executive's position. Executive understands that the business of H&R Block, Inc. ("Block"), the Company, and/or any other direct or indirect subsidiary of Block (each such other subsidiary an "Affiliate") may be subject to governmental regulation, some of which may require Executive to submit to background investigation as a condition of Block, the Company, and/or Affiliates' participation in certain

activities subject to such regulation. If Executive, Block, the Company, or Affiliates are unable to participate, in whole or in part, in any such activity as the result of any action or inaction on the part of Executive, then this Agreement and Executive's employment hereunder may be terminated by the Company without notice.

1.03 - Compensation.

(a) Hiring Bonus. The Company shall pay to Executive a $40,000 bonus (less applicable taxes) to be paid on the first regular pay date following 30 days of employment and upon receipt of an executed Hiring Bonus Acknowledgement, Repayment Agreement (attached hereto as Exhibit A).

(b) Base Salary. The Company will pay to Executive a gross salary at an annual rate of $275,000 ("Base Salary"), payable semimonthly or at any other pay periods as the Company may use for its other executive-level employees. The Base Salary will be reviewed for adjustment from time to time during the term of Executive's employment hereunder and, if adjusted, such adjusted amount will become the "Base Salary" for purposes of this Agreement.

(c) Short-Term Incentive Compensation. Executive shall participate in the H&R Block short-term incentive program that is based on the H&R Block Short-Term Incentive Plan (the "Program") as applicable to executives of the Company for its fiscal year 2006. Under such Program, Executive shall have an aggregate target incentive award equal to $110,000 (40% of base salary), and an opportunity to earn 0% to 200% of such target bonus. The payment of the actual award under such Program shall be based upon such performance criteria which shall be determined by the Compensation Committee of Block. Under such Program for fiscal year 2006 only, Executive's actual incentive compensation shall be prorated based upon Executive's actual gross wages for the fiscal year, provided that Executive must remain employed through April 30, 2006 to receive any payments under the Program. Such incentive compensation shall be paid to Executive following the completion of fiscal year 2006 when the same is paid to other senior executives of the Company.

(d) Stock Options. As authorized under the H&R Block 2003 Long-Term Executive Compensation Plan, as amended (the "2003 Plan"), on the Employment Date, Executive shall receive a stock option award under the 2003 Plan to purchase shares of Block's common stock with a total value of approximately $100,000. The number of shares of Block's common stock and the option price per share shall be determined by the stock's closing price on the New York Stock Exchange on the Employment Date. Such option shall expire on the tenth anniversary of the Employment Date (date of grant); to vest and become exercisable as to one-third of the shares covered thereby on the first anniversary of the date of grant, as to an additional one-third of such shares on the second anniversary of the date of grant, and as to the remaining one-third of the shares on the third anniversary of the date of grant; to be an incentive stock option for the maximum number of shares permitted by Internal Revenue Code Section 422 and the regulations promulgated thereunder; and to otherwise be a nonqualified stock option. Any non-vested portion of stock

options awarded pursuant to this Section 1.03(d) shall vest upon a "Change of Control" (as such term is defined in the Stock Option Agreement) pursuant to the terms of the Stock Option Agreement.

(e) Restricted Stock. Executive shall be awarded on the Employment Date, a long-term incentive award with a total value of approximately $100,000 in Restricted Shares of Block's common stock under the 2003 Plan. The number of shares of Block's common stock and the value of each such restricted share shall be determined by the stock's closing price on the New York Stock Exchange on the Employment Date. One-third of the shares shall vest (i.e., the restrictions on such shares shall terminate), respectively, on each of the first three anniversaries following such employment commencement date (in increments of 1/3 of the total shares awarded rounded to the nearest whole share). Prior to the time such Restricted Shares are so vested, (i) such Restricted Shares shall be nontransferable, and (ii) Executive shall be entitled to receive any cash dividends payable with respect to unvested Restricted Shares and vote such unvested Restricted Shares at any meeting of shareholders of Block.

1.04 - Relocation Benefits.

(a) The Company will reimburse Executive for reasonable packing, shipping, transportation costs and other expenses incurred by Executive in relocating Executive, Executive's family and personal property to the Greater Kansas City Area, in accordance with the H&R Block Executive Relocation Program.

(b) To the extent that Executive incurs taxable income related to any relocation benefits paid pursuant to this Agreement, the Company will pay to Executive such additional amount as is necessary to "gross up" such benefits and cover the anticipated income tax liability resulting from such taxable income.

1.05 - Business Expenses. The Company will promptly pay directly, or reimburse Executive for, all business expenses, to the extent such expenses are paid or incurred by Executive during the term hereof in accordance with the Company's policy in effect from time to time and to the extent such expenses are reasonable and necessary to the conduct by Executive of the Company's business.

1.06 - Fringe Benefits. During the term of Executive's employment hereunder, and subject to the discretionary authority given to the applicable benefit plan administrators, the Company will make available to Executive such insurance, sick leave, deferred compensation, short-term incentive compensation, bonuses, stock options, restricted stock, retirement, vacation, and other like benefits as are approved and provided from time to time to the other executive-level employees of the Company or Affiliates, including but not limited to, entitling the Executive to participate in the H&R Block Deferred Compensation Plan and the H&R Block Executive Survivor Plan (the "ESP"), according to the provisions of such plans. In connection with the Executive's participation in the ESP, Executive shall be eligible to participate in the ESP on the earliest date

following the Employment Date on which the insurance carrier under the ESP approves Executive's coverage under the ESP and completes such administrative procedures as are necessary to enroll Executive in the ESP.

1.07 - Termination of Employment.

(a) Without Notice. The Company may, at any time, in its sole discretion, terminate this Agreement and the employment of Executive without notice in the event of:

(i) Executive's misconduct that interferes with or prejudices the proper conduct of the business of Block, the Company or any Affiliate or which may reasonably result in harm to the reputation of Block, the Company and/or any Affiliate; or

(ii) Executive's commission of an act materially and demonstrably detrimental to the goodwill of Block or any subsidiary of Block, which act constitutes gross negligence or willful misconduct by Executive in the performance of Executive's material duties to Block or such subsidiary; or

(iii) Executive's commission of any act of dishonesty or breach of trust resulting or intending to result in material personal gain or enrichment of Executive at the expense of Block or any subsidiary of Block; or

(iv) Executive's violation of Article Two or Three of this Agreement; or

(v) Executive's conviction of a misdemeanor (involving an act of moral turpitude) or a felony; or

(vi) Executive's failure to discharge Executive's duties; or

(vii) Executive's suspension by the Internal Revenue Service from participation in the Electronic Filing Program; or

(viii) The inability of Executive, Block, the Company, and/or an Affiliate to participate, in whole or in part, in any activity subject to governmental regulation as the result of any action or inaction on the part of Executive, as described in Section 1.02(b); or

(ix) Executive's death or total and permanent disability. The term "total and permanent disability" will have the meaning ascribed thereto under any long-term disability plan maintained by the Company or Block for executives of the Company.

(b) With Notice. Either party may terminate this Agreement for any reason, or no reason, by providing not less than 45 days' prior written notice of such termination to the other party, and, if such notice is properly given, this Agreement and Executive's employment hereunder

will terminate as of the close of business on the 45th day after such notice is deemed to have been given or such later date as is specified in such notice.

(c) Termination Due to a Change of Control.

(i) If Executive terminates Executive's employment under this Agreement during the 180-day period following the date of the occurrence of a "Change of Control" of Block then, upon any such termination of Executive's employment and conditioned on Executive's execution of an agreement with the Company under which Executive releases all known and potential claims against Block, the Company, and Affiliates, the Company will provide Executive with Executive's election (the "Change of Control Election") of the same level of severance compensation and benefits as would be provided under the H&R Block Severance Plan (the "Severance Plan") as the Severance Plan exists either (A) on the date of this Agreement or (B) on Executive's last day of active employment by the Company or any Affiliate (the "Last Day of Employment"), as if Executive had incurred a "Qualifying Termination" (as such term is defined in the Severance Plan); provided, however, (1) Executive will be credited with no less than 12 "Years of Service" (as such term is defined in the Severance Plan) for the purpose of determining severance compensation under Section 4(a)(i) of the Severance Plan as it exists on the date of this Agreement or the comparable section of the Severance Plan as it exists on Executive's Last Day of Employment, notwithstanding any provision in the Severance Plan to the contrary, and (2) all restrictions on any nonvested Restricted Shares awarded to Executive pursuant to Section 1.03(e) of this Agreement shall terminate (and such Restricted Shares shall be fully vested), notwithstanding any provision in the Severance Plan to the contrary. The Severance Plan as it exists on the date of this Agreement is attached hereto as Exhibit B. Executive must notify the Company in writing within 5 business days after Executive's Last Day of Employment of Executive's Change of Control Election. Severance compensation and benefits provided under this Section 1.07(c) will terminate immediately if Executive violates Sections 3.02, 3.03, or 3.05 of this Agreement or becomes reemployed with the Company or an Affiliate.

(ii) For the purpose of this subsection, a "Change of Control" means:

(A) the acquisition, other than from Block, by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 35% or more of the then outstanding voting securities of Block entitled to vote generally in the election of directors, but excluding, for this purpose, any such acquisition by Block or any of its subsidiaries, or any employee benefit plan (or related trust) of Block or its subsidiaries, or any corporation with respect to which, following such acquisition, more than 50% of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially

owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of the voting securities of Block immediately prior to such acquisition in substantially the same proportion as their ownership, immediately prior to such acquisition, of the then outstanding voting securities of Block entitled to vote generally in the election of directors, as the case may be; or

(B) individuals who, as of the date hereof, constitute the Board (as of the date hereof, the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any individual or individuals becoming a director subsequent to the date hereof, whose election, or nomination for election by Block's shareholders, was approved by a vote of at least a majority of the Board (or nominating committee of the Board) will be considered as though such individual were a member or members of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of Block (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(C) the completion of a reorganization, merger or consolidation approved by the shareholders of Block, in each case, with respect to which all or substantially all of the individuals and entities who were the respective beneficial owners of the voting securities of Block immediately prior to such reorganization, merger or consolidation do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 50% of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such reorganization, merger or consolidation, or a complete liquidation or dissolution of Block, as approved by the shareholders of Block, or the sale or other disposition of all or substantially all of the assets of Block, as approved by the shareholders of Block.

(d) Severance. Executive will receive severance compensation and benefits as would be provided under the Severance Plan, as the same may be amended from time to time, if Executive incurs a "Qualifying Termination," as such term is defined in the Severance Plan (and without regard to whether the termination is with or without notice under this Agreement), and executes an agreement with the Company under which Executive releases all known and potential claims against Block, the Company, and Affiliates. Such compensation and benefits will be Executive's election (the "Severance Election") of the same level of severance compensation and benefits as would be provided under the Severance Plan as such plan exists either (A) on the date of this Agreement or (B) Executive's Last Day of Employment; provided, however, (1) the "Severance Period" (as such term is defined in the Severance Plan) will be 6 months, notwithstanding any provision in the Severance Plan to the contrary, and (2) Executive will be credited with not less than 6 "Years of Service" (as such term is defined in the Severance Plan) for the purpose of determining severance compensation under Section 4(a) of the Severance Plan as

it exists on the date of this Agreement or the comparable section of the Severance Plan as it exists on Executive's Last Day of Employment, notwithstanding any provision in the Severance Plan to the contrary, and (3) all restrictions on any Restricted Shares awarded to Executive that would have vested in accordance with their terms by reason of lapse of time within 18 months after the effective date of the termination of employment (absent such termination of employment) shall terminate (and such Restricted Shares shall be fully vested) and any Restricted Shares that would not have vested in accordance with their terms by reason of lapse of time within 18 months after the effective date of termination of employment shall be forfeited, notwithstanding any provision of the Severance Agreement to the contrary. The Severance Plan as it exists on the date of this Agreement is attached hereto as Exhibit B. Executive must notify the Company in writing within 5 business days after Executive's Last Day of Employment of Executive's Severance Election. Severance compensation and benefits provided under this Section 1.07(d) will terminate immediately if Executive violates Sections 3.02, 3.03, or 3.05 of this Agreement or becomes reemployed with the Company or an Affiliate.

(e) Further Obligations. Upon termination of Executive's employment under this Agreement, neither the Company, Block, nor any Affiliate will have any further obligations under this Agreement and no further payments of Base Salary or other compensation or benefits will be payable by the Company, Block, or any Affiliate to Executive, except (i) as set forth in this Section 1.07, (ii) as required by the express terms of any written benefit plans or written arrangements maintained by the Company or Block and applicable to Executive at the time of such termination of Executive's employment, or (iii) as may be required by law. Any termination of this Agreement, however, will not be effective as to Sections 3.02, 3.03 and 3.05, or any other portions or provisions of this Agreement which, by their express terms, require performance by either party following termination of this Agreement.

ARTICLE TWO
CONFIDENTIALITY

2.01 - Background and Relationship of Parties. The parties hereto acknowledge (for all purposes including, without limitation, Articles Two and Three of this Agreement) that Block and its subsidiaries have been and will be engaged in a continuous program of acquisition and development respecting their businesses, present and future, and that, in connection with Executive's employment by the Company, Executive will be expected to have access to all information of value to the Company and Block and that Executive's employment creates a relationship of confidence and trust between Executive and Block with respect to any information applicable to the businesses of Block and its subsidiaries. Executive will possess or have unfettered access to information that has been created, developed, or acquired by Block and its subsidiaries or otherwise become known to Block and its subsidiaries and which has commercial value in the businesses in which Block and its subsidiaries have been and will be engaged and has not been publicly disclosed by Block. All information described above is hereinafter called "Proprietary Information." By way of illustration, but not limitation, Proprietary Information includes trade

secrets, customer lists and information, employee lists and information, developments, systems, designs, software, databases, know-how, marketing plans, product information, business and financial information and plans, strategies, forecasts, new products and services, financial statements, budgets, projections, prices, and acquisition and disposition plans. Proprietary Information does not include any portions of such information which are now or hereafter made public by third parties in a lawful manner or made public by parties hereto without violation of this Agreement.

2.02 - Proprietary Information is Property of Block.

(a) All Proprietary Information is the sole property of Block (or the applicable subsidiary of Block) and its assigns, and Block (or the applicable subsidiary of Block) is the sole owner of all patents, copyrights, trademarks, names, and other rights in connection therewith and without regard to whether Block (or any subsidiary of Block) is at any particular time developing or marketing the same. Executive hereby assigns to Block any rights Executive may have or may acquire in such Proprietary Information. At all times during and after Executive's employment with the Company or any Affiliate, Executive will keep in strictest confidence and trust all Proprietary Information and Executive will not use or disclose any Proprietary Information without the written consent of Block, except as may be necessary in the ordinary course of performing duties as an employee of the Company or as may be required by law or the order of any court or governmental authority.

(b) In the event of any termination of Executive's employment hereunder, Executive will promptly deliver to the Company all copies of all documents, notes, drawings, programs, software, specifications, documentation, data, Proprietary Information, and other materials and property of any nature belonging to Block or any subsidiary of Block and obtained during the course of Executive's employment with the Company. In addition, upon such termination, Executive will not remove from the premises of Block or any subsidiary of Block any of the foregoing or any reproduction of any of the foregoing or any Proprietary Information that is embodied in a tangible medium of expression.

ARTICLE THREE
NON-HIRING; NON-SOLICITATION; NO CONFLICTS; NON-COMPETITION

3.01 - General. The parties hereto acknowledge that, during the course of Executive's employment by the Company, Executive will have access to information valuable to the Company and Block concerning the employees of Block and its subsidiaries ("Block Employees") and, in addition to Executive's access to such information, Executive may, during (and in the course of) Executive's employment by the Company, develop relationships with such Block Employees whereby information valuable to Block and its subsidiaries concerning the Block Employees was acquired by Executive. Such information includes, without limitation: the identity, skills, and performance levels of the Block Employees, as well as compensation and benefits paid by Block to such Block Employees. Executive agrees and understands that it is important to protect Block, the Company, Affiliates and their employees, agents, directors, and clients from the unauthorized use and appropriation of Block Employee information, Proprietary Information, and trade secret business information developed, held, or used by Block, the Company, or Affiliates, and to protect Block, the Company, and Affiliates and their employees, agents, directors, and customers Executive agrees to the covenants described in this Article III.

3.02 - Non-Hiring. During the period of Executive's employment hereunder, and for a period of 1 year after Executive's Last Day of Employment, Executive may not directly or indirectly recruit, solicit, or hire any Block Employee or otherwise induce any such Block Employee to leave the employment of Block (or the applicable employer-subsidiary of Block) to become an employee of or otherwise be associated with any other party or with Executive or any company or business with which Executive is or may become associated. The running of the 1-year period will be suspended during any period of violation and/or any period of time required to enforce this covenant by litigation or threat of litigation.

3.03 - Non-Solicitation. During the period of Executive's employment hereunder and during the time Executive is receiving payments hereunder, and for 2 years after the later of Executive's Last Day of Employment or cessation of such payments, Executive may not directly or indirectly solicit or enter into any arrangement with any person or entity which is, at the time of the solicitation, a significant customer or vendor of the Company or an Affiliate for the purpose of engaging in any business transaction of the nature performed by the Company or such Affiliate, or contemplated to be performed by the Company or such Affiliate, for such customer or vendor, provided that this Section 3.03 will only apply to customers or vendors for whom Executive personally provided services while employed by the Company or an Affiliate or customers or vendors about whom or which Executive acquired material information while employed by the Company or an Affiliate. The running of the 2-year period will be suspended during any period of violation and/or any period of time required to enforce this covenant by litigation or threat of litigation.

3.04 - No Conflicts. Executive represents in good faith that, to the best of

Executive's knowledge, the performance by Executive of all the terms of this Agreement will not breach any agreement to which Executive is or was a party and which requires Executive to keep any information in confidence or in trust. Executive has not brought and will not bring to the Company or Block nor will Executive use in the performance of employment responsibilities at the Company any proprietary materials or documents of a former employer that are not generally available to the public, unless Executive has obtained express written authorization from such former employer for their possession and use. Executive has not and will not breach any obligation of confidentiality that Executive may have to former employers and Executive will fulfill all such obligations during Executive's employment with the Company.

3.05 - Non-Competition.

(a) During the period of Executive's employment hereunder and during the time Executive is receiving payments hereunder, and for 2 years after the later of Executive's Last Day of Employment or cessation of such payments, Executive may not engage in, or own or control any interest in (except as a passive investor in less than one percent of the outstanding securities of publicly held companies), or act as an officer, director or employee of, or consultant, advisor or lender to, (i) any firm, corporation, partnership, limited liability company, institution, business, government agency, or entity that at the time of the initiation of such engagement, ownership, control, or action by Executive, engages in, or has developed a plan to engage in a business whose core strategy is to integrate the provision of tax and/or accounting products or services with the provision of investment products or services to its clients, or (ii) any subsidiary, division or segment of a firm, corporation, partnership, limited liability company, institution, business, government agency, or entity that at the time of the initiation of such engagement, ownership, control, or action by Executive, engages in any line of business that is competitive with any Line of Business of Block (as defined below), provided that this Section 3.05 will not apply to Executive if Executive's primary place of employment by the Company or an Affiliate as of the Last Day of Employment is in either the State of California or the State of North Dakota. "Line of Business of Block" means any line of business (including lines of business under evaluation or development) of the Company, as well as any one or more lines of business (including lines of business under evaluation or development) of any Affiliate by which Executive was employed during the two-year period preceding the Last Day of Employment, provided that, "Line of Business of Block" will in all events include, but not be limited to, the income tax return preparation business, and provided further that if Executive's employment was, as of the Last Day of Employment or during the 2-year period immediately prior to the Last Day of Employment, with HRB Management, Inc. or any successor entity thereto, "Line of Business of Block" means any line of business (including lines of business under evaluation or development) of Block and all of its subsidiaries. The running of the 2-year period will be suspended during any period of violation and/or any period of time required to enforce this covenant by litigation or threat of litigation.

(b) If this Agreement is assigned by the Company to an Affiliate at any time in accordance with Section 4.04, then, during the two (2) years after the later of Executive's Last

Day of Employment or the cessation of Executive's receipt of any payments pursuant to this Agreement, Executive shall not engage in any conduct proscribed in subsection 3.05(a) of this Agreement. The running of the 2-year period will be suspended during any period of violation and/or any period of time required to enforce this covenant by litigation or threat of litigation.

(c) No provision in this Section 3.05 shall apply to Executive if Executive's primary place of employment by the Company or an Affiliate as of the Last Day of Employment is in either the State of California or the State of North Dakota.

3.06 - Reasonableness of Restrictions. Executive and the Company acknowledge that the restrictions contained in this Agreement are reasonable, but should any provisions of any Article of this Agreement be determined to be invalid, illegal, or otherwise unenforceable or unreasonable in scope by any court of competent jurisdiction, the validity, legality, and enforceability of the other provisions of this Agreement will not be affected thereby and the provision found invalid, illegal, or otherwise unenforceable or unreasonable will be considered by the Company and Executive to be amended as to scope of protection, time, or geographic area (or any one of them, as the case may be) in whatever manner is considered reasonable by that court and, as so amended, will be enforced.

ARTICLE FOUR
MISCELLANEOUS

4.01 - Third-Party Beneficiary. The parties hereto agree that Block is a third-party beneficiary as to the obligations imposed upon Executive under this Agreement and as to the rights and privileges to which the Company is entitled pursuant to this Agreement, and that Block is entitled to all of the rights and privileges associated with such third-party-beneficiary status.

4.02 - Entire Agreement. This Agreement constitutes the entire agreement and understanding between the Company and Executive concerning the subject matter hereof. No modification, amendment, termination, or waiver of this Agreement will be binding unless in writing and signed by Executive and a duly authorized officer of the Company. Failure of the Company, Block, or Executive to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such terms, covenants, and conditions.

4.03 - Specific Performance by Executive. The parties hereto acknowledge that money damages alone will not adequately compensate the Company or Block or Executive for 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 either party, in addition to all other remedies available at law, in equity or otherwise, a wronged party will be entitled to injunctive relief compelling specific performance of (or other compliance with) the terms hereof.

4.04 - Successors and Assigns. This Agreement is binding upon Executive and the heirs, executors, assigns and administrators of Executive or Executive's estate and property and will inure to the benefit of the Company, Block and their successors and assigns. Executive may not assign or transfer to others the obligation to perform Executive's duties hereunder. The Company may assign this Agreement to an Affiliate with the consent of Executive, in which case, after such assignment, the "Company" means the Affiliate to which this Agreement has been assigned.

4.05 - Withholding Taxes. From any payments due hereunder to Executive from the Company, there will be withheld amounts reasonably believed by the Company to be sufficient to satisfy liabilities for federal, state, and local taxes and other charges and customary withholdings. Executive remains primarily liable to such authorities for such taxes and charges to the extent not actually paid by the Company. This Section 4.05 does not affect the Company's obligation to "gross up" any relocation benefits paid to Executive pursuant to Subsection 1.04(b).

4.06 - Indemnification. To the fullest extent permitted by law and Block's Bylaws, the Company hereby indemnifies during and after the period of Executive's employment hereunder Executive from and against all loss, costs, damages, and expenses including, without limitation, legal expenses of counsel selected by the Company to represent the interests of Executive (which expenses the Company will, to the extent so permitted, advance to executive as the same are incurred) arising out of or in connection with the fact that Executive is or was a director, officer, employee, or agent of the Company or Block or serving in such capacity for another corporation at the request of the Company or Block. Notwithstanding the foregoing, the indemnification provided in this Section 4.06 will not apply to any loss, costs, damages, and expenses arising out of or relating in any way to any employment of Executive by any former employer or the termination of any such employment.

4.07 - Right to Offset. To the extent not prohibited by applicable law and in addition to any other remedy, the Company has the right but not the obligation to offset any amount that Executive owes the Company under this Agreement against any amounts due Executive by Block, the Company, or Affiliates.

4.08 - Waiver of Jury Trial. Both parties to this Agreement, and Block, as a third-party beneficiary pursuant to Section 4.01 of this Agreement, waive any and all right to any trial by jury in any action or proceeding directly or indirectly related to this Agreement and Executive's employment hereunder.

4.09 - Notices. All notices required or desired to be given hereunder must be in writing and will be deemed served and delivered if delivered in person or mailed, postage prepaid to Executive at: _____; and to the Company at: 4400 Main Street, Kansas City, Missouri 64111, Attn: President, with a copy to H&R Block, Inc., 4400 Main Street, Kansas City, Missouri 64111, Attn: Corporate Secretary; or to such other address and/or person designated by either party in writing to the other party. Any notice given by mail will be deemed given as of the date it is so mailed and postmarked or received by a nationally recognized

overnight courier for delivery.

4.10 - Counterparts. This Agreement may be signed in counterparts and delivered by facsimile transmission confirmed promptly thereafter by actual delivery of executed counterparts.

Executed as a sealed instrument under, and to be governed by, construed and enforced in accordance with, the laws of the State of Missouri.

EXECUTIVE:

Dated: September 27, 2005

/s/ Jeff Nachbor

JEFF NACHBOR

Accepted and Agreed:

HRB Management, Inc.
a Missouri Corporation

By: /s/ Mark A. Ernst

Mark A. Ernst,
President and Chief Executive Officer

Dated: September 27, 2005

INSERT

HIRING BONUS ACKNOWLEDGEMENT, REPAYMENT AGREEMENT
EXHIBIT A

H&R BLOCK SEVERANCE PLAN
EXHIBIT B

Exhibit 10.11

AMENDMENT NUMBER SIX
to the
AMENDED AND RESTATED NOTE PURCHASE AGREEMENT,
dated as of November 25, 2003
among
OPTION ONE OWNER TRUST 2001-2,
OPTION ONE LOAN WAREHOUSE CORPORATION
and
BANK OF AMERICA, N.A.

This AMENDMENT NUMBER SIX (this "Amendment") is made and is effective as of this 30th day of September, 2005 (the "Effective Date"), among Option One Owner Trust 2001-2 (the "Issuer"), Option One Loan Warehouse Corporation (the "Depositor") and Bank of America, N.A. ("BofA", and in its capacity as Purchaser, the "Purchaser") to the Amended and Restated Note Purchase Agreement, dated as of November 25, 2003, as amended (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 to increase the Maximum Note Principal Balance from $3,000,000,000 to $3,500,000,000 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 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. As of the Effective Date, 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 $3,500,000,000, less any reductions pursuant to Section 2.06 of the Sale and Servicing Agreement.

SECTION 3. Representations. To induce the Purchaser to execute and deliver this Amendment, each of the Issuer and the Depositor hereby 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.

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 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 document.

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

OPTION ONE LOAN WAREHOUSE CORPORATION

By: /s/ CR Fulton

Name: Charles R. Fulton
Title: Assistant Secretary

BANK OF AMERICA, N.A.

By: /s/ Christopher G. Young

Name: Christopher G. Young
Title: Vice President

AMENDMENT NUMBER TWO
to the
AMENDED AND RESTATED SALE AND SERVICING AGREEMENT,
Dated as of November 25, 2003,
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 TWO (this "Amendment") is made and is effective as of this 17th day of December, 2004, 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 Amended and Restated Sale and Servicing Agreement, dated as of November 25, 2003 (as amended, the "Sale and Servicing Agreement"), among the Issuer, the Depositor, the Loan Originator, the Servicer and the Indenture Trustee, as otherwise amended.

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 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. Effective as of December 17, 2004 the following amendments shall be in full force and effect.

(i) Section 1.01 of the Sale and Servicing Agreement is hereby amended by deleting in its entirety clause (a) in the definition of "Financial Covenants" and replacing such definition with the following:

(a) Option One must maintain a minimum "Tangible Net Worth" (defined and determined in accordance with GAAP and exclusive of (i) any loans outstanding to any officer or director of Option One or its Affiliates (ii) any intangibles (other than originated or purchased servicing rights) and (iii) any receivables from H&R Block) of $425 million as of any day;

(ii) Section 1.01 of the Sale and Servicing Agreement is hereby amended by deleting clause (b) in its entirety and replacing it with the following:

(b) Option One must maintain a ratio of 1.0 or greater at any time pursuant to the Capital Adequacy Test, attached as Exhibit H hereto.

(iii) Section 1.01 of the Sale and Servicing Agreement is hereby amended by deleting the number "100%" in clause (c) of the definition of "Financial Covenants", of the third line thereof and replacing it with "91%".

(iv) Section 1.01 of the Sale and Servicing Agreement is hereby amended by deleting the number "80%" in clause (c) of the definition of "Financial Covenants", of the third line thereof and replacing it with "90%".

(v) Section 1.01 of the Sale and Servicing Agreement is hereby amended by adding the following after clause (d) of the definition of "Financial Covenants":

(e) Option One must 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.

(vi) Schedule One to this Amendment shall be attached as Exhibit H of the Sale and Servicing Agreement.

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.

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: /s/ Mary Kay Pupillo

Name: Mary Kay Pupillo
Title: Assistant Vice President

OPTION ONE LOAN WAREHOUSE CORPORATION

By: /s/ CR Fulton

Name: Charles R. Fulton
Title: Assistant Secretary

OPTION ONE MORTGAGE CORPORATION

By: /s/ CR Fulton

Name: Charles R. Fulton
Title: Vice President

WELLS FARGO BANK N.A., as Indenture Trustee

By: /s/ Reid Denny

Name: Reid Denny
Title: Vice President

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

SCHEDULE ONE

CAPITAL ADEQUACY TEST

*For each field multiply the HRB% by the Balance Sheet Amount for Required Capital

	HRB TEST	BALANCE SHEET	REQUIRED CAPITAL
Unrestricted Cash and Equivalents	0%		
Restricted Cash	0%		
Loans Held for Sale	9%		
Servicing Advances	10%		
Beneficial Interests in trusts	10%		
Subprime Mortgage NIM Residual Interest	60%		
Real Estate Held for Sale	10%		
Furniture and Equipment	0%		
Mortgage Servicing Rights	25%		
Prepaid Expenses and Other Assets	10%		
Accrued interest receivable	10%		
Receivable from H&R Block	0%		
Intangibles and goodwill	100%		
Deferred Tax Assets	10%		
Derivative Assets	10%		
TOTAL REQUIRED CAPITAL			

Total Owners Equity on Balance Sheet Date
Less: Receivables from H&R Block

Adjusted Net Worth

Adjusted Net Worth divided by Required Capital = Ratio for Capital Adequacy Test

Exhibit 10.13

AMENDMENT NUMBER THREE
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 THREE (this "Amendment") is made and is effective as of this 30th day of September, 2005 (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 to temporarily increase the sublimit for Wet Funded Loans, 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. Amendment. As of the Effective Date, the following amendments shall be in full force and effect.

(a) Section 1.01 of the Sale and Servicing Agreement is hereby amended by deleting in its entirety clause (ix) in the definition of "Collateral Value" and replacing such clause with the following:

(ix) for the period from September 30, 2005 to and including October 7, 2005, the aggregate Collateral Value of Loans that are Wet Funded Loans may not exceed 60% of the Maximum Note Principal Balance and after such period, the aggregate Collateral Value of the Loans that are Wet Funded Loans may not exceed 50% 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: /s/ Mary Kay Pupillo

Name: Mary Kay Pupillo
Title: Assistant Vice President

OPTION ONE LOAN WAREHOUSE CORPORATION

By: /s/ CR Fulton

Name: Charles R. Fulton
Title: Assistant Secretary

OPTION ONE MORTGAGE CORPORATION

By: /s/ CR Fulton

Name: Charles R. Fulton
Title: Vice President

WELLS FARGO BANK N.A., as Indenture Trustee

By: /s/ Reid Denny

Name: Reid Denny
Title: Vice President

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

Exhibit 10.14

HSBC RETAIL SETTLEMENT PRODUCTS

DISTRIBUTION AGREEMENT

DATED AS OF SEPTEMBER 23, 2005

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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APPENDICES

SCHEDULES

HSBC RETAIL SETTLEMENT PRODUCTS DISTRIBUTION AGREEMENT

This HSBC Retail Settlement Products Distribution Agreement (this "Retail Distribution Agreement"), dated as of September 23, 2005, is made by and among the following parties:

HSBC Bank USA, National Association, a national banking association ("HSBC Bank");

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"); and

H&R Block, Inc., a Missouri corporation ("H&R Block").

RECITALS

A. Block Enterprises, Block Eastern Enterprises, and Block Associates provide income tax return preparation, electronic filing and related services to Clients through Block Company Offices throughout the United States.

B. Block Tax Services is the franchisor of Block Franchisee Offices throughout the United States, and Block Associates and Royalty are the franchisors of Block Franchisee Offices in Texas.

C. The Franchisees provide income tax return preparation, electronic filing and related services to Clients through Block Franchisee Offices throughout the United States.

D. Block Digital provides income tax return preparation, electronic filing and related services to Clients through its TaxCut software and its website.

E. HSBC Bank is engaged in the business of providing financial products and services.

F. HSBC Bank desires to provide its Retail Settlement Products to Clients of Block Offices and Digital Settlement Products to Clients of the Block Digital Channel.

G. HSBC Bank desires to engage each of Block Enterprises, Block Eastern Enterprises, Block Associates, and each Franchisee as its agent to distribute Retail Settlement Products through Block Offices, and to engage Block Digital as its agent to distribute Digital Settlement Products to Clients of the Block Digital Channel.

H. HSBC Bank desires to engage HSBC TFS to act as the servicer of the Settlement Products.

I. The HSBC Companies and the Block Companies are entering into the Settlement Products Program to expand both of their respective businesses.

J. The HSBC Companies and the Block Companies are entering into this Retail Distribution Agreement and the other Program Contracts to set forth the terms and conditions of the Settlement Products Program.

K. H&R Block is entering into this Retail Distribution Agreement solely to guarantee the financial Obligations of the Block Companies under the Program Contracts, and HSBC Finance is entering into this Retail Distribution Agreement solely to guarantee the financial Obligations of the HSBC Companies under the Program Contracts.

AGREEMENT

ACCORDINGLY, the parties to this Retail Distribution Agreement agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. For all purposes of this Retail Distribution 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 this Retail Distribution Agreement as APPENDIX A, 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 Retail Distribution 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 this Retail Distribution Agreement as APPENDIX A, the definition in the Appendix of Defined Terms and Rules of Construction attached to this Retail Distribution Agreement as APPENDIX A shall govern.

Section 1.2. Rules of Construction. For all purposes of this Retail Distribution Agreement, unless the context otherwise requires, the rules of construction set forth in the Appendix of Defined Terms and Rules of Construction attached to this Retail Distribution Agreement as APPENDIX A shall apply to this Retail Distribution Agreement.

ARTICLE II
IDENTITIES AND ROLES OF PARTIES; PROGRAM CONTRACTS

Section 2.1. Identities and Roles of Parties. During the Term of this Retail Distribution Agreement and the other Program Contracts, the parties hereto will participate in and contribute to the Settlement Products Program as follows (subject to the terms and conditions of this Retail Distribution Agreement and the other Program Contracts):

(a) The Block Companies hereby appoint HSBC Bank to act as the exclusive originator (except as provided in Section 7.18) of, and HSBC Bank hereby accepts such appointment and agrees to offer, (i) Retail Settlement Products to Clients of Block Offices, and (ii) Digital Settlement Products to Clients of the Block Digital Channel.

(b) HSBC TFS shall be the servicer for the Settlement Products Program, and shall service the Settlement Products originated by the Originator.

(c) HSBC Bank hereby appoints Block Enterprises, Block Eastern Enterprises and Block Associates, and each such entity hereby accepts such appointment, effective July 1, 2006, to act as the agent of HSBC Bank for purposes of offering and distributing Retail Settlement Products to Clients of Block Company Offices during the Term of this Retail Distribution Agreement.

(d) Pursuant to the terms of the Digital Distribution Agreement, HSBC Bank shall appoint Block Digital to act as the agent of HSBC Bank for purposes of offering and distributing Digital Settlement Products to Clients of the Block Digital Channel.

(e) The Block Agents (in their individual capacity, not in their capacity as agents for HSBC Bank) shall be the tax return preparers for, and/or the EROs of, Clients of Block Company Offices.

(f) Royalty shall license the Block Licensed Marks to the Originator and the Servicer for use in connection with the Settlement Products Program.

(g) Beneficial Franchise shall license the HSBC Licensed Patents and the HSBC Licensed Marks to the Block Companies and the Franchisees for use in connection with the Settlement Products Program.

(h) Block Services shall support the Settlement Products Program through the Block e-file Processing System.

(i) Block Tax Services, Block Associates and Royalty shall use commercially reasonable efforts to cause their respective Franchisees to offer Retail Settlement Products through the Block Franchisee Offices.

Section 2.2. Program Contracts. Simultaneous with the execution and delivery of this Retail Distribution Agreement, the following parties shall execute and deliver the following Program Contracts:

(a) HSBC Bank and HSBC TFS, and Block Services and Block Digital, shall enter into the Digital Distribution Agreement;

(b) HSBC Bank and HSBC TFS, and Block Services, Block Tax Services, Block Associates and Royalty, as applicable, shall enter into one or more Franchisee Distribution Agreements with each applicable Franchisee;

(c) HSBC Bank, HSBC TFS, HTMAC and BFC shall enter into the Participation Agreement;

(d) HSBC Bank, HSBC TFS, HTMAC and BFC shall enter into the Servicing Agreement;

(e) HSBC Bank, HSBC TFS, HTMAC, and Beneficial Franchise, and Block Services, Block Tax Services, Block Enterprises, Block Eastern Enterprises, Block Digital, Block Associates, Royalty and BFC, shall enter into the Indemnification Agreement; and

(f) The parties may enter into other Program Contracts related to the Settlement Products Program.

Section 2.3. Responsibilities of the Parties.

(a) Each party to this Retail Distribution Agreement shall use commercially reasonable efforts to cooperate with and assist the other parties in the development, marketing and operation of the Settlement Products Program.

(b) HSBC Bank shall be responsible for originating the Settlement Products.

(c) HSBC TFS shall be responsible for servicing the Settlement Products.

(d) Each Block Agent shall be responsible for offering and distributing the Retail Settlement Products in accordance with the Instructions of HSBC Bank and in accordance with the terms and conditions of this Retail Distribution Agreement.

(e) Block Services shall be responsible for establishing and maintaining the Block e-file Processing System to support the Settlement Products Program as described in this Retail Distribution Agreement.

(f) Each of the Block Agents, in its individual capacity, and not as agent for HSBC Bank, shall be responsible for its Tax Preparation Related Activities.

(g) The parties to this Retail Distribution Agreement acknowledge that certain provisions of this Retail Distribution Agreement apply to Settlement Products being distributed under the Digital Distribution Agreement and the Franchisee Distribution Agreement.

Section 2.4. Retail Settlement Products Procedures.

(a) Except as otherwise provided in this Retail Distribution Agreement, the Originator shall offer the following Retail Settlement Products through the Block Agents at the Block Company Offices, and the Originator and the Block Agents shall comply with the following policies and procedures with respect to such products:

(i) RACs, in accordance with the policies and procedures set forth on the RAC Product Procedures Schedule attached hereto as Schedule 2.4(a)(1);

(ii) Classic RALs, in accordance with the policies and procedures set forth in the Classic RAL Product Procedures Schedule attached hereto as Schedule 2.4(a)(2);

(iii) IRALs, in accordance with the policies and procedures set forth in the IRAL Product Procedures Schedule attached hereto as Schedule 2.4(a)(3);

(iv) with respect to an Application for a Classic RAL that becomes a Denied Classic RAL, the parties will follow the policies and procedures set forth on the Denied Classic RAL Product Procedures Schedule attached hereto as Schedule 2.4(a)(4); and

(v) with respect to an Application for an IRAL that becomes a Denied IRAL, the parties will follow the policies and procedures set forth on the Denied IRAL Product Procedures Schedule attached hereto as Schedule 2.4(a)(5).

(b) From time to time, HSBC Bank, HSBC TFS and the Block Agents may amend or modify any or all of the Retail Settlement Products Procedures Schedules. All such amendments or modifications shall be in writing and shall specify the date on which the amended schedule becomes effective. Each amended schedule shall be deemed to be a part of this Retail Distribution Agreement and shall be deemed incorporated herein, but shall apply only prospectively from the effective date thereof.

Section 2.5. Block Agents' Right Not To Offer Settlement Products. 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 one or more Settlement Products in one or more states.

Section 2.6. Corporate Reorganizations.

(a) The Block Companies may assign their rights and obligations under this Retail Distribution 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 Retail Distribution 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 Retail Distribution 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 Retail Distribution Agreement to the extent necessary to reflect such Permitted Block Assignment.

(b) The HSBC Companies may assign their rights and obligations under this Retail Distribution 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 Retail Distribution 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 2.6(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 Retail Distribution 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 Retail Distribution Agreement to the extent necessary to reflect such Permitted HSBC Assignment.

Section 2.7. Substitution of Originator.

(a) In addition to the rights specified in Section 2.6(b), and not in limitation thereof, HSBC NA may assign its rights and Obligations under this Retail Distribution Agreement and the other Program Contracts:

(i) to an Affiliate of HSBC NA that is a national bank or federal savings association, without the consent of the Block Companies;

(ii) to an operating subsidiary of HSBC NA or of an Affiliate of HSBC NA that is a national bank or federal savings association, subject to the consent of the Block Companies, which consent shall not be unreasonably withheld; or

(iii) to any other Affiliate of HSBC NA pursuant to a modified transactional structure, subject to the consent of the Block Companies in their sole discretion;

provided that the assignee has the financial capacity, and in the reasonable judgment of HSBC NA has the operational capacity, to meet all obligations of the Originator under this Retail Distribution Agreement and the other Program Contracts (hereinafter referred to as the "Successor Originator").

(b) In the event that HSBC NA assigns its rights and obligations under this Retail Distribution Agreement and the other Program Contracts to a Successor Originator pursuant to the foregoing Section 2.7(a):

(i) HSBC NA shall consult in good faith with the Block Companies with respect to the proposed assignment;

(ii) the Successor Originator shall execute a counterpart of this Retail Distribution Agreement and any other Program Contract to which HSBC NA is a party, appoint the Agents as its agents for the Settlement Products Program, agree in writing to be bound by the terms and conditions of this Retail Distribution Agreement and such other Program Contracts, and execute such other agreements and documents as the Block Companies may reasonably request to evidence its acceptance of such assignment;

(iii) upon execution by the Successor Originator of the agreements and documents contemplated by Section 2.7(b)(ii), the Successor Originator shall be substituted for HSBC NA as the Originator under this Retail Distribution Agreement and the other Program Contracts, and all references in this Retail Distribution Agreement and the other Program Contracts to HSBC Bank shall be deemed to refer to such Successor Originator, the appointment by HSBC NA of any Block Companies and Franchises as agents under any of the Program Contracts shall terminate, the parties shall amend the Program Contracts as necessary or appropriate to evidence such assignment, and, with respect to each Program Contract to which amendments are made, shall enter into a restated agreement;

(iv) HSBC Finance Corporation, HSBC NA, or a direct or indirect parent company of HSBC NA reasonably acceptable to the Block Companies shall guaranty the Successor Originator's performance of its Obligations under this Retail Distribution Agreement and the other Program Contracts; and

(v) HSBC NA shall pay all the cost and expenses (including attorneys fees) reasonably incurred by the Block Companies in regard to such assignment.

(c) In the event of any permitted assignment under Section 2.7(a) and (b) above, effective as of the effective date of such permitted assignment, HSBC NA shall no longer be a party to this Retail Distribution Agreement or the other Program Contracts and shall have no further obligations hereunder or thereunder, except for Obligations arising out of acts, omissions or conduct occurring prior to the effective date of such assignment.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE BLOCK COMPANIES

To induce each HSBC Company to enter into this Retail Distribution Agreement and the other Program Contracts, as applicable, each Block Company, severally and not jointly, makes to each HSBC Company the following representations and warranties with respect to itself only, each and all of which are made as of the date hereof, and (except the representations and warranties in Section 3.6) as of each day during the Term of this Retail Distribution Agreement:

Section 3.1. Existence and Organizational Power; Compliance with Organizational Documents. Such Block Company (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) is duly qualified as a foreign corporation, limited liability company or limited partnership, as the case may be, and is in good standing in each other jurisdiction where its ownership or lease of property or the conduct of the Settlement Products Program requires such qualification, except where the failure to be so qualified could not result in a Material Adverse Effect, (c) has the requisite organizational power

and authority to encumber and operate its properties, (d) has all organizational powers necessary for the conduct of the Settlement Products Program as now conducted or as contemplated herein, and (e) is in full compliance with all provisions of its charter and organizational documents.

Section 3.2. Governmental Approvals, Compliance with Laws and Compliance with Agreements with Third Parties. Such Block Company possesses in full force and effect all Governmental Approvals necessary for the conduct of the Settlement Products Program and is in compliance with all provisions of Law applicable to the Settlement Products Program, except where the failure to possess any such Governmental Approval or the failure of any such Governmental Approval to be in full force and effect or the failure to comply with such Law could not reasonably be expected to have a Material Adverse Effect. Such Block Company is not in breach of or in default under, or with respect to, any contract, agreement, lease or other instrument to which it is a party, or by which any of its property is bound or affected, which breach or default could reasonably be expected to have a Material Adverse Effect.

Section 3.3. Organizational and Governmental Approvals; No Contravention. The execution, delivery and performance by such Block Company of this Retail Distribution Agreement and the other Program Contracts to which it is a party, and the consummation of the transactions contemplated to occur hereunder and thereunder, (a) are within its organizational powers and have been duly authorized by all necessary organizational action, (b) require no Governmental Approval other than (i) such filings as have been made and are in full force and effect or (ii) approvals which if not obtained could not reasonably be expected to have a Material Adverse Effect; (c) do not contravene, or constitute a default under (i) the organizational documents of such Block Company, (ii) any provision of Law, the violation of which could reasonably be expected to have a Material Adverse Effect, or (iii) any agreement, judgment, injunction, order, decree or other instrument binding upon such Block Company, the violation of which could reasonably be expected to have a Material Adverse Effect, and (d) do not result in the creation or imposition of any Lien on any asset of such Block Company, the creation or imposition of which could reasonably be expected to have a Material Adverse Effect. Such Block Company is not, and has not been in the past five (5) years subject to any agreement, understanding, consent or order with any Governmental Authority, court or self-regulatory trade or professional organization that would prevent its consummation of this Retail Distribution Agreement.

Section 3.4. Binding Effect. This Retail Distribution Agreement and each of the Program Contracts to which such Block Company is a party constitutes a valid and binding agreement of such Block Company, in each case enforceable in accordance with its terms, subject to (a) the effect of any applicable bankruptcy, fraudulent transfer, moratorium, insolvency, reorganization or other similar laws affecting the rights of creditors generally and (b) the effect of general principles of equity, whether applied by a court of equity or law.

Section 3.5. Full Disclosure. All factual information (taken as a whole) furnished by or on behalf of such Block Company in writing to any HSBC Company in connection with this Retail Distribution Agreement, or any other Program Contract or any of the transactions contemplated hereby or thereby, including all information and materials delivered to any HSBC Company or its respective counsel, is true and accurate in all respects on the date as of which such information is dated or certified and does not omit any fact necessary to make such

information (taken as a whole) not misleading in any respect at such time in light of the circumstances under which such information was provided.

Section 3.6. Intellectual Property. Schedule 3.6 contains a true and complete list of all Intellectual Property and applications therefor related to the Settlement Products Program as now conducted by such Block Company or proposed to be conducted by such Block Company. Such Block Company owns, licenses or otherwise has acquired the right to use all Intellectual Property listed on Schedule 3.6, and, to its knowledge, is not infringing, misappropriating, diluting or violating any third party's rights as a result of the use of such Intellectual Property.

Section 3.7. Representations and Warranties Incorporated from Other Program Contracts. Each of the representations and warranties made in the other Program Contracts by such Block Company with respect to only itself is true and correct in all respects, and such representations and warranties are hereby incorporated herein by reference with the same effect as though set forth in their entirety herein, as qualified therein.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE HSBC COMPANIES

To induce each Block Company to enter into this Retail Distribution Agreement and the other Program Contracts, as applicable, each HSBC Company, severally and not jointly, makes to each Block Company the following representations and warranties (except the representations and warranties in Sections 4.8 and 4.9, which are only made by HSBC Bank) with respect to itself only, each and all of which are made as of the date hereof, and (except the representations and warranties in Section 4.6) as of each day during the Term of this Retail Distribution Agreement:

Section 4.1. Existence and Organizational Power; Compliance with Organizational Documents. Such HSBC Company (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) is duly qualified as a foreign corporation, and is in good standing in each other jurisdiction where its ownership or lease of property or the conduct of the Settlement Products Program requires such qualification, except where the failure to be so qualified could not result in a Material Adverse Effect, (c) has the requisite organizational power and authority to encumber and operate its properties, (d) has all organizational powers necessary for the conduct of the Settlement Products Program as now conducted or as contemplated herein, and (e) is in full compliance with all provisions of its charter and organizational documents.

Section 4.2. Governmental Approvals, Compliance with Laws and Compliance with Agreements with Third Parties. Such HSBC Company possesses in full force and effect all Governmental Approvals necessary for the conduct of the Settlement Products Program and is in compliance with all provisions of Law applicable to the Settlement Products Program, except where the failure to possess any such Governmental Approval or the failure of any such Governmental Approval to be in full force and effect or the failure to comply with such Law could not reasonably be expected to have a Material Adverse Effect. Such HSBC Company is not in breach of or in default under, or with respect to, any contract, agreement, lease or other

instrument to which it is a party or by which any of its property is bound or affected, which breach or default could reasonably be expected to have a Material Adverse Effect.

Section 4.3. Organizational and Governmental Approvals; No Contravention. The execution, delivery and performance by such HSBC Company of this Retail Distribution Agreement and the other Program Contracts to which it is a party, and the consummation of the transactions contemplated to occur hereunder and thereunder, (a) are within its organizational powers and have been duly authorized by all necessary organizational action, (b) require no Governmental Approval other than (i) such filings as have been made and are in full force and effect or (ii) approvals which if not obtained could not reasonably be expected to have a Material Adverse Effect, (c) do not contravene, or constitute a default under (i) the organizational documents of such HSBC Company, (ii) any provision of Law, the violation of which could reasonably be expected to have a Material Adverse Effect or (iii) any agreement, judgment, injunction, order, decree or other instrument binding upon such HSBC Company, the violation of which could reasonably be expected to have a Material Adverse Effect, and (d) do not result in the creation or imposition of any Lien on any asset of such HSBC Company, the creation or imposition of which could reasonably be expected to have a Material Adverse Effect. Such HSBC Company is not, and has not been in the past five (5) years subject to any agreement, understanding, consent or order with any Governmental Authority, court or self-regulatory trade or professional organization that would prevent its consummation of this Retail Distribution Agreement.

Section 4.4. Binding Effect. This Retail Distribution Agreement and each of the Program Contracts to which such HSBC Company is a party constitutes a valid and binding agreement of such HSBC Company, in each case enforceable in accordance with its terms, subject to (a) the effect of any applicable bankruptcy, fraudulent transfer, moratorium, insolvency, reorganization or other similar laws affecting the rights of creditors generally and (b) the effect of general principles of equity, whether applied by a court of equity or law.

Section 4.5. Full Disclosure. All factual information (taken as a whole) furnished by or on behalf of such HSBC Company in writing to any Block Company in connection with this Retail Distribution Agreement, any other Program Contract or any of the transactions contemplated hereby or thereby, including all information and materials delivered to any Block Company or its respective counsel, is true and accurate in all respects on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading in any respect at such time in light of the circumstances under which such information was provided.

Section 4.6. Intellectual Property. Schedule 4.6 contains a true and complete list of all Intellectual Property and applications therefor related to the Settlement Products Program as now conducted by such HSBC Company or proposed to be conducted by such HSBC Company. Such HSBC Company owns, licenses or otherwise has acquired the right to use all Intellectual Property listed on Schedule 4.6, and, to its knowledge, is not infringing, misappropriating, diluting or violating any third party's rights as a result of the use of such Intellectual Property.

Section 4.7. Representations and Warranties Incorporated from Other Program Contracts. Each of the representations and warranties made in the other Program Contracts by

such HSBC Company with respect to only itself is true and correct in all respects, and such representations and warranties are hereby incorporated herein by reference with the same effect as though set forth in their entirety herein, as qualified therein.

Section 4.8. Organization as a National Bank. HSBC Bank is a national bank duly organized and validly existing under the laws of the United States of America and has its principal banking office located in the State of Delaware.

Section 4.9. FDIC Insurance. HSBC Bank's deposits are insured by the FDIC to the maximum extent permitted by Law.

ARTICLE V
GENERAL COVENANTS OF THE BLOCK COMPANIES

Each Block Company covenants and agrees, severally and not jointly, with each HSBC Company as follows during the Term of this Retail Distribution Agreement, with respect to itself only:

Section 5.1. Conduct of Settlement Products Program and Maintenance of Existence. Such Block Company shall conduct its activities with respect to the Settlement Products Program as contemplated herein, and will preserve, renew and keep in full force and effect its corporate, limited liability company or limited partnership existence, as the case may be, and its rights, privileges and franchises necessary or desirable in the normal conduct of the Settlement Products Program.

Section 5.2. Maintenance of Assets and Properties. Such Block Company shall keep all of its assets and properties useful and necessary in the Settlement Products Program in good working order and condition, ordinary wear and tear excepted, and will cause to be made all appropriate repairs, renewals and replacements thereof.

Section 5.3. Defaults and other Material Events. As soon as practicable, and in any event within ten (10) Business Days after any senior officer of such Block Company obtains knowledge of the existence of any event that could reasonably be expected to have a Material Adverse Effect on the Settlement Products Program or of any Block Event of Default, such Block Company shall provide telephonic or telecopied notice specifying the nature of such event or Block Event of Default, including the anticipated effect thereof, which notice if given telephonically shall be promptly confirmed in writing the next day.

Section 5.4. Litigation. Such Block Company shall provide written notice, as soon as practicable, and in any event within five (5) Business Days after any senior officer of such Block Company obtains knowledge of any significant Litigation filed by any third party or threatened in writing by any Governmental Authority against such Block Company relating to the Settlement Products Program, to be extent permitted by applicable Law.

Section 5.5. Future Information. All information furnished by or on behalf of any such Block Company to any HSBC Company on and after the date hereof in connection with or pursuant to any Program Contract ("Block Program Information") shall, at the time the same is so furnished, but in the case of Block Program Information dated as of a prior date, as of such

date, (a) in the case of any such Block Program Information prepared in the ordinary course of business, be complete and correct in all respects in the light of the purpose prepared, and, in the case of any such Block Program Information required by the terms any Program Contract or the preparation of which was requested by any HSBC Company, be complete and correct in all respects to the extent necessary to give true and accurate knowledge of the subject matter thereof, and (b) not contain any untrue statement of a fact or omit to state any fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading, and the furnishing of the same to any HSBC Company shall constitute a representation and warranty by such Block Company with respect to the matters specified in clauses (a) and (b). Following the date hereof, if any Block Program Information previously delivered hereunder is deemed by such disclosing Block Company to be erroneous and such error was not due to any intentional or willful conduct of such Block Company and could reasonably result in a Material Adverse Effect, such disclosing Block Company may deliver to the appropriate HSBC Company corrected Block Program Information within ten (10) Business Days following the date on which such Block Company first became aware of such erroneous Block Program Information. Such corrected Block Program Information shall be deemed to be an amendment of the erroneous Block Program Information and the initial failure to deliver the correct Block Program Information shall be waived by such HSBC Company concurrent with delivery thereof.

Section 5.6. Compliance with Laws. Such Block Company shall (a) comply with all Laws applicable to the Settlement Products Program, if noncompliance with such Laws could reasonably be expected to have a Material Adverse Effect, (b) conform with and duly observe in all respects all Laws and all other valid requirements of any regulatory authority with respect to the conduct of the Settlement Products Program, if nonconformity with such Laws or other valid requirements could reasonably be expected to have a Material Adverse Effect, and (c) obtain and maintain all professional and other licenses, permits, certifications and approvals of all applicable Governmental Authorities for such Block Company to carry out its obligations hereunder as are required for the conduct of the Settlement Products Program as herein contemplated, if failure to do so could reasonably be expected to have a Material Adverse Effect.

Section 5.7. Non-Solicitation of HSBC Companies' Employees. During the Term of this Retail Distribution Agreement and for a period of twelve (12) months after the termination or expiration of this Retail Distribution Agreement, the Block Companies and their Affiliates shall not (a) induce or attempt to induce any employee of the HSBC Companies with a rank of manager or higher who has direct knowledge of or responsibility for the Settlement Products Program or any portion thereof to leave the employ of the HSBC Companies, or in any way interfere with the relationship between the HSBC Companies and such employee thereof or (b) hire any previous employee of the HSBC Companies who held a rank of manager or higher and who has direct knowledge of or had responsibility for the Settlement Products Program or any portion thereof, at any time during the Term of this Retail Distribution Agreement or during the twelve (12) month period immediately preceding the Term of this Retail Distribution Agreement, either directly or indirectly, individually or as an employee, contractor, consultant, partner, member, officer, director or stockholder (other than as a stockholder of less than 5% of the equities of a publicly traded corporation) or in any other capacity for any Person. Notwithstanding anything to the contrary herein, it shall not be a violation of this Section 5.7, if such an employee of the HSBC Companies, without being contacted by the Block Companies or

their Affiliates or any Person at the direction or on behalf of the Block Companies or their Affiliates, answers a general public advertisement for employment offered to the general public by the Block Companies or their Affiliates.

Section 5.8. Franchisees in Settlement Products Program. 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.

Section 5.9. File Sharing. Except as otherwise agreed to, the Block Companies may not access or decode the Processing Files provided to any of them by HSBC TFS, except in response to, and to fulfill, a Client's request for a Settlement Product and to provide appropriate disclosures with respect to such Settlement Product, and in such case by only utilizing software provided by HSBC TFS to access or decode such Processing Files.

Section 5.10. Block Franchisee Policies and Procedures. The Franchisors shall incorporate within the Block Franchisee Policies and Procedures applicable to the Franchisees, Settlement Products Program policies and procedures substantially similar to those applicable to the Block Agents under this Retail Distribution Agreement with respect to the offering of Settlement Products (including the Instructions and those provisions under Article VII, except Section 7.18, of this Retail Distribution Agreement, to the extent applicable to a Franchisee), and as HSBC Bank may reasonably request.

Section 5.11. Representatives. Each Block Agent shall ensure that its Representatives comply with the Instructions and the terms and conditions of this Retail Distribution Agreement. The Block Agents shall not be responsible, however, for determining whether the Retail Settlement Products and the offering, originating or servicing of the Retail Settlement Products, comply with all applicable Laws.

Section 5.12. Clarification. For the avoidance of doubt, the obligation of the Block Agents to assure that their activities and the activities of their Representatives are in compliance with Law and the Instructions as provided in the Program Contracts shall not be affected by any failure or alleged failure of the HSBC Companies to monitor, audit or supervise the activities of the Block Agents or their Representatives as provided in the Program Contracts, it being the intention of the parties that HSBC Bank shall not be responsible for any failure of the Block Agents to assure that their activities and the activities of their Representatives are in compliance with Law and the Instructions as provided in the Program Contracts.

ARTICLE VI
GENERAL COVENANTS OF THE HSBC COMPANIES

Each HSBC Company covenants and agrees, severally and not jointly, with each Block Company as follows during the Term of this Retail Distribution Agreement (except with respect to the Obligations of the HSBC Companies under Section 6.11, which shall become effective on the Business Day immediately following the date of this Retail Distribution Agreement), with respect to itself only:

Section 6.1. Conduct of Settlement Products Program and Maintenance of Existence. Such HSBC Company shall conduct its activities with respect to the Settlement Products Program as contemplated herein, and will preserve, renew and keep in full force and effect its corporate existence and its rights, privileges and franchises necessary or desirable in the normal conduct of the Settlement Products Program.

Section 6.2. Maintenance of Assets and Properties. Such HSBC Company will keep all of its assets and properties useful and necessary in the Settlement Products Program in good working order and condition, ordinary wear and tear excepted, and will cause to be made all appropriate repairs, renewals and replacements thereof.

Section 6.3. Defaults and other Material Events. As soon as practicable, and in any event within ten (10) Business Days after any senior officer of such HSBC Company obtains knowledge of the existence of any event that could reasonably be expected to have a Material Adverse Effect on the Settlement Products Program or of any HSBC Event of Default, such HSBC Company shall provide telephonic or telegraphic notice specifying the nature of such event or HSBC Event of Default, including the anticipated effect thereof, which notice, if given telephonically shall be promptly confirmed in writing the next day.

Section 6.4. Litigation. Such HSBC Company shall provide written notice, as soon as practicable, and in any event within five (5) Business Days after any senior officer of such HSBC Company obtains knowledge of any significant Litigation filed by any third party or threatened in writing by any Governmental Authority against such HSBC Company relating to the Settlement Products Program, to the extent permitted by applicable Law.

Section 6.5. Future Information. All information furnished by or on behalf of such HSBC Company to any Block Company on and after the date hereof in connection with any Program Contract ("HSBC Program Information") shall, at the time the same is so furnished, but in the case of HSBC Program Information dated as of a prior date, as of such date, (a) in the case of any such HSBC Program Information prepared in the ordinary course of business, be complete and correct in all respects in the light of the purpose prepared, and, in the case of any such HSBC Program Information required by the terms of any Program Contract or the preparation of which was requested by any Block Company, be complete and correct in all respects to the extent necessary to give true and accurate knowledge of the subject matter thereof, and (b) not contain any untrue statement of a fact or omit to state any fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading, and the furnishing of the same to any Block Company shall constitute a representation and warranty by such HSBC Company with respect to the matters specified in

clauses (a) and (b). Following the date hereof, if any HSBC Program Information previously delivered hereunder is deemed by such disclosing HSBC Company to be erroneous and such error was not due to any intentional or willful conduct of such HSBC Company and could not reasonably result in a Material Adverse Effect, such disclosing HSBC Company may deliver to the appropriate Block Company corrected HSBC Program Information within ten (10) Business Days following the date on which such HSBC Company first became aware of such erroneous HSBC Program Information. Such corrected HSBC Program Information shall be deemed to be an amendment of the erroneous HSBC Program Information and the initial failure to deliver the correct HSBC Program Information shall be waived by such Block Company concurrent with delivery thereof.

Section 6.6. Compliance with Laws. Such HSBC Company shall (a) comply with all Laws applicable to the Settlement Products Program, if noncompliance with such Laws could reasonably be expected to have a Material Adverse Effect, (b) conform with and duly observe in all respects all Laws and all other valid requirements of any regulatory authority with respect to the conduct of the Settlement Products Program, if nonconformity with such Laws or other valid requirements could reasonably be expected to have a Material Adverse Effect, and (c) obtain and maintain all professional and other licenses, permits, certifications and approvals of all applicable Governmental Authorities for such HSBC Company to carry out its obligations hereunder as are required for the conduct of the Settlement Products Program herein contemplated, if failure to do so could reasonably be expected to have a Material Adverse Effect.

Section 6.7. Inspection of Property, Books and Records. Such HSBC Company shall keep proper books of record and account in which full, true and correct entries shall be made of all dealings and transactions and activities in relation to the Settlement Products Program and the obligations and duties of such HSBC Company pursuant to this Retail Distribution Agreement or the other Program Contracts and shall permit each Block Company and its Representatives, upon such Block Company's own initiative and expense, to visit any HSBC Company location, to examine and make abstracts or copies from any of its books and records, to conduct an audit and analysis of its accounts and to discuss such records and accounts with its Representatives, all only with respect to and as such shall relate to the Settlement Products Program or the obligations and duties of such HSBC Company pursuant to this Retail Distribution Agreement or the other Program Contracts, all at such reasonable times and as often as may reasonably desire; provided, however, so long as no HSBC Event of Default shall have occurred and be continuing, such Block Company shall have provided such HSBC Company with reasonable prior notice.

Section 6.8. Non-Competition; Non-Solicitation; Exclusivity.

(a) During the Term of this Retail Distribution Agreement and for a period of ten (10) years after the termination or expiration of this Retail Distribution Agreement:

(i) The HSBC Companies and their Affiliates shall not, directly or indirectly, in any manner whatsoever, use for any purpose any Settlement Product Client information, except in accordance with this Retail Distribution Agreement and the other Program Contracts or with the consent of the Block Companies in their discretion.

(ii) Subject to Section 14.13, the HSBC Companies and their Affiliates shall have the right to use mailing lists and customer lists derived from sources other than the Block Companies for purposes of soliciting customers with respect to any service or product other than the sale or offering of any refund anticipation loan, refund anticipation check or Preseason Loan, and shall have no obligation to de-dupe Settlement Products Clients from such solicitations.

(iii) The HSBC Companies and their Affiliates shall have the right to use mailing lists and customer lists derived from sources other than the Block Companies for purposes of soliciting customers with respect to the sale or offering of any refund anticipation loan, refund anticipation check or Preseason Loan; provided, however, that the HSBC Companies and their Affiliates shall de-dupe Settlement Products Clients from any such solicitation in accordance with the following:

(A) During the Term of this Retail Distribution Agreement, the HSBC Companies and their Affiliates shall de-dupe Settlement Products Clients who were recorded in the HSBC Datahouse as Settlement Products Clients during the most recent completed year of the Term of this Retail Distribution Agreement; and

(B) During the ten (10) years after the termination or expiration of this Retail Distribution Agreement, the HSBC Companies and their Affiliates shall de-dupe Settlement Products Clients who were recorded in the HSBC Datahouse as Settlement Products Clients during the last year of the Term of this Retail Distribution Agreement.

(iv) The HSBC Companies and their Affiliates conducting business in the United States shall not, directly or indirectly, sell, transfer, hypothecate, rent or permit any other Person to possess any list comprised or substantially comprised of Settlement Products Clients, or any information contained therein.

(v) The HSBC Companies and their Affiliates conducting business in the United States shall not, directly or indirectly, in any manner whatsoever, engage in any activity that has the purpose or effect of transitioning Settlement Products Clients to a tax return preparer other than the Block Companies, other than at a Client's explicit request without any solicitation by any such HSBC Company, Affiliate or any HSBC Company Representative with respect thereto.

(vi) The HSBC Companies and their Affiliates shall maintain records of its sources of mailing lists and customer lists, and documentary evidence of the performance of their de-duping obligations pursuant to this Section 6.8(a). The Block Companies shall have the audit and inspection rights set forth in Section 6.7 to the extent necessary to verify the records and documentary described in the immediately preceding sentence.

(b) During the Term of this Retail Distribution Agreement, each HSBC Company and its Affiliates conducting business in the United States shall not, directly or indirectly, in any manner whatsoever, engage in the business of preparing (including preparation through any digital means) federal or state income tax returns for clients (except HSBC Tax Clients) filing income tax returns in the United States, in competition with the tax return

preparation business of the Block Companies; provided, however, that if any HSBC Company or any of its Affiliates acquires a Person engaged in a business that would violate the provisions of this Section 6.8(b) if the HSBC Companies or its Affiliates engaged in such business (the "Competitive Business"), such HSBC Company or Affiliate shall divest or discontinue such Competitive Business in its entirety in accordance with the following procedures:

(i) In the event that any HSBC Company or any of its Affiliates ("Divesting Party") is required to divest a Competitive Business pursuant to this Section 6.8(b), such Divesting Party shall deliver to the Block Companies no later than fifteen (15) days following the consummation of the acquisition by the Divesting Party of the Competitive Business a written notice setting forth a description in reasonable detail of the Competitive Business and shall provide to the Block Companies such information as the Block Companies may reasonably request with respect to the Competitive Business, subject to the entry by the Block Companies into a confidentiality agreement in form and substance reasonably acceptable to the Divesting Party. The Block Companies and the Divesting Party shall negotiate in good faith to determine whether they are able to agree on the terms and conditions (including purchase price) of a divestiture of the Competitive Business to the Block Companies. If the Block Companies and the Divesting Party enter into a memorandum of understanding or a non-binding letter of intent with respect to such divestiture within fifteen (15) days from the commencement of negotiations, and enter into a binding definitive agreement within forty-five (45) days from the commencement of negotiations, the parties shall consummate the divestiture in accordance with such agreement.

(ii) In the event that the Block Companies and the Divesting Party are unable to enter into a memorandum of understanding or a non-binding letter of intent with respect to such divestiture within fifteen (15) days from the commencement of negotiations, or are unable to enter into a binding definitive agreement within forty-five (45) days of the commencement of negotiations, or in the event that the Block Companies shall deliver written notice to the Divesting Party that the Block Companies do not have an interest in pursuing the acquisition of the Competitive Business, the Divesting Party may obtain an offer in writing from a third party for the sale of such Competitive Business no later than thirty (30) days from the expiration of the applicable period or the delivery of such notice from the Block Companies, as the case may be.

(iii) Upon receipt of a written offer from a third party that the Divesting Party reasonably believes is a bona-fide proposal that is reasonably likely to result in the sale of the Competitive Business, the Divesting Party shall give the Block Companies written notice of the terms of such proposal (the "Transfer Notice") within five (5) Business Days after receipt thereof, which Transfer Notice shall include (i) a description of the assets to be transferred, (ii) the identity of the prospective transferee(s) and (iii) the consideration and the material terms and conditions upon which the proposed sale is to be made. The Transfer Notice shall include a statement that the Divesting Party has received a written proposal that the Divesting Party believes is a bona fide proposal that is reasonably likely to result in the sale of the Competitive Business. The Transfer Notice shall also include a copy of any written proposal, term sheet or letter of intent or other agreement containing the material terms and conditions of the proposal.

(iv) The Block Companies shall have an option for a period of fifteen (15) days from receipt of a Transfer Notice (the "Block Companies Notice Period") to elect to purchase the Competitive Business at the same price and subject to the same material terms and conditions as described in the Transfer Notice. The Block Companies may exercise such purchase option by providing written notice to the Divesting Party of such election prior to the expiration of the Block Companies Notice Period. If the Block Companies give the Divesting Party notice that they desire to purchase the Competitive Business, then the Block Companies shall use commercially reasonable efforts to enter into a definitive written agreement with the Divesting Party to purchase the Competitive Business at the same price and subject to the same material terms as described in the Transfer Notice, within thirty (30) days after the Block Companies' receipt of the Transfer Notice, and to close the transaction pursuant to such definitive agreement. If the Block Companies are unable to do so, the Divesting Party may sell the Competitive Business to the prospective purchaser at the same price and subject to the same material terms as described in the Transfer Notice no later than one hundred eighty (180) days from the expiration of the applicable period or the delivery of such notice from the Block Companies, as the case may be, subject to extension to the extent reasonably necessary to accommodate regulatory requirements. If the Divesting Party does not consummate such sale of the Competitive Business to the prospective purchaser, the Block Parties' purchase rights shall continue to be applicable to any subsequent proposal to acquire the Competitive Business.

(v) Until the Divesting Party shall consummate the sale of the Competitive Business, the HSBC Companies and its Affiliates shall maintain the Competitive Business as a separate business from the other businesses of the HSBC Companies and its Affiliates without any integration, in whole or in part, of the Competitive Business into any other business of the HSBC Companies and its Affiliates.

(c) During the Term of this Retail Distribution Agreement, each HSBC Company and its Affiliates conducting business in the United States shall not, directly or indirectly, in any manner whatsoever, engage in the business of preparing (including preparation through any digital means) personal income tax returns for clients filing United States or foreign income tax returns outside of the United States (excluding HSBC Tax Clients), unless (i) it has given the Block Companies six (6) months' prior written notice of its intention to engage in such tax return business internationally, (ii) it has used commercially reasonable efforts to negotiate and enter into a partnership or joint venture with the Block Companies to conduct such international tax return preparation business with the Block Companies and (iii) the Block Companies and such HSBC Company are unable to arrive at an agreement to enter into such partnership or joint venture.

(d) In the event that at any time during the two (2) full Tax Periods immediately following the termination or expiration of this Retail Distribution Agreement (each, a "Subsequent Tax Period"), any HSBC Company or any of its Affiliate prepares (including preparation through any digital means) federal or state personal income tax returns for a client (excluding HSBC Tax Clients) that was a Settlement Products Client during the Tax Period included within the year in which this Retail Distribution Agreement is terminated or expires (each, a "Final Tax Period Client"), then, no later than thirty (30) days following the end of each Subsequent Tax Period, HSBC TFS shall pay the Block Enterprise Entities an amount, in the aggregate, equal to the product of (i) Fifty Dollars ($50) multiplied by (ii) the number of Final

Tax Period Clients for whom any HSBC Company or any of its Affiliates prepared (including preparation through any digital means) federal or state personal income tax returns during such Subsequent Tax Period. Such amounts shall be paid via ACH credit to an account designated in writing by the Block Enterprise Entities. No later than fifteen (15) days following the end of each Subsequent Tax Period, the HSBC Companies shall provide the Block Companies a true and correct report setting forth the number of Final Tax Period Clients for such Subsequent Tax Period. The Block Companies shall have the audit and inspection rights set forth in Section 6.7, to the extent necessary to verify the accuracy and completeness of the report described in the immediately preceding sentence.

Section 6.9. Non-Solicitation of Block Companies' Employees. During the Term of this Retail Distribution Agreement and for a period of twelve (12) months after the termination or expiration of this Retail Distribution Agreement, the HSBC Companies and their Affiliates shall not (a) induce or attempt to induce any non-field employee of the Block Companies with a rank of manager or higher who has direct knowledge of or responsibility for the Settlement Products Program or any portion thereof to leave the employ of the Block Companies, or in any way interfere with the relationship between the Block Companies and such employee thereof or (b) hire any previous non-field employee of the Block Companies who held a rank of manager or higher and who has direct knowledge of or had responsibility for the Settlement Products Program or any portion thereof, at any time during the Term of this Retail Distribution Agreement or during the twelve (12) month period immediately preceding the Term of this Retail Distribution Agreement, either directly or indirectly, individually or as an employee, contractor, consultant, partner, member, officer, director or stockholder (other than as a stockholder of less than 5% of the equities of a publicly traded corporation) or in any other capacity for any Person. Notwithstanding anything to the contrary herein, it shall not be a violation of this Section 6.9, if such an employee of the Block Companies, without being contacted by the HSBC Companies or their Affiliates or any Person at the direction or on behalf of the HSBC Companies or their Affiliates, answers a general public advertisement for employment offered to the general public by the HSBC Companies or their Affiliates.

Section 6.10. SAS 70.

(a) The HSBC Companies shall provide the Block Companies with a Type II SAS 70 report (or any equivalent thereof or successor thereto) within sixty (60) days after the end of each calendar year during the Term of this Retail Distribution Agreement. This SAS 70 Type II Report (or any equivalent thereof or successor thereto) is necessary in order to permit the Block Companies' management to perform an adequate assessment of internal control over financial reporting (and to permit the Block Companies' auditors to audit the Block Companies' internal control over financial reporting and management's assessment thereof). The HSBC Companies and the Block Companies shall split equally expenses incurred by the HSBC Companies in connection with the preparation of the Type II SAS 70 Report; provided the Block Companies' portion of such expenses shall not exceed Fifty Thousand Dollars ($50,000) in any year of the Term of the Retail Distribution Agreement.

(b) Such SAS 70 Type II Report (or any equivalent thereof or successor thereto) must be prepared by the HSBC Companies' independent auditors in accordance with Statement on Auditing Standards No. 70, Service Organizations ("SAS 70") (or any equivalent

thereof or successor thereto), and must include an opinion with respect to the controls that are in effect at the HSBC Companies over the practices and procedures relating to the HSBC Companies' performance of such services under the Program Contracts.

(c) The HSBC Companies will, and will use commercially reasonable efforts to cause its external auditors to, provide information to the Block Companies' officers and its external auditors, as the case may be, in order to allow each of them to perform the procedures that are required by generally accepted auditing standards, including, without limitation, PCAOB Auditing Standard No. 2, by Section 404 of the Sarbanes-Oxley Act and by the rules promulgated thereunder with respect to (i) the SAS 70 Type II Report (or any equivalent thereof or successor thereto) delivered in accordance with this Section 6.10 and (ii) the controls to which such report relates.

(d) The costs of any corrective actions taken as a result of Type II SAS 70 Reports will be paid by the HSBC Companies, except to the extent the corrective actions relate to a program or procedure of the Block Companies that the HSBC Companies are following based on written direction from the Block Companies.

Section 6.11. Signing Bonus.

(a) Contemporaneous with the execution of the Program Contracts, HSBC TFS shall immediately pay the Block Enterprise Entities [***] (the "Signing Bonus"). The Signing Bonus shall be payable via wire transfer of immediately available funds to an account designated in writing by the Block Enterprise Entities.

(b) Portions of the Signing Bonus shall be refunded to HSBC TFS by Block Services only as follows:

(i) in the event of [***] to HSBC TFS within thirty (30) days after the occurrence of such event;

(ii) in the event of [***] to HSBC TFS within thirty (30) days after the occurrence of such event;

(iii) in the event of [***] to HSBC TFS within thirty (30) days after the occurrence of such event;

(iv) in the event of [***] to HSBC TFS within thirty (30) days after the occurrence of such event; and

(v) in the event of [***] to HSBC TFS within thirty (30) days after the occurrence of such event.

Any refund of any portion of the Signing Bonus or any portion thereof hereunder shall be made via ACH credit to an account designated in writing by HSBC TFS.

ARTICLE VII
DISTRIBUTION COVENANTS OF THE BLOCK AGENTS

Each Block Agent hereby covenants and agrees during the Term of this Retail Distribution Agreement, severally and not jointly, as follows, with respect to itself only:

Section 7.1. Retail Settlement Products Procedures. Subject to the terms of Article VII, each Block Agent shall perform, in a commercially reasonable manner, all of the tasks and duties set forth in (a) the Retail Settlement Products Procedures Schedules that are to be performed by such Block Agent with respect to each Retail Settlement Product, and (b) the Block Agents' Roles and Responsibilities Schedule attached hereto as Schedule 7.1.

Section 7.2. Preparation and Filing of Returns. Each Block Agent, individually and not in its capacity as agent, shall prepare and file Returns for Clients in accordance with its normal business practices. In connection with each Return with respect to which the Applicant is applying for a Retail Settlement Product, each Block Agent shall insert in the applicable location on such Return the account number of the Applicant's Deposit Account, which account number shall consist of an eight digit prefix provided by HSBC Bank to the Block Agent, followed by the primary social security number of the Applicant. Each Block Agent shall indicate on such Return that the Deposit Account is a checking account.

Section 7.3. Compliance with Laws. Subject to the last sentence of Section 12.3, each Block Agent shall comply with all Laws applicable to it in connection with its Tax Preparation Related Activities and advertising and marketing activities, and as may be provided in the Instructions.

Section 7.4. Other Block Agent Duties. Each of the Block Agents shall act as an agent of HSBC Bank for the purpose of, among other things:

(a) providing Applications to Clients and assisting Clients with completing Applications;

(b) providing Settlement Products Clients with copies of the signed Applications and other disclosures, forms and documents, as reasonably required by HSBC Bank and in the form provided by HSBC Bank to the Block Agents;

(c) printing Disbursement Checks (or issuing an Electronic Disbursement) and notifying Settlement Products Clients of their availability;

(d) providing HSBC TFS, as servicer for the Originator, with electronic copies of Applicant Information Files; and

(e) subject to applicable Law, providing HSBC Bank with such reports as HSBC Bank may reasonably request with respect to the Block Agents' performance of its duties under the Program Contracts; provided, however, that during the period commencing on January 1 and ending on April 15 of each year of the Term of this Retail Distribution Agreement, HSBC Bank shall use commercially reasonable efforts to limit the exercise of such reporting

requirements so as not to disrupt the business operations of the Block Agents during their peak season.

Section 7.5. Qualifying Procedure Compliance. Each Block Agent shall follow the Qualifying Procedures in connection with the Settlement Products Program.

Section 7.6. Provide Application and Disclosures to Settlement Products Clients. Each Block Agent shall:

(a) provide an Application to each Client who has expressed an interest in obtaining a Retail Settlement Product and who has satisfied the eligibility requirements set forth in the Qualifying Procedures;

(b) assist Clients in completing the Application;

(c) 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 to complete and sign IRS Form 8453;

(e) sign each Form 8453 as ERO;

(f) deliver to each Applicant any disclosures required by applicable Law or pursuant to the Instructions, as directed by HSBC Bank and in the form provided by HSBC Bank; and

(g) follow all Instructions prescribed by HSBC Bank with respect to the preparation and processing of Applications consistent with the Program Contracts and in accordance with applicable Laws.

Section 7.7. Compliance with Originator Instructions. The Block Agents shall use commercially reasonable efforts to act in accordance with all Instructions of HSBC Bank.

Section 7.8. Transmit Returns and Applicant Information Files to Block e-file Processing System. After completion of such Returns and Application, each Block Agent shall, in accordance with the Electronic Filing Specifications, transmit an electronic form of each Applicant's Return and Applicant Information File to the Block e-file Processing System.

Section 7.9. Applicant Copies. Each Block Agent shall provide each of its Applicants with a copy of such Applicant's signed Application and IRS Form 8453, together with any other commercially reasonable disclosures or documents required to be provided to the Applicant by HSBC Bank.

Section 7.10. Application Status. Each Block Agent shall use the communication system maintained by Block Services to notify Applicants of the status of their respective Applications.

Section 7.11. Rejected Returns. Upon receipt of notice from Block Services that a Return has been rejected by the IRS, the Block Agent shall review the Return and attempt to resolve any problems with the Return in accordance with the Block Agent's customary business practices.

Section 7.12. Preparation of Disbursement Checks.

(a) Upon receipt of a Disbursement Check printing authorization from HSBC TFS, as servicer for the Originator, each Block Agent shall print a Disbursement Check in the amount authorized, payable to the order of the Settlement Products Client designated by HSBC TFS, as servicer for the Originator. After printing and before delivery to the Settlement Products Client, each Block Agent shall keep any such Disbursement Checks secure.

(b) If an Electronic Disbursement is to be issued to the Settlement Products Client in lieu of a Disbursement Check, then upon receipt of authorization from HSBC TFS (as servicer for the Originator) to issue such Electronic Disbursement, HSBC Bank or the Block Agent shall issue such Electronic Disbursement in the amount authorized by HSBC TFS.

Section 7.13. Lost Disbursement Checks.

(a) If a Settlement Products Client reports a Disbursement Check as lost to the applicable Block Agent, or the applicable Block Agent otherwise becomes aware that a Disbursement Check has been lost or stolen, the applicable Block Agent shall timely notify HSBC TFS of such loss and request HSBC TFS to request an indemnifying bond with respect to such Disbursement Check, and in season, reissue such Disbursement Check, and out of season, mail such Disbursement Check directly to the Client.

(b) If a Disbursement Check is mailed to a Settlement Products Client by HSBC TFS pursuant to Section 10.5, such Settlement Products Client notifies the applicable Block Agent that it has not received such Disbursement Check and fourteen (14) days have passed since such Settlement Products Client's Disbursement Check was mailed, the applicable Block Agent shall request HSBC TFS to stop payment upon such Disbursement Check. If such Disbursement Check was mailed by HSBC TFS, such Block Agent shall request that HSBC TFS issue a new check.

Section 7.14. Records Retention and Destruction.

(a) In connection with the Settlement Products Program, each Block Agent shall maintain, in either physical or electronic form, complete files of each of its Applicants' signed Application and all other Settlement Products Program documents executed by such Applicant and any disclosures provided to such Applicant. Upon receipt of the reasonable written request of HSBC Bank or HSBC TFS, each Block Agent shall exercise commercially reasonable efforts to make such documents available to HSBC Bank or HSBC TFS. Incremental

costs incurred by the Block Agents in complying with HSBC Bank's requests shall be handled in the manner set forth in Section 14.20.

(b) Each Block Agent may dispose of such documents following the expiration of the longer of (i) forty-eight (48) months after the preparation or receipt of same or (ii) such retention period as required by applicable Law or regulatory or court order, provided that such disposition is in a manner sufficient to protect Client privacy.

Section 7.15. Representative Training. Each Block Agent shall require its Representatives who engage in Settlement Products Program activities to participate in the Settlement Products Training Program as described in Section 11.4. Each Block Agent shall provide a training manual to its tax professionals, which shall include the Originator Training Materials and HSBC Bank's Settlement Products Program policies. The Block Companies shall be solely liable for any failure by a Block Agent's Representatives to comply with the Instructions.

Section 7.16. Block Agents' Supervision of Representatives. Each Block Agent shall train, supervise, monitor and review the Settlement Products Program activities performed by its Representatives to ensure that the activities of such Persons comply with HSBC Bank's Instructions and the Laws applicable to the Settlement Products Program.

Section 7.17. Compliance with Obligations of Article XI. Each Block Agent shall comply with its obligations as agent of HSBC Bank, as set forth in Article XI of this Retail Distribution Agreement.

Section 7.18. Restriction on Offering Other Retail Settlement Products. No Block Agent shall offer any Retail Settlement Products to its Clients, directly or indirectly, except in connection with the Settlement Products Program offered by or through HSBC Bank; [***].

Section 7.19. Access and Audit Rights. Each Block Agent will grant to HSBC Bank and its Applicable Federal Regulator access and audit rights as set forth in Section 11.3.

Section 7.20. Data Security and Recovery. Each Block Agent shall maintain the security of its data and recovery of systems, applications and data related to the Settlement Products Program in accordance with 16 C.F.R. Part 314 and OCC regulations and policies relating to data security (to the extent required by Law) and shall report any breaches in its data security to HSBC Bank within five (5) Business Days of such Block Agent's discovery of any such breach. The Block Agents have developed, implemented and will maintain effective information security policies and procedures that include administrative, technical and physical safeguards designed to (a) ensure the security and confidentiality of Confidential Information provided to the Block Agents hereunder, (b) protect against anticipated threats or hazards to the security or integrity of such Confidential Information, (c) protect against unauthorized access or use of such Confidential Information, and (d) ensure the proper disposal of Confidential Information. All personnel of the Block Agents handling such Confidential Information have been appropriately trained in the implementation of the Block Agents' information security policies and procedures. The Block Agents shall regularly audit and review their information security policies and procedures to ensure their continued effectiveness and to determine whether

adjustments are necessary in light of circumstances, including changes in technology, customer information systems or threats or hazards to Confidential Information. In the event of unauthorized access to Confidential Information or non-public personal information of individual consumers, the Block Agents shall promptly take appropriate action to prevent further unauthorized access and shall take any other action required by Law.

Section 7.21. Other Actions. The Block Agents shall take and cause the Representatives to take, any such action, or refrain from taking any such action, that HSBC Bank reasonably determines is necessary to comply with applicable Law in connection with the activities of the Settlement Products Program, provided such actions are commercially reasonable. Incremental costs incurred by the Block Agents in complying with HSBC Bank's requests shall be handled in the manner set forth in Section 14.20.

ARTICLE VIII
DISTRIBUTION COVENANTS OF BLOCK SERVICES

Block Services hereby covenants and agrees during the Term of this Retail Distribution Agreement as follows:

Section 8.1. Transmission of Returns to IRS. With respect to those Returns for which a Client has submitted an Application, upon such Client's consent Block Services shall transmit all federal Returns received from the Agents to the IRS or, in the case of state Returns, the appropriate state taxing authority, in accordance with its normal operating procedures.

Section 8.2. Transmission of Applicant Information File, IRS Return Notification, Return and Debt Indicator to HSBC TFS. Upon receipt of a positive IRS Return Notification for those Returns for which a Client has submitted an Application for a Settlement Product other than an IRAL, Block Services shall electronically transmit to HSBC TFS (a) the Applicant Information File, (b) a copy of the Applicant's IRS Return Notification and (c) a copy of the Applicant's Debt Indicator. For those Applicants who have filed an Application for an IRAL, Block Services shall electronically transmit (x) the Applicant Information File and (y) a copy of the Applicant's Return, at such time as each such item is received from the Agent.

Section 8.3. Rejected Returns. Upon receipt of a negative IRS Return Notification with respect to a Return for which a Client has submitted an Application for a Settlement Product, Block Services shall notify the applicable ERO that such Return has been rejected.

Section 8.4. Transmission of Disbursement Check Printing Authorization to Block Company Offices. Upon receipt of the Disbursement Check printing authorization (or Electronic Disbursement authorization) from HSBC TFS, Block Services shall electronically transmit such authorization to the applicable ERO.

Section 8.5. Computer Network. Block Services shall establish and maintain a technology and communication center, at a location designated by the Block Companies, for use in electronically transmitting Returns, Applications and other related materials to HSBC TFS.

Section 8.6. Application Status System. Block Services shall establish and maintain a communication system for notifying Applicants of the status of their Applications.

Section 8.7. Maintenance of Communication Lines. Block Services shall maintain communication lines for the Block e-file Processing System to support the maximum daily Settlement Products volume projected by Block Services, as well as full Application follow-up information using such protocol and process as is mutually agreed upon by Block Services and HSBC TFS.

Section 8.8. Electronic Filing Specifications. Block Services agrees to cooperate and work with HSBC TFS in establishing Electronic Filing Specifications by no later than sixty (60) days prior to the first day of the first Tax Period covered by this Retail Distribution Agreement, which Electronic Filing Specifications may be amended from time to time by mutual agreement of Block Services and HSBC TFS, it being understood that such Electronic Filing Specifications may be further modified within the sixty (60) day period prior to the first day of the Tax Period, and that Block Services shall use commercially reasonable efforts to comply with any such modifications. Block Services shall comply with the Electronic Filing Specifications in performing its duties under the Distribution Agreements.

Section 8.9. Handling Client Disputes. Upon HSBC Bank's reasonable request, Block Services shall cooperate with HSBC Bank in the resolution of any Settlement Product Client disputes. Block Services shall (a) respond within twenty (20) days to any dispute HSBC Bank forwards to Block Services, and (b) use reasonable efforts to forward to HSBC Bank within five (5) Business Days after receipt by Block Services, copies of any communication relating to a Settlement Products Client's account received from such Client. If a Settlement Products Client disputes the existence of a Deposit Account, the amount owed by such Client or the validity of the indebtedness and refuses to pay such indebtedness, and such dispute is a result of the Agents' failure to comply with the Retail Settlement Products Procedures or Digital Settlement Products Procedures, HSBC Bank shall have the right to charge back such amounts to Block Services within thirty (30) days of HSBC Bank's initial report of such dispute to Block Services, unless Block Services is able to provide contrary evidence that shows that the Agent is not responsible for such dispute.

Section 8.10. Printing. Block Services shall, at its expense, print a sufficient number of the applications, forms, disclosures and other documents (except those items described in Section 14.12) required by HSBC Bank for the Settlement Products Program, in the form provided by HSBC. If, after printing, HSBC Bank requests changes to such applications, forms, disclosures and other documents, HSBC Bank shall be responsible for reimbursing Block Services for the expenses related thereto; provided, however, if such changes are required due to a change in Law or through no fault of HSBC Bank, HSBC Bank and Block Services shall split the cost of reprinting such applications, forms, disclosures or other documents.

Section 8.11. Retail Settlement Products Procedures. Block Services shall perform all of the tasks and duties set forth on the Retail Settlement Products Procedures Schedules that are to be performed by Block Services with respect to each Retail Settlement Product in a commercially reasonable manner.

Section 8.12. Savings Vehicle Fee. For each refund processed through the Refund Anticipation Check Service pursuant to the Distribution Agreements for which the Settlement Products Client has chosen to receive some or all of the funds by Direct Deposit credit into the

Settlement Products Client's XIRA, Auto Investor account or other savings vehicle at H&R Block, any of its Subsidiaries or any bank, Block Services shall pay to HSBC Bank $[***] (the "Savings Vehicle Fee"). Not later than the last Business Day during the month of October in which a Tax Period ends, the Savings Vehicle Fee shall be paid by Direct Deposit credit to the deposit account specified in writing by HSBC Bank.

Section 8.13. Compliance with Laws. Block Services shall comply with all applicable Laws in connection with its Tax Preparation Related Activities.

ARTICLE IX
DISTRIBUTION COVENANTS OF HSBC BANK

HSBC Bank hereby covenants during the Term of this Retail Distribution Agreement 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. The form of Application shall include:

(a) such consents to allow HSBC Bank to remit funds out of the Deposit Account in the same order and for the same purposes as provided in Article III of the Servicing Agreement; and

(b) such additional lawful consents, if any, to allow HSBC Bank, or any of its Affiliates, to make collections on (i) any delinquent Retail Settlement Products, (ii) any Delinquent ERO Charges, and (iii) other lenders' products substantially similar to the Settlement Products, excluding any tax preparation fees associated with such other lenders' products to the extent not included in prior indebtedness.

Section 9.2. Establishment of Electronic Filing Specifications. HSBC Bank shall cooperate and work with Block Services in establishing preliminary Electronic Filing Specifications by July 31 prior to the Tax Period and final Electronic Filing Specifications by no later than sixty (60) days prior to the first day of the first Tax Period covered by this Retail Distribution Agreement, which Electronic Filing Specifications may be amended from time to time by mutual agreement of HSBC Bank and Block Services. HSBC Bank shall comply with the Electronic Filing Specifications in performing its duties under the Distribution Agreements.

Section 9.3. Annual Determination of Fees. HSBC Bank shall annually make a determination of the Initial Fees, which shall include, but not be limited to, the Refund Account Fee and the RAL Fee. HSBC Bank shall provide a Schedule of Initial Fees to Block Services, or an Affiliate designated by it, for review and comment, no later than August 15 of each year during the Term of this Retail Distribution Agreement. After reviewing any comments submitted by Block Services, or an Affiliate designated by it, with respect to the Initial Fees, HSBC Bank shall establish the Final Fees, no later than September 15 of each year during the Term of this Retail Distribution Agreement and shall provide copies of the Schedule of Final Fees to Block Services or an Affiliate designated by it, to be attached as Schedule 9.3 to this Retail Distribution Agreement. [***]

Section 9.4. Annual Determination of Credit Criteria. HSBC Bank shall annually make a determination of the Initial Credit Criteria. HSBC Bank shall provide such Initial Credit Criteria to Block Services, or an Affiliate designated by it, for review and comment, no later than August 15 of each year during the Term of this Retail Distribution Agreement. After reviewing any comments submitted by Block Services, or an Affiliate designated by it, with respect to the Initial Credit Criteria, taking into consideration HSBC Bank's obligation and responsibility to undertake the services in accordance with safe and sound banking principles, HSBC Bank shall establish Final Credit Criteria, and provide copies of the Schedule of Final Credit Criteria to Block Services, or an Affiliate designated by it, no later than September 15 of each year during the Term of this Retail Distribution Agreement, to be attached as Schedule 9.4 to this Retail Distribution Agreement. HSBC Bank shall not establish credit criteria for any other tax preparer for whom it makes refund anticipation loans that are less restrictive than the Final Credit Criteria.

Section 9.5. Annual Determination of Qualifying Procedures. HSBC Bank shall annually establish the Qualifying Procedures, and provide copies of the Schedule of Qualifying Procedures to Block Services, or an Affiliate designated by it, no later than August 15 of each year during the Term of this Retail Distribution Agreement, to be attached as Schedule 9.5 to this Retail Distribution Agreement. HSBC Bank shall not establish qualifying procedures for any other tax preparer for whom it makes refund anticipation loans that are less restrictive than the Qualifying Procedures.

Section 9.6. Settlement Products Program Competitive Pricing.

(a) During the Term of this Retail Distribution Agreement, [***].

(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, [***].

(c) Upon the written request of Block Services delivered to HSBC Bank prior to the September 15th immediately preceding any Tax Period, [***].

(d) The HSBC Companies and the Block Companies agree [***].

Section 9.7. Establishment of Client Deposit Accounts. Upon receipt of each Application, HSBC Bank shall establish a Deposit Account in the name of the Settlement Products Client listed on such Application. Upon receipt of the Refund Paid for each Settlement Products Client, HSBC Bank shall credit the amount of such Refund Paid to such Settlement Products Client's Deposit Account. Immediately thereafter, HSBC Bank shall debit the Authorized Deductions from each Deposit Account in the manner set forth in the Servicing Agreement.

Section 9.8. Payment of ERO Charges.

(a) For each RAL disbursed via check for which a notification is received by HSBC TFS prior to 8:00 p.m. ET on a Business Day that a check was printed, HSBC Bank shall pay to the Block Enterprise Entities, from the proceeds of such RAL, the ERO Charges set forth in the Settlement Products Client's Applicant Information File via ACH credit to the deposit account specified by the Block Enterprise Entities no later than the next Business Day. All notifications that are sent and/or processed after 8:00 p.m. ET on any given Business Day shall be deemed to have been received and processed on the next Business Day.

(b) For each RAL disbursed via Electronic Disbursement for which HSBC TFS has sent a 1 Record prior to 8:00 p.m. ET on a Business Day, HSBC Bank shall pay to the Block Enterprise Entities, from the proceeds of such RAL, the ERO Charges set forth in the Settlement Products Client's Applicant Information File via ACH credit to the deposit account specified by the Block Enterprise Entities no later than the next Business Day. All 1 Records that are sent and/or processed after 8:00 p.m. ET on any given Business Day shall be deemed to have been received and processed on the next Business Day.

Section 9.9. Adverse Action Notices. HSBC Bank shall (a) transmit a notice of adverse action to Applicants as required by Regulation B as promulgated by the Board of Governors of the Federal Reserve System (12 C.F.R. Part 202), or any successor regulation, or (b) direct the Agents to transmit such notice to Settlement Products Clients.

Section 9.10. Handling Client Disputes. HSBC Bank shall address Settlement Products Clients' disputes based upon a dispute resolution process collaboratively created by HSBC Bank and Block Services. HSBC Bank shall route any Settlement Products Client disputes that are not immediately resolved by HSBC Bank's customer service representative to an internal dispute resolution help desk or an appropriate research queue based upon the type of dispute. In addition, HSBC Bank shall report, on a weekly basis all such disputes to Block Services and shall cooperate with Block Services to resolve any outstanding disputes in a timely manner.

Section 9.11. Supervision of Agents. HSBC Bank shall supervise, monitor and review the Settlement Products Program activities that the Agents perform for HSBC Bank. HSBC Bank and its Applicable Federal Regulator shall have the right to access Block Company Offices to supervise, monitor, review and audit the Settlement Products Program activities of the Agents to ensure that such activities comply with HSBC Bank's policies and procedures for the Settlement Products Program and the Laws applicable to the Settlement Products Program. HSBC Bank shall use commercially reasonable efforts to conduct such supervision, monitoring and review at times and in a manner that minimizes the disruption of the each Agent's business operations.

Section 9.12. Agent Training Program. HSBC Bank will design, establish and maintain the Settlement Products Program Training Program as set forth in Section 11.4.

Section 9.13. Compliance Program. HSBC Bank will design, establish and maintain the Settlement Products Program compliance program as set forth in Section 11.5.

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 the Settlement Products Program 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 such pre-approved templates, HSBC Bank shall, provide final pre-approved templates for applications, forms, disclosures and other documents required for the Settlement Products Program by September 1 of each year during the Term of this Retail Distribution Agreement.

Section 9.15. No Partial RALs. Unless mutually agreed to by the parties, HSBC Bank shall not originate any Classic RALs or Classic eRALs in an amount less than the amount of the Refund Due after taking into account any possible deductions from such Refund Due for (a) Delinquent ERO Charges, (b) First Priority Prior Indebtedness, (c) Second Priority Prior Indebtedness, (d) any Other Required Deductions, (e) Authorized Deductions and (f) such amount or amounts as the Settlement Products Client shall have authorized in writing.

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 [***].

Section 9.17. Location of Check Processing Center. HSBC Bank shall provide sixty (60) days prior notice to the Block Companies prior to changing the location of HSBC Bank's check processing center through which Disbursement Checks are cleared.

Section 9.18. Review of Applications. HSBC Bank shall review and process Applicant Information Files for Retail Settlement Products during each Tax Period during the Term of this Retail Distribution Agreement according to the Final Credit Criteria. Applicant Information Files for Classic RALs received by 2:00 p.m. Eastern Standard or Daylight Savings Time (as the case may be) shall be reviewed and processed by the close of business on the Block Business Day of HSBC Bank's receipt of such Applicant Information Files. HSBC Bank shall review and process Applicant Information Files for Classic RALs received by HSBC Bank after 2:00 p.m. Eastern Standard or Daylight Savings Time (as the case may be), by 10:00 a.m. on the Block Business Day following HSBC Bank's receipt of such Applicant Information File. Notwithstanding the above, HSBC Bank shall review and process Applicant Information Files for IRALs during each Tax Period pursuant to the Service Level Threshold set forth in Section 13.4(b).

Section 9.19. Delegation. Notwithstanding any other provision of the Program Contracts, HSBC Bank may delegate any of its duties and obligations under the Program Contracts to HSBC TFS, provided HSBC Bank remains liable to the Block Companies for the performance of such duties and obligations.

ARTICLE X
DISTRIBUTION COVENANTS OF HSBC TFS

HSBC TFS, as servicer for the Originator, hereby covenants and agrees during the Term of this Retail Distribution Agreement as follows:

Section 10.1. Forward Applicant Information File with Debt Indicator Information to HSBC Bank. 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 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, HSBC TFS shall electronically transmit a copy of such Applicant Information File to HSBC Bank immediately upon receipt.

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, 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. 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.

Section 10.3. Direct Deposit of Settlement Product Funds. Notwithstanding Section 10.2, for each Settlement Products Client who requests a Direct Deposit of the proceeds of the Retail Settlement Product for which the Settlement Products Client has been approved into a deposit account at the Settlement Products Client's personal financial institution in lieu of a check, HSBC TFS shall Direct Deposit such funds into such deposit account, at the times set forth in Section 10.2.

Section 10.4. Maintenance of Communication Lines. HSBC TFS shall maintain communication lines for the HSBC TFS processing center to support the Settlement Products Program, using such protocol and process as is mutually agreed upon by HSBC TFS and Block Services. HSBC TFS shall also maintain the ability to electronically communicate with HSBC Bank for the purpose of fulfilling HSBC TFS's duties under the Settlement Products Program.

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, 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; 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.

Section 10.6. Records Retention and Destruction.

(a) HSBC TFS shall maintain copies (either in paper format or electronic format) of any disclosures or communications provided or sent to each Applicant by HSBC TFS on behalf of HSBC Bank related to the Application.

(b) HSBC TFS may dispose of such documents following the expiration of the longer of (i) forty-eight (48) months after the preparation or receipt of same or (ii) such retention period as required by Law or regulatory or court order, provided that such disposition is in a manner sufficient to protect Client privacy.

Section 10.7. Compliance with Laws. In connection with fulfilling its duties for the Settlement Products Program, HSBC TFS shall comply with all applicable Laws.

Section 10.8. Float Adjustment. HSBC TFS shall pay to Block Services an amount equal to [***]. Such amount shall be due and payable by HSBC TFS by ACH credit to the account designated by the Block Enterprise Entities not later than thirty (30) days after the last day that HSBC RACs are offered for such Tax Period.

Section 10.9. File Sharing. HSBC TFS shall provide the Processing Files for use during each Tax Period to the Block Companies by November 1 prior to each Tax Period.

ARTICLE XI
AGENCY RELATIONSHIP

Section 11.1. Agency Relationship.

(a) The parties hereto hereby acknowledge that HSBC Bank is appointing, effective July 1, 2006, the Block Enterprise Entities and Block Associates as its agents with respect to the Settlement Products Program. This Retail Distribution Agreement describes and establishes the nature of the relationship that will exist as of July 1, 2006 between HSBC Bank and the Block Agents, and sets forth the rights, duties and obligations of HSBC Bank and the Block Agents. Each of the Block Agents shall act exclusively as the agent of HSBC Bank with respect to the Settlement Products Program and, except as otherwise provided herein, shall not offer Retail Settlement Products from any other source.

(b) In performing their specified duties under Article VII of this Retail Distribution Agreement, the Block Agents shall act as the agents of HSBC Bank for the purposes of, among other things: (i) offering Settlement Products to Clients; (ii) providing Applications to Clients and assisting Clients with completing Applications; (iii) providing Settlement Products Clients with copies of the signed Applications and other disclosures, forms and documents, as reasonably required by HSBC Bank and in the form provided by HSBC TFS to the Agents; (iv) printing Disbursement Checks and notifying Settlement Products Clients of their

availability; and (v) providing HSBC TFS, as servicer for the Originator, with electronic copies of Applicant Information Files.

Section 11.2. Supervision and Regulation.

(a) The parties hereto acknowledge that HSBC Bank, directly or through the Servicer, has the right and the duty to supervise, monitor and review the Settlement Products Program activities that the Block Agents perform for HSBC Bank. The parties acknowledge and agree that HSBC Bank, directly or through the Servicer, shall have the right to access Block Company Offices in order to supervise, monitor, review and audit the Settlement Products Program activities of the Block Agents to ensure that such activities comply with HSBC Bank's policies and procedures for the Settlement Products Program and all Laws applicable to the Settlement Products Program, as provided in Section 11.3.

(b) The Block Agents acknowledge that the Applicable Federal Regulator has authority to regulate and examine, and to take enforcement action against, the Block Agents with respect to the Settlement Products Program activities that the Block Agents perform for HSBC Bank, to the fullest extent provided by Law. HSBC Bank and each of the Block Agents acknowledge that they are each subject to the control and supervision of the appropriate regional office and the Washington, D.C. headquarters of the Applicable Federal Regulator, with respect to the Settlement Products Program activities that the Block Agents perform for HSBC Bank. Each of the Block Agents acknowledges that it would be an "institution-affiliated party" (as defined in 12 U.S.C. Section 1818(b)) if, in connection with the Settlement Products Program, it knowingly or recklessly participated in a violation of Law, or an unsafe or unsound practice, that was likely to cause significant loss to, or have a materially adverse affect upon, HSBC Bank, and, in such case, would be subject to administrative enforcement action by the Applicable Federal Regulator.

Section 11.3. Access to Block Company Offices and Audit Rights.

(a) The Block Agents shall keep proper books of record and account in which full, true and correct entries shall be made of all dealings and transactions and activities in relation to the Settlement Products Program, and shall permit HSBC Bank, upon HSBC Bank's own initiative and at its sole cost, to visit Block Company Offices, to examine and make abstracts or copies from any of its books and records, to conduct an audit and analysis of its accounts and to discuss such records and accounts with its Representatives, all only with respect to and as such shall relate to the Settlement Products Program or the obligations and duties of such Block Agent pursuant to this Retail Distribution Agreement and the other Program Contracts, all at such reasonable times and as often as HSBC Bank may reasonably desire; provided, however, that during the period commencing on January 1st and ending on April 15th of each year of the Term of this Retail Distribution Agreement, HSBC Bank shall use commercially reasonable efforts to limit the exercise of such visitation and audit rights so as not to disrupt the business operations of the Block Agents during their peak season; provided further, so long as no Block Event of Default shall have occurred and be continuing, HSBC Bank shall provide the Block Agents with reasonable prior written notice. In the event HSBC Bank exercises its rights hereunder during the periods commencing on January 1st and ending on April 15th of each year of the Term of this Retail Distribution Agreement, HSBC Bank shall only access the Block

Company Offices during non-peak business hours or after business hours. The rights of inspection granted to HSBC Bank hereunder shall not pertain to any information which is not part of the Settlement Products Program.

(b) Solely with respect to the Settlement Products Program, the Block Agents shall permit HSBC Bank's Applicable Federal Regulator to visit the Block Company Offices, to examine and make abstracts or copies from any of their respective books and records, to conduct an audit and examination of their respective records and accounts, and to discuss such records and accounts with their respective Representatives, all to the fullest extent provided by Law.

Section 11.4. Block Agent Training Program.

(a) HSBC Bank, at its expense, shall design, establish and maintain an ongoing training program for the Block Agents and their respective employees who engage in Settlement Products Program activities. HSBC Bank shall design the training program to provide the Block Agents and their respective employees with adequate in-depth education and training about the Retail Settlement Products, as well as the Laws applicable to the Settlement Products Program. HSBC Bank shall also design the training program to ensure that the Block Agents and their respective employees are adequately educated about the Retail Settlement Products, the distinction between insured and non-insured products, and applicable Laws (including if applicable, truth in lending, truth in savings, real estate settlement procedures, equal credit opportunity, and fair lending Laws) that may be applicable to the Block Agent's activities related to the Settlement Products Program.

(b) HSBC Bank shall develop and distribute written Originator Training Materials, and Settlement Products Program policies and procedures, for use by the Block Agents. The training program may also include CD-ROM or internet-based interactive Settlement Products Program training materials prepared by HSBC Bank; provided, however, the Block Companies may make non-substantive edits to such training materials to convert such training materials into a format compatible with the Block Agents' systems. HSBC Bank shall review and update the Originator Training Materials on an annual basis (but more frequently if necessary to reflect any Law change) to ensure that the Block Agents and their respective employees receive adequate and updated training.

(c) Any tax professional employed by a Block Agent shall receive Settlement Products Program training before engaging in Settlement Products Program activities, or offering Retail Settlement Products and services, on behalf of HSBC Bank. Any tax professional that has previously received Settlement Products Program training shall receive continuing Settlement Products Program training focused upon changes to Retail Settlement Products or services, and changes in Laws applicable to the Settlement Products Program. HSBC Bank and the Block Agents shall maintain records of the Settlement Products Program Training Materials and the training received by individual tax professionals employed by the Block Agents, and shall make such records available for review by examiners from the Applicable Federal Regulator.

Section 11.5. Compliance Program. HSBC Bank, at its expense, shall design, establish and maintain a detailed compliance program to ensure adequate monitoring, supervision and control over the Block Agents and the Settlement Products Program activities that the Block

Agents perform for HSBC Bank and the Retail Settlement Products offered by HSBC Bank. The compliance program shall include, at a minimum, the following features:

(a) The compliance program shall be reviewed by HSBC Bank's board of directors and senior management not less frequently than annually.

(b) HSBC Bank shall designate a compliance officer dedicated to the development, implementation and management of HSBC Bank's compliance program. The compliance officer shall have responsibility for the oversight of the Block Agents that perform activities related to the Settlement Products Program and the Retail Settlement Products offered by HSBC Bank.

(c) Not less frequently than annually, HSBC Bank shall conduct a compliance risk assessment for the Settlement Products Program. HSBC Bank and the Block Companies shall cooperate to develop a true and comprehensive depiction of actual risks in the Settlement Products Program.

(d) Not less frequently than annually, the compliance officer shall review the compliance program to determine if the Block Agents are operating in accordance with HSBC Bank's established policies and procedures regarding the activities relating to the Settlement Products Program and the Retail Settlement Products offered by HSBC Bank.

(e) HSBC Bank shall conduct an annual internal or external audit review of the compliance program, which shall include a review and update of the training program and the Originator Training Materials.

(f) HSBC Bank shall require the compliance officer to provide annual written compliance and audit reports to HSBC Bank's board of directors. Such reports shall include evidence of appropriate remedial actions taken (or to be taken) to address any identified deficiencies in the compliance program.

(g) HSBC Bank shall develop and maintain a system for tracking and recording consumer complaints regarding the Settlement Products Program in a timely manner. The compliance officer shall provide an annual written report of consumer complaints regarding the Settlement Products Program, and the resolution of such complaints, to HSBC Bank's board of directors. The Block Agents shall use commercially reasonable efforts to track and report to HSBC Bank all material consumer complaints related to the Settlement Products Program received by the Block Agents.

(h) HSBC Bank shall develop and maintain a review and approval process for all Client disclosures, advertising and other promotional materials used in the Settlement Products Program.

(i) HSBC Bank shall comply with any other requirements or conditions that the appropriate regional office or the Washington, D.C. headquarters of the Applicable Federal Regulator deem appropriate for HSBC Bank with regard to the Settlement Products Program.

(j) The Block Companies may, with the consent of HSBC Bank, implement compliance standards and practices for the Settlement Products Program that supplement, but do not conflict, with those prescribed by HSBC Bank. Such consent may not be unreasonably withheld.

(k) The Block Companies may, with the consent of HSBC Bank, implement compliance standards and practices for the Settlement Products Program that implement legal stipulations, settlements and contractual agreements with third parties. Such consent may not be unreasonably withheld.

Section 11.6. Safety and Soundness.

(a) The HSBC Parties and the Block Parties agree that the Settlement Products Program must be conducted consistent with safe and sound banking practices. If the OCC raises any objection or concerns with the Settlement Products Program, the HSBC Companies and the Block Companies agree to consult with 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 Settlement Products Program and the Program Contracts to ensure safe and sound operation of the Settlement Products Program.

(b) Notwithstanding anything herein to the contrary, HSBC Bank shall have the right to terminate the effectiveness of all agency appointments under the Program Contracts, but not to terminate the Program Contracts, in the event it 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 continuation of the agency relationships set forth in the Program Contracts would jeopardize HSBC Bank's regulatory standing with the OCC, including any component 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.

(c) In the event that HSBC Bank exercises its agency termination rights under Section 11.6(b), the HSBC Companies and the Block Companies shall consult and negotiate with each other in good faith regarding conforming amendments and modifications that should be made to the Program Contracts as a result of such agency termination.

(d) HSBC Bank and the Block Companies shall meet promptly to discuss in good faith whether it is feasible and desirable to substitute a financial institution regulated by the OTS in place of HSBC Bank as the Originator. In the event that the parties determine that such a substitution would be desirable, the following shall apply:

(i) If at the time, HSBC Holdings owns, directly or indirectly, a financial institution regulated by the OTS that could serve as the Originator, such institution shall be substituted for HSBC Bank as the Originator.

(ii) If at the time, HSBC Holdings does not own, directly or indirectly, a financial institution regulated by the OTS that could serve as the Originator, the HSBC Companies shall use their best efforts to identify a financial institution regulated by the OTS

that could serve as the Originator and to negotiate the terms of an agreement with such financial institution pursuant to which it would serve as the Originator for the Settlement Products Program, subject to the HSBC Companies and the Block Companies, in their respective discretion, reaching mutual agreement on the allocation of the costs and expenses of such change to the Settlement Products Program. If such financial institution is substituted for HSBC Bank as the Originator, the Program Contracts would be appropriately amended to reflect the change in the Originator.

(e) If, despite its best efforts, HSBC Bank is unable to negotiate agreements with a financial institution regulated by the OTS within one (1) year of the exercise of its termination rights under Section 11.6(b), the obligations of HSBC Bank under Section 11.6(d) shall terminate.

ARTICLE XII
MARKETING OF SETTLEMENT PRODUCTS

During the Term of this Retail Distribution Agreement:

Section 12.1. Market Research. The HSBC Companies shall conduct up-front market research and market sizing with respect to product design and pricing related to the Settlement Products Program. In addition, the HSBC Companies shall conduct market research regarding new products, product enhancements and competitive intelligence. The HSBC Companies shall collaborate with the Block Companies (i) to determine other uses for market research including creative/direct mail tests, concept tests, strategy refinement, market sizing, client segmentation and benchmarking, and (ii) on marketing research projects conducted on tax clients and Settlement Products Clients. The HSBC Companies shall utilize multiple channels to conduct the market research, including on-line or phone surveys, instant messaging chats, and on-line and traditional focus groups. All market research performed on tax clients and Settlement Products Clients shall be shared with the Block Companies.

Section 12.2. Marketing Expenses.

(a) Marketing Budget. The HSBC Companies shall spend at least [***] annually on marketing activities on behalf of the Settlement Products Program, including market research and expenditures required to meet acquisition, retention and win-back program targets.

(b) Access to HSBC Datahouse. The HSBC Companies, through HSBC TFS and upon reasonable request, shall provide the Block Companies access to information contained in the HSBC Datahouse for tax preparation and Settlement Products marketing initiatives, subject to applicable Laws and contractual restrictions. HSBC Datahouse charges shall be at an amount [***] and shall be credited toward the annual marketing budget for the year in which such charges were incurred.

Section 12.3. Development, Review and Approval of Marketing Materials. The HSBC Companies hereby engage the Block Companies, and the Block Companies hereby accept such engagement, to develop marketing materials for promoting and marketing the Settlement Products Program to Clients. The HSBC Companies shall annually make a determination of the Marketing Guidelines. The HSBC Companies shall provide such Marketing Guidelines to the

Block Companies, for review and comment, no later than August 1 of each year during the Term of this Retail Distribution Agreement. After reviewing any comments submitted by the Block Companies with respect to the Marketing Guidelines, the HSBC Companies shall finalize the Marketing Guidelines and provide copies of the Schedule of Marketing Guidelines to the Block Companies by no later than August 31 of each year during the Term of this Retail Distribution Agreement, to be attached as Schedule 12.3 to this Retail Distribution Agreement; provided that, the HSBC Companies shall be authorized to update the Marketing Guidelines after August 31 to comply with changes to applicable Laws. The Block Companies shall comply with the then-current Marketing Guidelines; provided, however, that incremental costs incurred by the Block Companies in complying with the then-current Marketing Guidelines shall be handled in the manner set forth in Section 14.20. As part of its annual establishment of the Marketing Guidelines, the HSBC Companies shall be solely responsible for determining whether the Marketing Guidelines comply with consumer lending Laws.

Section 12.4. Marketing Resources. The HSBC Companies and the Block Companies shall commit reasonably sufficient marketing resources to support the Settlement Products Program, which shall include (a) database marketing support (develop targeting models, provide program result analysis, and general reporting); (b) partnership building (resources to build cross-partnerships with HSBC Bank's existing retail client base and the Block Companies); (c) acquisitions; (d) retention and win-back; (e) competitive intelligence; (f) new product development/value proposition; (g) market research; (h) online marketing; (i) Hispanic marketing; and (j) other resources as reasonably requested by the Block Companies; provided that all expenditures of any HSBC Company in this regard shall count toward the marketing budget set forth in Section 12.2(a).

Section 12.5. Sales Support. The HSBC Companies shall provide dedicated resources to the Block Companies for direct marketing and acquisitions. At least one time per year, at the request of the Block Companies, HSBC Bank shall permit the Block Companies to include a statement stuffer in HSBC Bank's statements to a minimum of five (5) million of their aggregate clients. In addition, HSBC Bank shall (a) provide the Block Companies with access to non-restricted HSBC Bank business unit declines for acquisition mailings; (b) provide outbound calling resources [***]; and (c) actively facilitate access to the HSBC Companies' strategic partners for potential revenue arrangements between the Block Companies and such partners.

Section 12.6. Quarterly Marketing Meetings. The HSBC Companies and the Block Companies shall participate in meetings on a quarterly basis to discuss marketing strategy and initiatives.

Section 12.7. Marketing Efforts. Subject to applicable Law, the parties shall cooperate to facilitate the effectiveness of their marketing efforts.

ARTICLE XIII
SETTLEMENT PRODUCTS PROGRAM SUPPORT

During the Term of this Retail Distribution Agreement:

Section 13.1. Management and Technical Support.

(a) The HSBC Companies shall support the Settlement Products Program with at least the following dedicated human resources staffing: (i) one (1) group director; (ii) two (2) account managers; (iii) one (1) marketing professional; (iv) one (1) risk management professional; (v) one (1) product development professional; (vi) one (1) technology professional; (vii) one (1) operations manager; and (viii) one (1) compliance officer (appointed pursuant to Section 11.5(b)). The foregoing are in addition to the human resources staffing commitments of the HSBC Companies made elsewhere in this Retail Distribution Agreement and the other Program Contracts.

(b) The Block Companies may provide comments to the HSBC Companies regarding the performance of any of these officers, which the HSBC Companies may take into consideration in filling the foregoing positions or replacing any individual filling any of the foregoing positions. Upon request by the Block Companies, the HSBC Companies will consider providing additional dedicated team members to support the Settlement Products Program. At the request of the Block Companies, the HSBC Companies shall maintain at least one (1) dedicated full time professional at the H&R Block World Headquarters to coordinate the Settlement Products Program. The Block Companies shall provide a sufficient number of staff to train and supervise their employees and agents operating the Settlement Products Program.

(c) The HSBC Companies shall provide (i) an exclusive toll free telephone number and call center manned by a sufficient number of trained staff to service calls from Block Offices regarding the Settlement Products; (ii) an exclusive toll free telephone number and call center manned by a sufficient number of trained staff to service calls from Settlement Products Clients; and (iii) a VRU application providing Settlement Products Clients and EROs with status information on a real time basis. The HSBC Companies shall maintain call center client service hours during all times that any Block Office is open anywhere in the United States.

(d) The HSBC Companies shall continue to provide ongoing training, development and support for the Settlement Products Program as the HSBC Companies may reasonably deem appropriate, including technology based solutions.

Section 13.2. Outsourcing.

(a) The HSBC Companies (i) shall staff telephone call centers within the United States and off-shore [***]. All off-shore call centers shall meet the Service Level Thresholds set forth in Section 13.4 hereof.

(b) Each HSBC Company will make available to its personnel in off-shore call centers [***].

(c) The HSBC Companies shall file all reports required by applicable Law to be filed with Governmental Authorities concerning the matters described in Sections 13.2(a) and 13.2(b).

Section 13.3. Technology Infrastructure and Support. The HSBC Companies shall devote sufficient investment and human resources to develop the technology infrastructure and support necessary to address the key technology system initiatives identified by a joint architecture task force of Representatives from the Block Companies and the HSBC Companies (including the development of electronic forms, EFS module, electronic signature, document sharing and other new technologies) to expand and support the Settlement Products Program.

Section 13.4. Service Level Thresholds. The HSBC Companies shall provide the following levels of service for Settlement Products Clients with respect to IRAL and RAL Settlement Products ("Service Level Thresholds"):

(a) The HSBC Companies shall develop and maintain a fully operational and functional online origination system for processing and returning decisions on IRAL Applications ("IRAL Origination System"). The IRAL Origination System shall be continuously available for processing IRAL Applications [***], for at least the following percentages of time on a twenty-one (21) hour daily basis, during the following months:

January-February	at least [***]%
March-April	at least [***]%
May-December	at least [***]%

(b) The HSBC Companies shall develop and maintain the IRAL Origination System to [***].

(c) The HSBC Companies shall develop and maintain a fully operational and functional online origination system for processing and returning decisions on RAL Applications ("RAL Origination System"), which RAL Origination System shall be continuously available for processing RAL [***].

(d) The HSBC Companies shall develop and maintain a fully operational and functional telephone answering system ("Answering System"), which Answering System shall be continuously available for responding to calls on the status of RAL Applications [***]. The HSBC Companies shall maintain such Answering System to produce [***].

(e) The methodologies to implement, measure and monitor the foregoing Service Level Thresholds are set forth on Schedule 13.4 attached hereto and incorporated herein by reference. The parties hereto may amend Schedule 13.4 from time to time in writing specifying the date on which the amended Schedule will become effective. Each amended Schedule 13.4 shall be deemed to be a part of this Retail Distribution Agreement and shall be deemed incorporated herein, but shall apply only prospectively from the effective date thereof.

(f) During the months of January through April of each Tax Period, the HSBC Companies shall (i) track and monitor their compliance with the foregoing Service Level Thresholds on a daily basis; (ii) provide a written report to the Block Companies on a weekly

basis on their compliance with such Servicing Level Thresholds; and (iii) promptly notify the Block Companies on the following Block Business Day of any non-compliance with any Service Level Threshold.

(g) During the months of May through December of each Tax Period, the HSBC Companies shall (i) track and monitor their compliance with the foregoing Service Level Thresholds on a monthly basis; (ii) provide a written report to the Block Companies on a monthly basis on their compliance with such Service Level Thresholds; and (iii) promptly notify the Block Companies within one (1) week of any non-compliance with any of Service Level Threshold.

(h) With respect to any notice of noncompliance, the HSBC Companies shall (i) schedule a conference call within twenty-four (24) hours of such notification to review the causes of the non-compliance; (ii) promptly develop a necessary action plan to remedy such non-compliance and notify the Block Companies of such action plan; (iii) promptly carry out such action plan; and (iv) initiate daily calls to the Block Companies to review the results of such action plan until its compliance with such Service Level Threshold is restored.

Section 13.5. Check Cashing Arrangements.

(a) The HSBC Companies and the Block Companies shall consult with each other to jointly develop a standard set of terms and conditions under which third party check cashers would agree to cash checks that are issued by HSBC Bank to Settlement Products Clients pursuant to the Settlement Products Program. The HSBC Companies shall (i) upon the request of the Block Companies, solicit third party check cashers to cash such checks in accordance with such standard terms and conditions and (ii) upon forty-five (45) days prior written notice from the Block Companies, use best efforts to enter into written contracts with such third party check cashers by September 15th with respect to the following Tax Period. To the extent written contracts with such third party check cashers are entered into after September 15th, the HSBC Companies will use their commercially reasonable efforts to execute such written contracts prior to the first day of the Tax Period. If any Block Company is to perform specific tasks or duties (other than disbursement of checks or making referrals to any check casher) with respect to check cashing by a third party, such Block Company shall become a party to such check cashing contract, on terms and conditions (including indemnification) reasonably acceptable to such Block Company.

(b) Nothing in this Retail Distribution Agreement shall prohibit any Block Company, or an Affiliate thereof, from directly engaging in check cashing or from cashing checks that are issued by HSBC Bank to Settlement Products Clients.

(c) Notwithstanding anything to the contrary in Section 13.5(a), if the Block Companies desire to enter into an agreement with a third party check casher to cash checks issued by HSBC Bank to the Settlement Product Clients pursuant to the Settlement Products Program, HSBC TFS shall negotiate in good faith with such third party check casher and the Block Companies for a period not in excess of forty-five (45) days from the date on which the Block Companies first notify HSBC TFS of their negotiation with such third party check casher

and shall not unreasonably refuse to execute any such agreement negotiated with such third party check casher and the Block Companies.

(d) Notwithstanding anything herein to the contrary, HSBC Bank shall, and shall cause all of its branch offices to, cash checks that are issued by HSBC Bank to the Settlement Products Clients pursuant to the Settlement Products Program, subject to HSBC Bank's policies and procedures.

Section 13.6. Reporting by the HSBC Companies.

(a) The HSBC Companies shall provide, or cause to be provided, as applicable, to the Block Companies the reports set forth on Schedule 13.6 attached hereto via an online, web-interfaced application. Such reports shall be updated and made available to the Block Companies at such times as set forth on Schedule 13.6.

(b) The HSBC Companies shall provide the Block Companies with [***].

(c) The HSBC Companies shall provide to the Block Companies [***], to the extent allowable under applicable Laws for the purpose of [***]. Each of HSBC Companies and the Block Companies shall bear its own expenses with respect to its [***]processes.

Section 13.7. Operational Improvement. HSBC TFS shall cooperate with Block Services to ensure that HSBC TFS maintains state-of-the-art technology and processes with respect to the technology used by HSBC Bank for the Settlement Products Program. HSBC TFS shall coordinate its technology improvement cycle for the Settlement Products Program with the technology improvement cycle of Block Services. HSBC TFS shall, to the extent such information is made publicly available, benchmark its competitors annually to ensure that it maintains technology for its overall systems at a level equal to or greater than such competitors. HSBC TFS shall provide performance measurements to Block Services at least one (1) time each week during the months of February, March and April of each Tax Year, and at least one (1) time per month during each other month of each Tax Year. Upon the request of any Block Company, the HSBC Companies shall participate in quarterly meetings held by the Block Companies regarding performance of the Settlement Products Program.

Section 13.8. Technological Innovation. HSBC TFS shall use commercially reasonable efforts to develop additional technological capabilities (e.g., [***]) for the Block Companies; provided, however, each party shall bear its own expenses with respect to such technology.

ARTICLE XIV
ADDITIONAL HSBC COMPANIES' COVENANTS

Section 14.1. Collection of Delinquent ERO Charges. HSBC TFS shall attempt to collect all Delinquent ERO Charges. In the event [***], HSBC TFS shall pay to the Block Enterprise Entities, not later than July 31st following the end of such year, an amount equal to [***] via wire transfer of immediately available funds to an account designated in writing by the Block Enterprise Entities.

Section 14.2. Incremental Bank Product Fee. No later than thirty (30) days following the last day of each Tax Period, 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 [***].

Section 14.3. [***].

(a) [***].

(b) No later than July 31st following the end of each year of the Term of this Retail Distribution Agreement, HSBC TFS shall pay the Block Enterprise Entities an amount, in the aggregate, equal to [***]. Such amounts shall be paid via ACH credit to an account designated in writing by the Block Enterprise Entities.

(c) No later than July 31st following the end of each year of the Term of this Retail Distribution Agreement, the Block Companies shall pay the HSBC Companies an amount, in the aggregate, equal to [***]. Such amounts shall be paid via ACH credit to an account designated in writing by HSBC TFS.

Section 14.4. [***].

(a) [***].

(b) HSBC TFS shall pay the Block Companies:

(i) an amount, in the aggregate, equal to [***];

(ii) an amount, in the aggregate, equal to [***];

(iii) an amount, in the aggregate, equal to [***];

(iv) an amount, in the aggregate, equal to [***];

(v) an amount, in the aggregate, equal to [***];

(vi) an amount, in the aggregate, equal to [***]; and

(vii) an amount, in the aggregate, equal to [***].

(c) HSBC TFS shall pay the Block Enterprise Entities such amounts required under this Section 14.4 no later than July 31st following the end of each year of the Term of this Retail Distribution Agreement. If such amount under this Section 14.4 is a negative number, no payment shall be due by either HSBC TFS or the Block Enterprise Entities. All such amounts shall be paid by ACH credit to an account designated in writing by the Block Enterprise Entities.

Section 14.5. [***].

(a) [***]:

(b) HSBC TFS shall pay the Block Companies:

(i) (A) an amount, in the aggregate, equal to [***];

(ii) an amount, in the aggregate, equal to [***];

(iii) an amount, in the aggregate, equal to [***];

(iv) an amount, in the aggregate, equal to [***];

(v) an amount, in the aggregate, equal to [***];

(vi) an amount, in the aggregate, equal to [***]; and

(vii) an amount, in the aggregate, equal to [***].

(c) HSBC TFS shall pay the Block Enterprise Entities such amounts required under this Section 14.5 no later than July 31st following the end of each year of the Term. If such amount under this Section 14.5 is a negative number, no payment shall be due by either HSBC TFS or the Block Enterprise Entities. All such amounts shall be paid by ACH credit to an account designated in writing by the Block Enterprise Entities.

Section 14.6. RAC Fee.

(a) For each Client refund processed through the Refund Anticipation Check Service pursuant to this Retail Distribution Agreement during each Tax Period, except for those refunds processed for which a Savings Vehicle Fee is paid by the Block Companies, the HSBC Companies shall pay to the Block Companies a RAC Fee in the amount set forth in Schedule 14.6(a). The RAC Fee shall be paid via ACH credit to an account designated in writing by the Block Enterprise Entities on the Business Day following receipt of the deposit of any payment or collection in the Deposit Account related to such refund processed if posted to the Client's account by 8:00 p.m. Eastern time on the day of receipt. Any payments processed after 8:00 p.m. Eastern Time on any day shall be deemed to have been received and processed on the next Business Day, for purposes of fee payment.

(b) For each Client refund processed through the Refund Anticipation Check Service pursuant to a Franchisee Distribution Agreement during each Tax Period, except for those refunds processed for which a Savings Vehicle Fee is paid by the Block Companies, the HSBC Companies shall pay to the Block Companies a RAC Fee in the amount set forth on Schedule 14.6(b). The RAC Fee shall be paid via ACH credit to an account designated in writing by the Block Enterprise Entities on the Business Day following receipt of the deposit of any payment or collection in the Deposit Account related to such refund processed if posted to the Client's account by 8:00 p.m. Eastern time on the day of receipt. Any payments processed

after 8:00 p.m. Eastern Time on any day shall be deemed to have been received and processed on the next Business Day, for purposes of fee payment.

(c) For each Client refund processed through the Refund Anticipation Check Service pursuant to the Franchisee Distribution Agreement during each Tax Period, except for those refunds processed for which a Savings Vehicle Fee is paid by the Block Companies, the HSBC Companies shall pay directly to the Franchisee a Franchisee RAC Fee; provided, however, the Block Companies may require the HSBC Companies to pay such Franchisee RAC Fees directly to the Block Companies to be forwarded to the Franchisees. If the Block Companies direct the HSBC Companies to pay the Franchisee RAC Fee directly to the Block Companies, the Block Companies shall be solely responsible for the payment of such fee to the applicable Franchisee. Such fee shall be paid directly to each Franchisee (unless otherwise provided by the Block Companies), as applicable, via ACH credit, to an account designated in writing by such Franchisee, on the Business Day following receipt of the deposit of any payment or collection in the Deposit Account related to such refund processed if posted to the Client's account by 8:00 p.m. Eastern time on the day of receipt. Any payments processed after 8:00 p.m. Eastern Time on any day shall be deemed to have been received and processed on the next Business Day, for purposes of fee payment. The Block Companies shall designate the Franchisee RAC Fee in writing to the HSBC Companies by September 1 of each year during the Term of this Retail Distribution Agreement. The HSBC Companies shall designate the Franchisee RAC Fee to each Franchisee pursuant to the related Franchisee Distribution Agreement.

Section 14.7. Expense Reimbursement.

(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 such Tax Period. The Expense Reimbursement shall be paid ACH credit to an account designated by the Block Enterprise Entities.

(b) The Expense Reimbursement shall be in addition to any other payments or reimbursements payable by any HSBC Company to any Block Company pursuant to this Retail Distribution Agreement or any other Program Contract.

Section 14.8. IRAL 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) 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 Tax Period, shall be payable by HSBC TFS on the last Business Day of the month of October in which such Tax Period ends. 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 April during such Tax 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, (b) the number of IRALs originated during each Block Business Day in the previous calendar year and (c) the number of IRALs originated during each Block Business Day during the Tax Period.

Section 14.9. RAL Origination System Payment. If HSBC TFS fails to [***], HSBC TFS shall pay to the Block Enterprise Entities an amount, in the aggregate, equal to [***]. All amounts payable under this Section 14.9 accrued during any Tax Period, shall be payable by HSBC TFS on the last Business Day of the month of October in which such Tax Period ends. 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 RAL Origination System under this Section 14.9 could not reasonably result in a Material Adverse Effect, the amount paid by HSBC TFS to the Block Companies under this Section 14.9 shall constitute the sole remedy for failure to maintain the RAL Origination System. Not later than the last Business Day of the month of April during such Tax Period, HSBC TFS shall provide true and correct reports to the Block Companies setting forth (a) the number of estimated lost RALs and eRALs for each Block Business Day during the Tax Period, (b) the number of RALs and eRALs originated during each Block Business Day in the previous calendar year and (c) the number of RALs and eRALs originated during each Block Business Day during the Tax Period.

Section 14.10. Put Option for Delinquent ERO Charges. The HSBC Companies and the Block Companies covenant and agree to negotiate in good faith to reach an agreement pursuant to which the Block Companies shall have the option to sell all or any portion of their Delinquent ERO Charges to HSBC TFS at a purchase price to be determined.

Section 14.11. Changes in HSBC Cross Collection Activities.

(a) HSBC Bank and HSBC TFS shall in good faith discuss the cessation or modification of all or any portion of their cross collection practices during the Term of this Retail Distribution Agreement at the request of the Block Companies. If, after such discussions, HSBC Bank and HSBC TFS and the Block Companies mutually agree that such practices should cease or be modified, in whole or in part, HSBC Bank and HSBC TFS shall, to the extent not prohibited by an agreement with another RAL lender concerning cross collection, comply with terms of any such agreement with the Block Companies.

(b) In the event HSBC Bank and HSBC TFS are prohibited from complying with any agreement between HSBC Bank and HSBC TFS and the Block Companies concerning the cessation or modification of any cross collection practices, HSBC Bank and HSBC TFS shall nonetheless engage such RAL lender in good faith discussions concerning the cessation or modification of cross collection practices as agreed to by HSBC Bank and HSBC TFS and the Block Companies.

(c) Unless the Block Companies otherwise consent in writing, HSBC Bank and HSBC TFS may only enter into a new agreement or otherwise extend the term of an

agreement currently in effect with another RAL lender in connection with cross collection practices if the agreement or amendment states that HSBC Bank and HSBC TFS may terminate the agreement immediately if it makes a reasonable determination that it is required to do so by law, regulation, or regulatory authority.

Section 14.12. Paper Stock Reimbursement. HSBC TFS shall reimburse the Block Companies for all expenses, in the aggregate, incurred during each year of the Term of this Retail Distribution Agreement by any of the Block Companies (including, without duplication, expenses related to Franchisees) with respect to the purchase, production, transportation and storage of paper stock, check stock, letters of instruction and fulfillment letters. Within thirty (30) days following the last day of any year of the Term of this Retail Distribution Agreement, the Block Enterprise Entities shall submit an invoice to HSBC TFS setting forth the aggregate expenses of the Block Companies with respect to those items described in the immediately preceding sentence. HSBC TFS shall pay the Block Enterprise Entities the aggregate amount of expenses set forth on such invoice within thirty (30) days of receipt of such invoice from the Block Enterprise Entities. All payments made hereunder shall be via ACH credit to an account designated in writing by the Block Enterprise Entities.

Section 14.13. Cross-Sales. The HSBC Companies and their Affiliates shall not, directly or indirectly, market, offer or sell any products or services, other than Settlement Products, to any Client, without the prior written consent of the Block Companies; provided, in the event the Block Companies consent to the marketing, offering or selling of any products or services described in this Section 14.13 to a Client, the HSBC Companies shall negotiate, in good faith, with the Block Companies to determine the amount of any fee to be paid by the HSBC Companies to the Block Companies for the right to market, offer or sell any products or services described in this Section 14.13. The restrictions set forth in the immediately preceding sentence shall not prohibit the HSBC Companies and their Affiliates from marketing, offering or selling any products or services to any Client if such Client's name and contact information was obtained through sources independent of any Block Company. In addition, the restrictions set forth in the first sentence of this Section 14.13 shall not prohibit the HSBC Companies and their Affiliates from marketing, offering or selling any products or services to any Client via general solicitations to the public-at-large or if such Client is an unsolicited walk-in customer. The HSBC Companies shall not direct or request, in any manner, any third party source to provide or accept from any third party source any potential customer lists developed or predicated on parameters similar to those of Clients.

Section 14.14. Collection of Late Fees and Refund Account Fees.

(a) With respect to HSBC RALs originated on or after January 1, 2007, [***].

(b) Neither HSBC Bank nor the Servicer shall collect the Refund Account Fee from the related Client, with respect to an HSBC RAC, Denied Classic RAL or Denied IRAL that resulted in no proceeds being distributed to the Settlement Products Client.

(c) Subject to Section 14.14(a), the HSBC Companies shall collaborate with the Block Companies to evaluate and modify its collection practices as needed.

Section 14.15. Government Relations.

(a) HSBC TFS or its appropriate Affiliate shall engage in normal-course litigation and regulatory issue research activities within the banking and consumer finance industry with respect to Settlement Products and the Settlement Products Program. On at least a quarterly basis or more often if deemed necessary or appropriate, HSBC TFS shall report to the Block Companies on federal, state and local level developments on new and proposed Laws and political issues and trends relating to, influencing or otherwise impacting the Settlement Products and the Settlement Products Program. HSBC Bank and the Block Companies shall establish a monitoring and follow-up system for significant developments.

(b) The HSBC Companies and the Block Companies agree to undertake necessary and appropriate lobbying efforts at federal, state and local levels to support the Settlement Products and the Settlement Products Program. The HSBC Companies agree to commit [***] experienced government relations professionals, and the Block Companies agree to commit those government relations professionals the Block Companies deem to be sufficient, that may be mobilized to respond to issues related to Settlement Products and the Settlement Products Program, if the need arises or if considered appropriate.

(c) Each of the HSBC Companies and the Block Companies agrees to respond appropriately and professionally to any state attorney general and other regulatory investigations related to the Settlement Products, taking into account such party's respective business interests.

(d) The HSBC Companies and the Block Companies agree to respond appropriately and professionally to all threats to the Settlement Products and the Settlement Products Program in a coordinated fashion.

(e) All information shared by the HSBC Companies and the Block Companies in performing their Obligations under this Section 14.15, shall be shared in accordance with and only to the extent allowed by applicable Law.

Section 14.16. Disbursement Check Losses. The Block Companies shall not be responsible for losses related to Disbursement Checks involving theft, fraud or duplicate checks, except to the extent that (a) any such losses were caused by the negligence of a Representative of a Block Company or (b) any Block Company receives reimbursement of such losses under any insurance policy.

Section 14.17. Retail Settlement Products Procedures. The HSBC Companies shall perform all of the tasks and duties set forth on (a) the Retail Settlement Products Procedures Schedules that are to be performed by the HSBC Companies with respect to each Retail Settlement Product, and (b) Schedule 14.17. HSBC Bank shall perform such tasks and duties in a commercially reasonable manner.

Section 14.18. Data Security and Recovery. The HSBC Companies shall maintain the security of their data and recovery of systems, applications and data related to the Settlement Products Program in accordance with 12 C.F.R. Part 40, 16 C.F.R. Part 314 and OCC regulations and policies relating to data security (to the extent required by Law) and shall report any such breaches in its data security to the Block Companies within five (5) Business Days of HSBC

Bank's discovery of any such breach. The HSBC Companies have developed, implemented and will maintain effective information security policies and procedures that include administrative, technical and physical safeguards designed to (a) ensure the security and confidentiality of Confidential Information provided to the HSBC Companies hereunder, (b) protect against anticipated threats or hazards to the security or integrity of such Confidential Information, (c) protect against unauthorized access or use of such Confidential Information, and (d) ensure the proper disposal of Confidential Information. All personnel of the HSBC Companies handling such Confidential Information have been appropriately trained in the implementation of the HSBC Companies' information security policies and procedures. The HSBC Companies shall regularly audit and review their information security policies and procedures to ensure their continued effectiveness and to determine whether adjustments are necessary in light of circumstances, including changes in technology, customer information systems or threats or hazards to Confidential Information. In the event of unauthorized access to Confidential Information or non-public personal information of individual consumers, the HSBC Companies shall promptly take appropriate action to prevent further unauthorized access and shall take any other action required by Law.

Section 14.19. Prior Debt Indicator File. The HSBC Companies shall provide the Prior Debt Indicator File to Block Services, or an Affiliate designated by it, by December 3 prior to each Tax Period during the Term of this Retail Distribution Agreement, on a state-by-state and year-by-year basis, in each case as mutually agreed by HSBC Companies and Block Services. HSBC Bank shall have a duty to update any Prior Debt Indicator File provided to Block Services to the extent it receives any updates after December 3.

Section 14.20. Block Companies' Additional Costs. Notwithstanding anything to the contrary in this Agreement, additional costs incurred by the Block Companies in following Instructions of HSBC Bank, including costs for following Instructions shall be handled in the manner set forth in this Section. If any Instruction of HSBC Bank is not consistent with past practices of the parties in conducting the Settlement Products Program, and the Block Companies reasonably determine that their compliance with such Instructions will cause the Block Companies and the Franchisees to incur expenses more than [***], then the Block Companies shall notify the HSBC Companies of such determination and the parties will explore alternative ways to achieve compliance with such Instructions in a more cost efficient manner; provided, that if the parties are unable to agree upon an effective alternative [***].

ARTICLE XV
INTELLECTUAL PROPERTY LICENSING AND DEVELOPMENT

Section 15.1. Licensing of Block Licensed Marks.

(a) Royalty hereby grants to HSBC Bank and HSBC TFS a nonexclusive and nonassignable right and license to use the Block Licensed Marks (listed on Schedule 15.1) as designated by Royalty for use in connection with the Settlement Products Program. HSBC Bank, HSBC TFS and their respective Affiliates shall not use the Block Licensed Marks for any purpose except the purposes specifically set forth herein. Any use of the Block Licensed Marks and all goodwill generated thereby shall inure to the benefit of Royalty.

(b) All uses of the Block Licensed Marks shall be approved in advance by Royalty in writing and shall be at all times in compliance with any standards which Royalty may impose in writing from time to time regarding such use. HSBC Bank and HSBC TFS shall provide samples of any proposed uses of the Block Licensed Marks to Royalty for written approval prior to any use of the same, and shall provide samples of any marketing materials related to the Settlement Products Program that are developed and used by HSBC Bank or HSBC TFS, upon the request of Royalty.

(c) All rights in and to the Block Licensed Marks that are not specifically granted to HSBC Bank and HSBC TFS shall remain with Royalty. HSBC Bank and HSBC TFS shall cooperate with Royalty in the protection and defense of the Block Licensed Marks and in the prosecution, at Royalty's sole option, of infringers of the Block Licensed Marks. Neither HSBC Bank nor HSBC TFS shall register or seek to register any trade name, trademark, service mark, trade dress, logotype, commercial symbol, or other identifier identical or confusingly similar to any of the Block Licensed Marks.

(d) The license granted hereunder to use the Block Licensed Marks shall terminate upon termination or expiration of this Retail Distribution Agreement. Thereafter, HSBC Bank and HSBC TFS shall cease any and all use of the Block Licensed Marks and destroy or return any marketing materials containing the Block Licensed Marks to Royalty.

Section 15.2. Licensing of HSBC Licensed Patents.

(a) Beneficial Franchise hereby grants to the Block Companies and their Affiliates a nonexclusive and nonassignable right and license under the HSBC Licensed Patents (listed on Schedule 15.2, which schedule shall also list any pending application for any HSBC Licensed Patents) to use any and all products, methods or systems described or claimed in the HSBC Licensed Patents for use in conjunction with the Settlement Products Program. Beneficial Franchise also grants to the Block Companies and their Affiliates the right to grant sublicenses to use any and all products, methods or systems described or claimed in the HSBC Licensed Patents to the Franchisees and to any Person or entity that is involved in the processing of Settlement Products, but only to the extent that Settlement Products are processed in any manner through TPS Software, or other electronic filing software, acceptable to Beneficial Franchise. Any sublicense granted the Block Companies shall contain provisions corresponding to those of this Retail Distribution Agreement regarding termination of the license to use HSBC Licensed Patents and shall not include the right to sublicense to other parties.

(b) Beneficial Franchise hereby waives and fully releases the Block Companies and their respective Affiliates from any claims for infringement of the HSBC Licensed Patents arising from any Settlement Products originated or issued prior to or during the term of the license granted in this Section 15.2. The license granted hereunder to use the HSBC Licensed Patents shall terminate ten (10) years following the termination or expiration of this Retail Distribution Agreement; provided, however, that in the event this Retail Distribution Agreement is terminated pursuant to Section 19.2(a) as a result of a Block Event of Default, the license granted hereunder to use the HSBC Licensed Patents shall terminate immediately upon the effective date of such termination of this Retail Distribution Agreement, and the Block Companies shall immediately cease any and all use of the HSBC Licensed Patents.

Section 15.3. Licensing of HSBC Licensed Marks.

(a) Beneficial Franchise hereby grants to the Block Companies and their Affiliates a nonexclusive and nonassignable right and license to use the HSBC Licensed Marks (listed on Schedule 15.3, which schedule shall also list any pending application for any HSBC Licensed Marks) as designated by Beneficial Franchise for use in connection with the Settlement Products Program. Beneficial Franchise also grants to the Block Companies and their Affiliates the right to grant sublicenses of the HSBC Licensed Marks to the Franchisees and to any Person or entity that is involved in the processing of Settlement Products. The Block Companies and their Affiliates shall not use the HSBC Licensed Marks for any purpose except the purposes specifically set forth herein. Any use of the HSBC Licensed Marks and all goodwill generated thereby shall inure to the benefit of Beneficial Franchise. Beneficial Franchise also grants to the Block Companies and their Affiliates the right to grant sublicenses to use the HSBC Licensed Marks in connection with the Settlement Products Program. Any sublicense granted by the Block Companies shall contain provisions corresponding to those of this Retail Distribution Agreement regarding termination of the license to use HSBC Licensed Marks and shall not include the right to sublicense to other parties.

(b) All uses of the HSBC Licensed Marks shall be approved in advance by Beneficial Franchise in writing and shall be at all times in compliance with any standards which Beneficial Franchise may impose in writing from time to time regarding such use. The Block Companies shall provide samples of any proposed uses of the HSBC Licensed Marks to Beneficial Franchise for written approval prior to any use of the same, and shall provide samples of any marketing materials related to the Settlement Products Program that are developed and used by the Block Companies, upon the request of Beneficial Franchise.

(c) All rights in and to the HSBC Licensed Marks that are not specifically granted to the Block Companies shall remain with Beneficial Franchise. The Block Companies shall cooperate with Beneficial Franchise in the protection and defense of the HSBC Licensed Marks and in the prosecution, at Beneficial Franchise's sole option, of infringers of the HSBC Licensed Marks. The Block Companies shall not register or seek to register any trade name, trademark, service mark, trade dress, logotype, commercial symbol, or other identifier identical or confusingly similar to any of the HSBC Licensed Marks.

(d) The license granted hereunder to use the HSBC Licensed Marks shall terminate upon termination or expiration of this Retail Distribution Agreement. Thereafter, the Block Companies shall cease any and all use of the HSBC Licensed Marks and destroy or return any marketing materials containing the HSBC Licensed Marks to Beneficial Franchise.

Section 15.4. Previously Developed Intellectual Property. All Intellectual Property developed by any Block Company or any HSBC Company shall remain the Intellectual Property of such party. If any such Intellectual Property is necessary for the proper operation of the Settlement Products Program, the owner of such Intellectual Property shall grant a non-exclusive license to each party hereto as necessary for the proper operation of the Settlement Products Program.

Section 15.5. Jointly Developed Intellectual Property.

(a) Beneficial Franchise and Royalty shall jointly own all right, title and interest in and to any Intellectual Property jointly developed by the parties during the Term of this Retail Distribution Agreement, including all Proprietary Rights in the same. Each HSBC Company hereby assigns and agrees to assign in the future a one-half ownership interest in and to the Proprietary Rights to Royalty, and agrees to execute any further documents needed in the future to vest a one-half ownership interest in the same in Royalty. Each Block Company hereby assigns and agrees to assign in the future a one-half ownership interest in and to the Proprietary Rights to Beneficial Franchise, and agrees to execute any further documents needed in the future to vest a one-half ownership interest in the same in Beneficial Franchise.

(b) Each HSBC Company represents and warrants that any individuals participating or otherwise contributing to the conception of any Intellectual Property jointly developed by the parties during the Term of this Retail Distribution Agreement on behalf of any HSBC Company are obligated to assign any Proprietary Rights that they may have by virtue of such conception to Beneficial Franchise or one or more of its Affiliates.

(c) Each Block Company represents and warrants that any individuals participating or otherwise contributing to the conception of any Intellectual Property jointly developed by the parties during the Term of this Retail Distribution Agreement on behalf of any Block Company are obligated to assign any Proprietary Rights that they may have by virtue of such conception to Royalty or one or more of its Affiliates.

(d) Any Block Company, any HSBC Company, and any of their respective affiliates shall each be entitled to use any Intellectual Property jointly developed by the parties during the Term of this Retail Distribution Agreement directly on its own behalf, without the consent of the other party. Any Block Company may also permit the Franchisees to use any Intellectual Property jointly developed by the parties during the Term of this Retail Distribution Agreement, without the consent of Beneficial Franchise.

(e) Neither Royalty nor Beneficial Franchise may license any Intellectual Property jointly developed by the parties during the Term of this Retail Distribution Agreement to any third party (other than Franchisees) that is not an Affiliate of either the Block Companies or the HSBC Companies, respectively, without the prior written consent of each of Royalty and Beneficial Franchise. If the consent of both parties is given in such a situation and the licensing party charges the unaffiliated third party (other than Franchisees) a license fee or other charge regarding such third party's use of the Intellectual Property jointly developed by the parties during the Term of this Retail Distribution Agreement, the licensing party shall pay fifty percent (50%) of the license fee to the other party.

(f) Each Block Company and each HSBC Company agrees to cooperate and consult with one another in an effort to determine whether or not to pursue patent protection for any Intellectual Property jointly developed by the parties during the Term of this Retail Distribution Agreement. If the parties mutually determine to pursue patent protection on any aspects of such jointly developed Intellectual Property, they will jointly participate in the preparation, filing, prosecution and maintenance of the rights in such Intellectual Property. Each

party will have a full and fair opportunity to review and contribute to the patent application or applications and any other filings to be made in the U.S. Patent Office or foreign patent offices. The parties will jointly share in all costs associated with the preparation, filing, prosecution and maintenance of such rights in the Intellectual Property jointly developed by the parties during the Term of this Program.

(g) With respect to filings:

(i) (A) Each Block Company and each HSBC Company agrees that if one party (the "Non-Filing Party") desires not to file patent rights in any Intellectual Property jointly developed by the parties during the term of this Retail Distribution Agreement in the United States, the other party (the "Filing Party") may do so at its own cost and expense. In such event, (1) the Filing Party shall have no obligation to consult with the Non-Filing Party regarding the preparation and filing of the patent rights, (2) the Non-Filing Party shall not have an opportunity to review or contribute to the patent application and (3) the Non-Filing Party shall assign its ownership interest in and to such patent rights to the Filing Party.

(ii) Each Block Company and each HSBC Company agrees that if the Non-Filing Party desires not to file, prosecute or maintain patent rights in any given foreign country, the Filing Party may do so at its own cost and expense. In such event, the Non-Filing Party shall assign its ownership interest in and to such foreign country patent rights to the Filing Party.

(iii) In no event shall the Confidential Information of any Block Company or any HSBC Company be disclosed in a patent application or other document filed with the U.S. Patent Office or foreign patent office without the express approval of that party.

(iv) If any Block Company or HSBC Company becomes aware of any infringement of the Proprietary Rights of any Intellectual Property jointly developed by the parties during the term of this Retail Distribution Agreement by a third party, that party will notify the other parties of the infringement. The parties will consult and cooperate in determining any action to be taken with respect to such infringement. If the parties mutually agree to take legal action against the infringer, the parties will share in the costs and any recoveries from such action. If only one party desires to pursue legal action, that party shall be entitled to take such action at its sole cost and to retain any recoveries therefrom. In any event, the parties will cooperate and provide reasonable assistance to one another in relation to any such actions for infringement.

(h) Each Block Company and each HSBC Company agrees to keep all aspects any Intellectual Property jointly developed by the parties during the Term of this Retail Distribution Agreement confidential until such time as any patent applications in relation to such Intellectual Property are filed, or the parties mutually agree not to file any patent applications in relation to such Intellectual Property.

(i) Each HSBC Company's rights to and interest in any Intellectual Property jointly developed by the parties during the term of this Retail Distribution Agreement through the date of termination shall survive the termination of this Retail Distribution Agreement with

no costs to any HSBC Company. Following the termination or expiration of this Retail Distribution Agreement, the HSBC Companies may license or sublicense to any third party any Intellectual Property jointly developed by the parties during the Term of this Retail Distribution Agreement without the consent of the Block Companies. If any HSBC Company charges the unaffiliated third party a license fee or other charge regarding such third party's use of the Intellectual Property jointly developed by the parties during the Term of this Retail Distribution Agreement, such HSBC Company shall pay fifty percent (50%) of the license fee to the Block Companies.

(j) Each Block Company's rights to and interest in any Intellectual Property jointly developed by the parties during the Term of this Retail Distribution Agreement through the date of termination shall survive the termination of this Retail Distribution Agreement at no costs to any Block Company. Following the termination or expiration of this Retail Distribution Agreement, the Block Companies may license or sublicense to any third party any Intellectual Property jointly developed by the parties during the Term of this Retail Distribution Agreement without the consent of the HSBC Companies. If any Block Company charges the unaffiliated third party (other than a Franchisee) a license fee or other charge regarding such third party's use of the Intellectual Property jointly developed by the parties during the Term of this Retail Distribution Agreement, such Block Company shall pay fifty percent (50%) of the license fee to the HSBC Companies.

Section 15.6. Notice of Intellectual Property Filings.

(a) Each HSBC Company hereby agrees to notify the Block Companies if any such HSBC Company plans to file an application or applications with the U.S. Patent Office or any foreign patent offices for any Settlement Product (or product similar thereto) or related to any Settlement Product (or product similar thereto). Any notice provided under this Section 15.6 shall be provided sixty (60) days prior to filing any application described herein. The party receiving such notification shall not disclose the application or the existence of the application to any third party without the consent of the notifying party, which consent shall not be unreasonably withheld.

(b) Each Block Company hereby agrees to notify the HSBC Companies if any such Block Company plans to file an application or applications with the U.S. Patent Office or any foreign patent offices for any Settlement Product (or product similar thereto) or related to any Settlement Product (or product similar thereto). Any notice provided under this Section 15.6 shall be provided sixty (60) days prior to filing any application described herein. The party receiving such notification shall not disclose the application or the existence of the application to any third party without the consent of the notifying party, which consent shall not be unreasonably withheld.

ARTICLE XVI
CONFIDENTIALITY; FINANCIAL PRIVACY

During and after the Term of this Retail Distribution Agreement:

Section 16.1. Confidential Information.

(a) Each of the parties is informed and acknowledges that implementation and operation of the Settlement Products Program will involve the use of Confidential Information that is proprietary to the respective parties. Each party will retain in confidence all Confidential Information received in connection with this Retail Distribution Agreement or any other Program Contract and limit access to or disclosure of such Confidential Information received in connection with this Retail Distribution Agreement or any other Program Contract solely for the purpose of operation of the Settlement Products Program. To this end, the recipient will employ the same degree of care to avoid disclosure of such information that it employs with respect to its own Confidential Information.

(b) Subject to Section 16.4, such obligation of confidentiality shall not extend to any information (i) that is shown to have been known by the receiving party prior to disclosure to it by the other party or parties hereto or generally known to others engaged in the same trade or business as the furnishing party; (ii) that is or shall become part of public knowledge through no act or omission by the receiving party or its Representatives; (iii) that shall have been lawfully received by the receiving party from a third party which the receiving party does not know and has no reason to believe is under any obligation of confidentiality with respect to such information.

Section 16.2. Privacy of Client and Consumer Information.

(a) Notwithstanding anything in this Retail Distribution Agreement to the contrary, a Receiving Party hereby agrees that it will not disclose nonpublic personal information of Clients and consumers of Disclosing Party to Affiliates or non-affiliated third parties or use such nonpublic personal information for any purpose other than satisfying a Receiving Party's duties and obligations under this Retail Distribution Agreement and the other Program Contracts, unless the Client or consumer has consented to such use or it is otherwise permitted by applicable Law, provided that HSBC TFS shall have the right to disclose to the Originator information it deems reasonably necessary to carry out its obligations under the Settlement Products Program. Any such use or disclosure by a Receiving Party of nonpublic personal information of clients and consumers of the Disclosing Party shall be in compliance with applicable Law. All of the parties hereto shall comply in all respects with all applicable requirements of Title V of the Gramm-Leach-Bliley Act of 1999 and its implementing regulations.

(b) In addition to any other obligations of Receiving Party set forth in this Retail Distribution Agreement, a Receiving Party hereby agrees to implement and maintain safeguards for the nonpublic personal information of Clients and consumers of a Disclosing Party, which shall be consistent with the requirements of 16 C.F.R. Part 314 and, with respect to HSBC Bank, 12 C.F.R. Part 40 or other applicable Law, as directed by the Disclosing Party, but

in no event less than the standard of care a Receiving Party uses to protect its own information of similar sensitivity. Without limitation, a Receiving Party shall permit access and usage of nonpublic personal information of Clients and consumers of a Disclosing Party to its Representatives only to the extent necessary in order for a Receiving Party to perform its obligations under this Retail Distribution Agreement. Subject to applicable Law, a Receiving Party may permit access and usage of nonpublic personal information of Clients and consumers of a Disclosing Party to a Receiving Party's Affiliates in order to exercise its rights and perform its obligations under this Retail Distribution Agreement and the other Program Contracts, provided that the Receiving Party shall require that any of its Affiliates that are permitted such access or usage agree not to disclose such information to any third party except as permitted by applicable Law and otherwise permitted by Section 16.2(a) herein. A Receiving Party will allow a Disclosing Party, on an annual basis (at the Disclosing Party's sole cost and expense), to reasonably audit the Receiving Party's compliance with its obligations under this Section 16.2, and Sections 7.20 and 14.18, and Receiving Party shall reasonably cooperate with Disclosing Party in the conduct of such audit upon reasonable advance notice. Such audit rights do not relieve the Receiving Party from responsibility for exercising due care in ensuring compliance with its obligations regarding the nonpublic personal information of Clients and customers of Disclosing Party. All terms used in this Section 16.2 shall have the same meanings, where the context permits, as set forth in 16 C.F.R. Part 313 and Part 314.

Section 16.3. Conduct Prohibited. Notwithstanding anything in this Article XVI to the contrary, the HSBC Companies shall not (a) use the names of H&R Block, any of the Block Companies or their Affiliates, or the names of any of the Agents' Return preparers, in any communications with Clients or other Persons except in carrying out each HSBC Company's obligations under this Retail Distribution Agreement and the other Program Contracts; (b) target or solicit Clients for any product or service not contemplated under the Retail Distribution Agreement or other Program Contracts, other than as provided in this Retail Distribution Agreement; (c) use or disclose the fact that a Client was a client of any of the Block Companies, without such Block Company's prior written consent, except as necessary to carry out each HSBC Company's obligations under this Retail Distribution Agreement and the other Program Contracts (and in accordance with applicable Law); (d) take any action which, the Block Companies, in their reasonable opinion, deemed an act of transitioning Clients to another tax preparer or online tax preparation service; or (e) sell or otherwise disclose any Client list, other than as provided in this Retail Distribution Agreement and in accordance with applicable Law.

Section 16.4. Sharing of Return and Application Data.

(a) Subject to Section 16.3, HSBC Bank and HSBC TFS may share any data from a Client's Return and Application with any of their Affiliates; provided that they shall obtain appropriate consents for such sharing that are compliant with 26 U.S.C. Section 7216 and regulations promulgated thereunder, and further provided that they comply with the requirements of the Gramm-Leach-Bliley Act, 12 C.F.R. Part 40, 16 C.F.R. Part 313 and any other applicable Laws. HSBC Bank and HSBC TFS, upon obtaining appropriate consents from Clients, may share any data from such Clients' Returns and Applications with any of their Affiliates.

(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 or HSBC RACs during the most recently ended Tax 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.

Section 16.5. HSBC Information Screen. Except to the extent necessary to comply with applicable Laws, the HSBC Companies shall create and maintain an Information Screen prohibiting members of the HSBC Team from sharing any data concerning or related to the Settlement Products Program with any employees of HSBC Companies or their Affiliates who are not members of the HSBC Team except those employees (i) who work within the accounting departments, legal departments, internal audit, operational/item processing department and internal compliance areas (excluding any field personnel) of the HSBC Companies and its Affiliates who are responsible for ongoing corporate governance and the monitoring and compliance function within the HSBC Companies, and (ii) of HSBC Technology Services USA, provided that the HSBC Companies require such employees to execute a confidentiality agreement agreeing to keep such information confidential. The HSBC Companies may add members to the HSBC Team upon ten (10) days prior written notice to Block Services. The HSBC Companies, jointly and severally, covenant that, no member of the HSBC Team shall provide any service or perform any support work for, on behalf of or with respect to any tax return preparer or tax preparation software company other than the Block Companies.

Section 16.6. Confidentiality of Program Contracts.

(a) If any of the HSBC Companies, or any of their respective Affiliates, determine that it is necessary under applicable Law to file this Retail Distribution Agreement or any of the Program Contracts with the Securities and Exchange Commission, such HSBC Company shall seek to obtain confidential treatment of the same provisions in this Retail Distribution Agreement or the other Program Contracts as redacted by H&R Block in its filing of this Retail Distribution Agreement or the other Program Contracts with the Securities and Exchange Commission. If any of the HSBC Companies determine that they are required to file any of the other Program Contracts with the Securities and Exchange Commission, such HSBC Company shall provide the Block Companies with notice prior to such filing and to the extent permissible by Law, shall, after consultation from the Block Companies, redact such provisions designated as confidential by the Block Companies.

(b) If any of the Block Companies or any of the HSBC Companies, or any of their respective Affiliates, is requested by any Governmental Authority to disclose this Retail Distribution Agreement or any of the other Program Contracts to such Governmental Authority, or if any such party voluntarily discloses this Retail Distribution Agreement or any other Program Contract to any Governmental Authority, such party shall (i) give the other parties hereto prompt written notice of such request for disclosure (unless otherwise prohibited by applicable Law) or such decision to voluntarily make such disclosure and (ii) not disclose this Retail Distribution Agreement or any other Program Contract to such Governmental Authority

without reasonable assurances from such Governmental Authority that the terms and conditions of this Retail Distribution Agreement and the other Program Contracts will be afforded reasonable confidentiality protections by such Governmental Authority.

(c) If any party hereto becomes legally compelled (by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process) to disclose any of the terms and conditions of this Retail Distribution Agreement or any of the other Program Contracts, such party shall give the other parties hereto prompt written notice of such requirement so that the other parties may attempt to seek a protective order or other assurance that confidential treatment will be accorded to any such disclosure (and the party receiving the disclosure request shall cooperate reasonably with any such efforts by any of the other parties) or waive compliance with the terms of this Section 16.6(c). If such protective order or other remedy is not timely obtained, the party receiving the disclosure request agrees to give the other parties notice of the terms and conditions of this Retail Distribution Agreement or any of the other Program Contracts to be disclosed as far in advance of such disclosure as is reasonably practicable, and shall furnish only those terms and conditions of this Retail Distribution Agreement or the other Program Contracts for which the other parties have waived compliance with the relevant provisions of this Section 16.6(c), or that is, in the opinion of legal counsel to the party receiving such disclosure request, required to be disclosed in order to avoid a contempt order or other civil or criminal sanction or penalty.

(d) Notwithstanding the above, the confidentiality obligations set forth in this Section 16.6 shall not apply to any disclosure of any of the terms and conditions of this Retail Distribution Agreement or any of the other Program Contracts required by applicable Law or stock exchange rules; provided that the applicable parties shall use, and shall cause their applicable Affiliates to use, commercially reasonable efforts to give the other parties hereto prior notice of such disclosure in sufficient time to enable such other parties to protect any such provisions of this Retail Distribution Agreement or any of the other Program Contracts from disclosure.

ARTICLE XVII
TERM AND TERMINATION

Section 17.1. Term; Renewal. The "Initial Term" of this Retail Distribution Agreement shall commence as of July 1, 2006 and shall expire on June 30, 2011, unless earlier terminated as provided in Section 17.2. The Block Companies shall have the exclusive right to renew this 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"). In the event the Block Companies elect to renew this Retail Distribution Agreement for a Renewal Term, such Block Companies shall provide written notice to HSBC TFS, as agent for the HSBC Companies, not later than ninety (90) days prior to the expiration of the Initial Term or, if the Retail Distribution Agreement were 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 17.1, this Retail Distribution Agreement may be terminated prior to the expiration of the Initial Term or any Renewal Term in accordance with the provisions of Section 17.2. Any other Program Contract may also be terminated in accordance with the provisions of Section 17.2.

Section 17.2. Termination.

(a) This Retail Distribution Agreement and any other Program Contract may be terminated immediately, upon the mutual written agreement of each HSBC Company and the Block Company party thereto.

(b) The Block Companies may terminate this Retail Distribution Agreement and/or any Program Contract (other than the Servicing Agreement) in accordance with Section 18.2.

(c) The HSBC Companies may terminate this Retail Distribution Agreement and/or any Program Contract (other than the Servicing Agreement) in accordance with Section 19.2.

(d) All of the Block Companies or all of the HSBC Companies may terminate this Retail Distribution Agreement and any other Program Contract (other than the Servicing Agreement) in the event the IRS withdraws or changes the implementing revenue procedures sanctioning RALs or RACs (other than the removal of the Debt Indicator), to the extent such withdrawal could reasonably be expected to have a Material Adverse Effect on the anticipated benefits that the terminating parties would achieve from the Settlement Products Program.

(e) All of the Block Companies or all of the HSBC Companies may terminate this Retail Distribution Agreement and any other Program Contract (other than the Servicing Agreement) in the event that the offering of HSBC RALs pursuant to the Settlement Products Program becomes commercially infeasible due to a change in Law (other than the removal of the Debt Indicator) that creates a Material Adverse Effect.

(f) The HSBC Companies may terminate any Franchisee Distribution Agreement in accordance with its terms.

(g) Notwithstanding anything to the contrary in this Retail Distribution Agreement, the termination of this Retail Distribution Agreement shall not result in, or give any party any right to terminate, the Servicing Agreement. Termination of the Servicing Agreement shall be governed by the relevant provisions contained in the Servicing Agreement.

Section 17.3. Effect of Termination.

(a) Termination pursuant to Section 17.2 shall not affect the rights or obligations (including any payment obligations for which payment is due after the effective date of the termination of this Retail Distribution Agreement) of the parties to this Retail Distribution Agreement or any other Program Contract arising prior to the termination of this Retail Distribution Agreement or any other Program Contract, including the obligations of the Servicer under the Servicing Agreement.

(b) After any termination, the Loan Files for the Retail Settlement Products and Digital Settlement Products will continue to be the property and responsibility of HSBC Bank.

Section 17.4. Return of Confidential Information. Subject to Section 17.3(b), upon termination of this Retail Distribution Agreement, the parties shall return to any furnishing party all Confidential Information received in connection with this Retail Distribution Agreement or any other Program Contract and certify in writing to such furnishing party that such receiving party has not retained any copies of such Confidential Information; provided, however, notwithstanding any other provision herein, any information that any HSBC Company or Block Company provides to HSBC Bank in carrying out its obligations under this Retail Distribution Agreement or any other Program Contract that the Originator is required as a federally-insured financial institution to retain shall not be subject to the return provisions herein during the period of such legally required retention.

ARTICLE XVIII
DEFAULT OF HSBC COMPANIES AND REMEDIES OF BLOCK COMPANIES

Section 18.1. HSBC 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 hereunder (each, an "HSBC Event of Default"):

(a) such HSBC Company (i) fails to make any payment of the payment Obligations, individually or in the aggregate of an amount more than Five Hundred Thousand Dollars ($500,000), when due and payable and such failure to pay shall continue for five (5) days or more, or (ii) fails to pay or reimburse any Block Company for any expense reimbursable under any Program Contract within five (5) days following such Block Company's demand for such reimbursement or payment of expenses, which demand shall contain sufficiently detailed information and supporting documentation, to the extent applicable, of the expenditures for which reimbursement is sought;

(b) such HSBC Company fails to observe or perform any covenant applicable to it contained in any Program Contract (or, in the event such covenant (except any covenant in Section 6.8) 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;

(c) any representation, warranty, certification or statement made by such HSBC Company in any Program Contract is incorrect in any respect (or, in the event such representation, warranty, certificate or statement made under any Program Contract 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) any event or condition shall occur which results in a violation of any provision of the organizational documents of such HSBC Company, to the extent such violation could reasonably be expected to have a Material Adverse Effect;

(e) such HSBC Company shall (i) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts

under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its properties or assets, (ii) consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, (iii) cease to be solvent or make a general assignment for the benefit of creditors or (iv) fail generally, not be able or admit in writing its inability to pay its debts as they become due, or take any action in furtherance of, or indicating its consent to, or approval of or acquiescence in any of the foregoing; or

(f) an involuntary case or other proceeding shall be commenced against such HSBC Company seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of five (5) days, or an order for relief shall be entered against such HSBC Company under any bankruptcy law as now or hereafter in effect, or such HSBC Company shall take any action in furtherance of, or indicating its consent to, or approval of or acquiescence in any of the foregoing.

Section 18.2. Remedies. If any HSBC Event of Default has occurred and is continuing and adversely affects any Block Company, the following actions may be taken:

(a) Termination. The Block Companies may terminate this Retail Distribution Agreement or any of the Program Contracts. The Block Companies shall promptly provide written notice to each HSBC Company of any such termination. Such notice of termination shall identify each Program Contract which the Block Companies are terminating. The effective date of any termination hereunder shall be the earliest date the corresponding notice was received by any HSBC Company party thereto.

(b) Other Rights and Remedies. Such Block Company may exercise any rights and remedies provided to such Block Company under any other Program Contract or at Law or equity.

Section 18.3. Default Rate. If any HSBC Event of Default has occurred and is continuing, and all or any portion of the Obligations of the HSBC Companies 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 18.4. Waiver. The Block Companies may waive, in writing, any HSBC Event of Default. Upon any such waiver of a past HSBC Event of Default, such HSBC Event of Default shall cease to exist; provided, however, such waiver shall not excuse or discharge any Obligations relating to or liabilities arising from such HSBC Event of Default. No such waiver shall extend to any subsequent or other HSBC Event of default or impair any right consequent thereon except to the extent expressly so waived.

ARTICLE XIX
DEFAULT OF BLOCK COMPANIES AND REMEDIES OF HSBC COMPANIES

Section 19.1. Block 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 Block Company hereunder (each, a "Block Event of Default"):

(a) such Block Company (i) fails to make any payment of the payment Obligations, individually or in the aggregate of an amount more than Five Hundred Thousand Dollars ($500,000), when due and payable and such failure to pay shall continue for five (5) days or more, or (ii) fails to pay or reimburse any HSBC Company for any expense reimbursable under any Program Contract within five (5) days following such HSBC Company's demand for such reimbursement or payment of expenses, which demand shall contain sufficiently detailed information and supporting documentation, to the extent applicable, of the expenditures for which reimbursement is sought;

(b) such Block Company fails to observe or perform any covenant applicable to it contained in any Program Contract (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, provided, however, that, with respect to covenants regarding compliance with Laws, in the event such Block Company is not complying with a Law because it has reasonably determined that such Law is not applicable to it in its capacity as Agent based upon federal preemption, such failure to comply will not give rise to an event of default under this Section 19.1(b) unless and until sixty (60) days after such Law is determined through a final non appealable order of a court of competent jurisdiction to be applicable to such Block Company and the Block Company has continued its failure to comply with such Law;

(c) any representation, warranty, certification or statement made by such Block Company in or pursuant to any Program Contract shall prove to have been incorrect in any respect(or, in the event such representation, warranty, certificate or statement made under any Program Contract 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), provided, however, that with respect to any representation, warranty, certification or statement with respect to compliance with Laws, if such Block Company is not complying with a Law because it has reasonably determined that such Law is not applicable to it in its capacity as Agent based upon federal preemption, such failure to comply will not give rise to an event of default under this Section 19.1(c) unless and until sixty (60) days after such Law is determined through a final non appealable order of a court of competent jurisdiction to be applicable to such Block Company and such Block Company has continued its failure to comply with such Law;

(d) any event or condition shall occur which results in a violation of any provision of the organizational documents of such Block Company, to the extent such violation could reasonably be expected to have a Material Adverse Effect;

(e) such Block Company shall (i) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its properties or assets, (ii) consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, (iii) cease to be solvent or make a general assignment for the benefit of creditors or (iv) fail generally, not be able or admit in writing its inability to pay its debts as they become due, or take any action in furtherance of, or indicating its consent to, or approval of or acquiescence in any of the foregoing; or

(f) an involuntary case or other proceeding shall be commenced against such Block Company seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of five (5) days, or an order for relief shall be entered against such Block Company under any bankruptcy law as now or hereafter in effect, or such Block Company shall take any action in furtherance of, or indicating its consent to, or approval of or acquiescence in any of the foregoing.

Section 19.2. Remedies. If any Block Event of Default has occurred and is continuing and adversely affects any HSBC Company, the following actions may be taken:

(a) Termination. The HSBC Companies may terminate this Retail Distribution Agreement or any of the other Program Contracts (other than the Servicing Agreement). The HSBC Companies shall promptly provide written notice to each Block Company of such termination. Such notice of termination shall identify each Program Contract which the HSBC Companies are terminating. The effective date of any termination hereunder shall be the earliest date the corresponding notice was received by any Block Company party thereto.

(b) Other Rights and Remedies. Such HSBC Company may exercise any rights and remedies provided to such HSBC Company under the Program Contracts or at Law or equity.

Section 19.3. Default Rate. If any Block Event of Default has occurred and is continuing, and all or any portion of the Obligations of the Block Companies 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 19.4. Waiver. The HSBC Companies may waive, in writing, any Block Event of Default. Upon any such waiver of a past Block Event of Default, such Block Event of Default shall cease to exist; provided, however, such waiver shall not excuse or discharge any Obligations relating to or liabilities arising from such Block Event of Default. No such waiver shall extend to any subsequent or other Block Event of default or impair any right consequent thereon except to the extent expressly so waived.

ARTICLE XX
GUARANTY

Section 20.1. Representations and Warranties of HSBC Finance.

(a) HSBC Finance (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the requisite organizational power and authority to encumber and operate its properties, (c) has all organizational powers necessary for guaranteeing the Obligations of the HSBC Companies with respect to the Settlement Products Program, and (d) is in full compliance with all provisions of its charter and organizational documents.

(b) The execution, delivery and performance by HSBC Finance of its guaranty under this Retail Distribution Agreement, (a) are within its organizational powers and have been duly authorized by all necessary organizational action, (b) require no Governmental Approval other than (i) such filings as have been made and are in full force and effect or (ii) approvals which if not obtained could not reasonably be expected to have a Material Adverse Effect, (c) do not contravene, or constitute a default under (i) the organizational documents of HSBC Finance, (ii) any provision of Law, the violation of which could reasonably be expected to have a Material Adverse Effect or (iii) any agreement, judgment, injunction, order, decree or other instrument binding upon HSBC Finance, the violation of which could reasonably be expected to have a Material Adverse Effect, and (d) do not result in the creation or imposition of any Lien on any asset of HSBC Finance, the creation or imposition of which could reasonably be expected to have a Material Adverse Effect.

(c) This Article XX, and Articles XXI and XXII of this Retail Distribution Agreement constitute the valid and binding agreement of HSBC Finance, enforceable in accordance with its terms, subject to (a) the effect of any applicable bankruptcy, fraudulent transfer, moratorium, insolvency, reorganization or other similar laws affecting the rights of creditors generally and (b) the effect of general principles of equity, whether applied by a court of equity or law.

Section 20.2. HSBC Guaranty.

(a) HSBC Finance Corporation hereby unconditionally guarantees to the Block Companies and the HSBC Indemnified Parties the prompt payment of the financial Obligations of each HSBC Company under this Retail Distribution Agreement and the other Program Contracts (the "HSBC Guaranty"). This HSBC Guaranty is a guaranty of payment and not of collection. HSBC Finance Corporation's obligations under this HSBC Guaranty shall be primary, absolute and unconditional. In no event shall any Block Company or HSBC Indemnified Party have any obligation to proceed against any HSBC Company before seeking payment from HSBC Finance Corporation.

(b) HSBC Finance Corporation hereby acknowledges and agrees that the HSBC Companies and the Block Companies may amend or modify the Program Contracts without notice to or the consent of HSBC Finance Corporation, and no such amendment or modification shall impair or release the HSBC Guaranty.

Section 20.3. Representations and Warranties of H&R Block.

(a) H&R Block (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the requisite organizational power and authority to encumber and operate its properties, (c) has all organizational powers necessary for guaranteeing the Obligations of the Block Companies with respect to the Settlement Products Program, and (d) is in full compliance with all provisions of its charter and organizational documents.

(b) The execution, delivery and performance by H&R Block of its guaranty under this Retail Distribution Agreement, (a) are within its organizational powers and have been duly authorized by all necessary organizational action, (b) require no Governmental Approval other than (i) such filings as have been made and are in full force and effect or (ii) approvals which if not obtained could not reasonably be expected to have a Material Adverse Effect, (c) do not contravene, or constitute a default under (i) the organizational documents of H&R Block, (ii) any provision of Law, the violation of which could reasonably be expected to have a Material Adverse Effect or (iii) any agreement, judgment, injunction, order, decree or other instrument binding upon H&R Block, the violation of which could reasonably be expected to have a Material Adverse Effect, and (d) do not result in the creation or imposition of any Lien on any asset of H&R Block, the creation or imposition of which could reasonably be expected to have a Material Adverse Effect.

(c) This Article XX and Articles XXI and XXII of this Retail Distribution Agreement constitute the valid and binding agreement of H&R Block, enforceable in accordance with its terms, subject to (a) the effect of any applicable bankruptcy, fraudulent transfer, moratorium, insolvency, reorganization or other similar laws affecting the rights of creditors generally and (b) the effect of general principles of equity, whether applied by a court of equity or law.

Section 20.4. Block Guaranty.

(a) H&R Block hereby unconditionally guarantees to the HSBC Companies and the Block Indemnified Parties the prompt payment of the financial Obligations of each Block Company under this Retail Distribution Agreement and the other Program Contracts (the "Block Guaranty"). This Block Guaranty is a guaranty of payment and not of collection. H&R Block's obligations under this Block Guaranty shall be primary, absolute and unconditional. In no event shall any HSBC Company or Block Indemnified Party have any obligation to proceed against any Block Company before seeking payment from H&R Block.

(b) H&R Block hereby acknowledges and agrees that the HSBC Companies and the Block Companies may amend or modify the Program Contracts without notice to or the consent of H&R Block, and no such amendment or modification shall impair or release the Block Guaranty.

ARTICLE XXI
ALTERNATIVE DISPUTE RESOLUTION

Section 21.1. Negotiations by Senior Executives.

(a) If any controversy, claim or dispute of any nature should arise out of or relating to this Retail Distribution Agreement, any of the other Program Contracts, or the transactions contemplated herein or therein (a "Dispute"), any party to this Retail Distribution Agreement may give written notice of the Dispute to the parties with whom the Dispute has arisen. The parties shall attempt in good faith to resolve the Dispute promptly by negotiations, with each party represented by one (1) senior executive of such party who has authority to settle the Dispute. The senior executives shall meet at a mutually acceptable time and place within three (3) Business Days after delivery of the written notice of Dispute and thereafter as often as they deem reasonably necessary to attempt to resolve the Dispute. All reasonable requests for information by any party to the others shall be honored.

(b) All negotiations pursuant to this Section 21.1 shall be treated as compromise and settlement negotiations. Nothing said or disclosed and no document produced in the course of such negotiations which is not otherwise independently discoverable shall be offered or received as evidence or used for impeachment or for any other purpose in any current or future arbitration or litigation.

Section 21.2. Mediation.

(a) If any of the parties hereto are unable to resolve the Dispute in good faith through negotiations pursuant to Section 21.1 within ten (10) days from the date on which any party first received the written notice of such Dispute, then such parties shall endeavor in good faith to settle the Dispute by mediation in St. Louis, Missouri, in accordance with the Commercial Mediation Procedures of the AAA then currently in effect, by one mediator who (a) has the qualifications set forth in Section 21.4 hereof and (b) is appointed as provided in Section 21.5 hereof. Within five (5) days after the mediator has been appointed as provided in Section 21.5 hereof, the parties to the Dispute and their respective attorneys shall meet with the mediator for mediation sessions with each party represented by an individual who has authority to settle the Dispute. If the Dispute cannot be settled at such mediation sessions or at any mutually agreed continuation thereof, any party may give the other parties and the mediator a written notice declaring the mediation process at an end, in which event the Dispute shall be resolved by arbitration as hereinafter provided.

(b) All conferences and discussions which occur in connection with the mediation conducted pursuant to this Section 21.2 shall be treated as compromise and settlement discussions, and nothing said or disclosed and no document produced in the course of such mediation which is not otherwise independently discoverable shall be offered or received as evidence or used for impeachment or for any other purpose in any current or future arbitration or litigation.

Section 21.3. Arbitration.

(a) If any of the parties hereto are unable to resolve the Dispute through negotiations pursuant to Section 21.1 or mediation pursuant to Section 21.2 within thirty (30) days from the date on which any party first received the written notice of such Dispute, then the Dispute shall be resolved by binding arbitration in St. Louis, Missouri, in accordance with the Commercial Arbitration Rules of the AAA then currently in effect by three (3) arbitrators who (i) have the qualifications set forth in Section 21.4 hereof and (ii) are appointed as provided in Section 21.5 hereof. Any issue as to whether or the extent to which the Dispute is subject to the arbitration and other dispute resolution provisions contained in this Retail Distribution Agreement or any other Program Contract, including issues relating to the validity or enforceability of these arbitration provisions, the applicability of any statute of limitations or other defense relating to the timeliness of the assertion of any claim or any other matter relating to the arbitrability of such claim, shall be decided by the arbitrators.

(b) The arbitrators shall base their award on the terms of this Retail Distribution Agreement and the other Program Contracts, as applicable, and shall endeavor to follow the law and judicial precedents which a United States District Judge sitting in the United States District Court for the Eastern District of Missouri would apply in the event the Dispute were litigated in such court. The arbitrators shall render their award in writing and, unless both parties agree otherwise, shall include an explanation of the reasons for the award, which explanation may be limited to the extent necessary to support the award and need not attempt to cover all issues raised by the parties. This agreement for arbitration is made, governed by, and may be enforced pursuant to the Federal Arbitration Act. The arbitration proceedings shall be governed by the substantive laws of the State of Missouri applicable to contracts made and to be performed therein, and by the arbitration law of the Federal Arbitration Act, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

(c) The arbitration proceedings conducted pursuant hereto shall be confidential. No party shall disclose or permit the disclosure of any information about the evidence presented or the documents produced by the other parties in the arbitration proceedings or about the existence, contents or results of the arbitration award without the prior written consent of such other parties, except to the extent required by judicial or Governmental Authority or by Law. Before making any disclosure permitted by the preceding sentence, the party intending to make such disclosure shall give the other parties such prompt written notice of the intended disclosure as is practicable in order to afford the other parties the opportunity to protect their interests.

(d) IN CONNECTION WITH THIS AGREEMENT FOR ARBITRATION, THE PARTIES HERETO WAIVE ANY RIGHT TO HAVE DISPUTES RESOLVED IN A COURT OF LAW (EXCEPT AS SET FORTH IN SECTION 21.12 HEREOF), AND WAIVE ANY RIGHT TO TRIAL BY JURY.

Section 21.4. Qualified Mediator and Arbitrators.

(a) Unless the parties agree otherwise, the mediator shall be an impartial and independent lawyer who is then a qualified mediator under Section M-5 of the Commercial Mediation Procedures of the AAA.

(b) Every person named on any list of potential arbitrators provided to the parties by the AAA shall be a impartial and independent lawyer under Section R-17 of the Commercial Arbitration Rules of the AAA who is then currently listed on the National Roster of Commercial Arbitrators maintained by the AAA.

Section 21.5. Appointment of Mediator and Arbitrators.

(a) The mediator shall be appointed by the AAA in accordance with Section M-4 of the Commercial Mediation Procedures of the AAA.

(b) The arbitrators shall be appointed as provided in this Section 21.5(b) and otherwise in accordance with the Commercial Arbitration Rules of the AAA. In the event the parties cannot agree on the mutually acceptable arbitrators from the list of ten (10) arbitrators transmitted to the parties by the AAA under Section R-11 of the Commercial Arbitration Rules within ten (10) days after the transmittal date of such submission to the parties, the Block Companies shall promptly appoint one (1) arbitrator from such list, the HSBC Companies shall promptly appoint one (1) arbitrator from such list, and the two (2) arbitrators so appointed shall then appoint a third arbitrator from such list. If the two (2) appointed arbitrators cannot agree upon the appointment of the third arbitrator, then upon written notice to the AAA by either party, the AAA shall make the appointment of the third arbitrator from such list. The three (3) arbitrators so appointed shall then arbitrate the Dispute in accordance with the terms of this Article XXI.

Section 21.6. Governing Rules; Discovery. With respect to arbitration under Section 21.3, the parties agree that although the AAA Commercial Arbitration Rules do not specifically provide for discovery or depositions, the arbitration proceedings shall be governed by the Federal Rules of Civil Procedure then in effect in the State of Missouri. The parties agree they will be entitled to conduct discovery and depositions in the same manner as they would be able to do if they were in the United States District Court for the Eastern District of the State of Missouri. The parties agree that the arbitrators who are impaneled in the case shall be empowered to issue subpoenas to parties and witnesses (including subpoenas duces tecum) and to compel the attendance of witnesses and the production of documents for depositions, and for the arbitration hearing itself, to the same and like degree as the parties would be able to do if the case tried to a jury or to a judge in the United States District Court for the Eastern District of the State of Missouri.

Section 21.7. Fees and Expenses. All expenses and fees of the mediators or arbitrators, as the case may be, and expenses for hearing facilities and other expenses of the mediation or arbitration, as the case may be, shall be borne equally by the parties unless they agree otherwise or, in the event of arbitration, unless the arbitrators in the award assess such expenses against one of the parties or allocate such expenses other than equally between the parties. Each party shall

bear its own counsel fees and, with respect to arbitration, the expenses of its witnesses; provided, however, in the case of arbitration, that if the arbitrators find that the claim or defense of any party was frivolous or lacked a reasonable basis in fact or law, the arbitrators may assess against such party all or any part of the counsel and witness fees and expenses of the other party.

Section 21.8. Remedies. With respect to arbitration hereunder, the arbitrators shall have the authority to order or award any provisional remedy or other remedy or relief which would be available from a court of law pending arbitration of the Dispute, including interim orders or awards. The arbitrators shall have the power and authority to impose sanctions and to take other actions with regard to the parties to the same extent that a judge could pursuant to the Federal Rules of Civil Procedure. Either party may make an application to the arbitrators seeking injunctive or other interim relief, and the arbitrators may take whatever injunctive or other interim measures they deem necessary in respect of the subject matter of the dispute, until such time as the arbitration award is rendered or the controversy is otherwise resolved. Such interim measures may be taken in the form of an interim award, and the arbitrators may require security for the costs of any such measures. The arbitrators shall have the authority to order equitable relief.

Section 21.9. Preliminary Dispositive Issues. With respect to arbitration hereunder, the arbitrators may, pursuant to such terms and procedures as the arbitrators deem appropriate, hear and determine any preliminary issue of law asserted by a party to be dispositive, in whole or in part, of a claim or defense to the same extent that a court could do so pursuant to a motion for summary judgment.

Section 21.10. Limitation of Damages. With respect to arbitration hereunder, no party shall be liable for lost profits, incidental, consequential, exemplary, special or punitive damages arising under or in connection with this Retail Distribution Agreement or the other Program Contracts.

Section 21.11. Statute of Limitations. With respect to arbitration hereunder, any claim by either party shall be time-barred unless the asserting party makes a demand for arbitration with respect to such claim within the applicable statute of limitations. Any dispute as to the timeliness of such demand or other timeliness or statute of limitations issues shall be decided by the arbitrators. Nothing contained in this Article XXI shall preclude a party from filing a complaint in a court of competent jurisdiction to ensure any claim contained therein is not barred due to the relevant statute of limitations; provided, however, such claim shall not be further litigated or pursued by any party hereto until completion of the alternative dispute resolution procedures contained in this Article XXI.

Section 21.12. Exception for Specific Performance or Injunctive Relief. If any party hereto seeks specific performance or injunctive relief with respect to any Dispute covered hereby, such party may, without waiving any other remedy under the Program Contracts, seek specific performance or injunctive relief in a court of competent jurisdiction and shall not be required to comply with the other provisions of this Article XXI for so long as the only remedy sought by such party in such court of competent jurisdiction with respect to such dispute is either specific performance or injunctive relief; provided, however, if any party seeks specific performance or injunctive relief in a court of competent jurisdiction (whether or not such relief is

obtained), such party shall not be prevented from subsequently seeking arbitration and any other remedy under this Article XXI.

ARTICLE XXII
MISCELLANEOUS

Section 22.1. Survival.

(a) The rights and obligations of the parties hereto under Sections 5.7, 6.8, 6.9, 7.14, 10.6, 14.20 (only with respect to obligations under Section 7.14(a)), 15.2 (except in the event this Retail Distribution Agreement is terminated as a result of a Block Event of Default), 17.4, 18.3 and 19.3 and Article XX of this Retail Distribution Agreement shall survive the termination or expiration of this Retail Distribution Agreement until such time as no obligations are due and owing thereunder.

(b) The (i) representations and warranties of the parties hereto and (ii) the rights and obligations of the parties hereto under Sections 15.5, 17.3, 18.2(b) and 19.2(b) and Articles XVI, XXI and XXII of this Retail Distribution Agreement shall survive the termination or expiration of this Retail Distribution Agreement indefinitely.

Section 22.2. No Waivers; Remedies Cumulative. No failure or delay by any party hereto in exercising any right, power or privilege under this Retail Distribution 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 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 Bank:	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 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 Block Services:	H&R Block Services, Inc. 4400 Main Street Kansas City, Missouri 64111 Telephone: 816-753-6900 Facsimile: 816-753-8628 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. 4400 Main Street Kansas City, Missouri 64111 Telephone: 816-753-6900 Facsimile: 816-753-8628 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. 4400 Main Street Kansas City, Missouri 64111 Telephone: 816-753-6900 Facsimile: 816-753-8628 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. 4400 Main Street Kansas City, Missouri 64111 Telephone: 816-753-6900 Facsimile: 816-753-8628 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 4400 Main Street Kansas City, Missouri 64111 Telephone: 816-753-6900 Facsimile: 816-753-8628 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. 4400 Main Street Kansas City, Missouri 64111 Telephone: 816-753-6900 Facsimile: 816-753-8628 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. 4400 Main Street Kansas City, Missouri 64111 Telephone: 816-753-6900 Facsimile: 816-753-8628 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 4400 Main Street Kansas City, Missouri 64111 Telephone: 816-753-6900 Facsimile: 816-753-8628 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. 4400 Main Street Kansas City, Missouri 64111 Telephone: 816-753-6900 Facsimile: 816-753-8628 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

Section 22.4. Severability. In case any provision of or obligation under this Retail Distribution 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 22.5. Amendments and Waivers. Any provision of this Retail Distribution 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 22.6. Successors and Assigns. The provisions of this Retail Distribution 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 Retail Distribution Agreement without the prior written consent of all parties signatory hereto except as otherwise provided herein.

Section 22.7. Headings. Headings and captions used in this Retail Distribution Agreement (including all exhibits and schedules thereto) are included herein for convenience of reference only and shall not constitute a part of this Retail Distribution Agreement for any other purpose or be given any substantive effect.

Section 22.8. Governing Law; Submission To Jurisdiction. THIS RETAIL DISTRIBUTION AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MISSOURI. WITHOUT LIMITING THE EFFECT OF ARTICLE XXI HEREOF, 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 HEREOF, (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, AND (D) AGREES THAT NOTHING IN THIS RETAIL DISTRIBUTION AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS RETAIL DISTRIBUTION AGREEMENT TO SERVE PROCESS IN ANY SUCH PROCEEDING IN ANY OTHER MANNER PERMITTED BY LAW.

Section 22.9. Waiver of Jury Trial. WITHOUT LIMITING THE EFFECT OF ARTICLE XXI 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 RETAIL DISTRIBUTION AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 22.10. Counterparts. This Retail Distribution 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 Retail Distribution Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

Section 22.11. Entire Agreement. This Retail Distribution 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 Retail Distribution 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 Retail Distribution 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 22.12. Reinstatement. This Retail Distribution 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 22.13. Advice of Counsel. Each of the parties represents to each other party hereto that it has discussed this Retail Distribution Agreement with its counsel.

Section 22.14. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Retail Distribution Agreement. In the event any ambiguity or question of intent or interpretation arises, this Retail Distribution 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 Retail Distribution Agreement.

Section 22.15. Conflict of Terms. Except as otherwise provided in this Retail Distribution Agreement or any of the other Program Contracts by specific reference to the applicable provisions of this Retail Distribution Agreement, if any provision contained in this Retail Distribution Agreement conflicts with any provision in any of the other Program Contracts, the provision contained in this Retail Distribution Agreement shall govern and control.

Section 22.16. Further Execution. Each party hereto shall execute any and all documents as are necessary or desirable to consummate the transactions contemplated hereby.

Section 22.17. Expenses. Except as otherwise provided herein, 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 Retail Distribution Agreement.

Section 22.18. No Implied Relationship. Notwithstanding any provision herein to the contrary:

(a) This Retail Distribution 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 22.19. No Third Party Beneficiaries. This Retail Distribution Agreement is for the sole benefit of the parties hereto and their permitted successors and assigns and nothing in this Retail Distribution 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 Retail Distribution Agreement.

Section 22.20. 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 22.21. 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.

THIS RETAIL DISTRIBUTION AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

IN WITNESS WHEREOF, the parties hereto have caused this HSBC Retail Settlement Products Distribution 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: /s/ Kathleen R. Whelehan

Name: Kathleen R. Whelehan
Title: Executive Vice President

HSBC TAXPAYER FINANCIAL SERVICES INC.,
a Delaware corporation

By: /s/ Paul J. Creatura

Name: Paul J. Creatura
Title: CEO

BENEFICIAL FRANCHISE COMPANY INC.,
a Delaware corporation

By: /s/ Paul J. Creatura

Name: Paul J. Creatura
Title: Vice President

HOUSEHOLD TAX MASTERS ACQUISITION CORPORATION,
a Delaware corporation

By: /s/ Paul J. Creatura

Name: Paul J. Creatura
Title: President

THIS RETAIL DISTRIBUTION AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

H&R BLOCK SERVICES, INC.,
a Missouri corporation

By: /s/ Betsy Stephens

Name: Betsy Stephens
Title: Sr. Vice President

H&R BLOCK TAX SERVICES, INC.,
a Missouri corporation

By: /s/ Betsy Stephens

Name: Betsy Stephens
Title: Sr. Vice President

H&R BLOCK ENTERPRISES, INC.,
a Missouri corporation

By: /s/ Betsy Stephens

Name: Betsy Stephens
Title: Sr. Vice President

H&R BLOCK EASTERN ENTERPRISES, INC.,
a Missouri corporation

By: /s/ Betsy Stephens

Name: Betsy Stephens
Title: Sr. Vice President

THIS RETAIL DISTRIBUTION AGREEMENT 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: /s/ Betsy Stephens

Name: Betsy Stephens
Title: Sr. Vice President

H&R BLOCK AND ASSOCIATES, L.P.,
a Delaware limited partnership

By: HRB Texas Enterprises, Inc.,
its General Partner

By: /s/ Betsy Stephens

Name: Betsy Stephens
Title: Sr. Vice President

HRB ROYALTY, INC.,
a Delaware corporation

By: /s/ Bret G. Wilson

Name: Bret G. Wilson
Title: Secretary

THIS RETAIL DISTRIBUTION AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

IN WITNESS WHEREOF, the following parties hereto have caused this HSBC Retail Settlement Products Distribution Agreement to be executed by their respective duly authorized officers as of the date set forth above, solely for the limited purpose of providing the respective guaranties set forth in Article XX and also for purposes of Articles XXI and XXII hereof.

HSBC FINANCE CORPORATION,
a Delaware corporation

By: /s/ Patrick A. Cozza

Name: Patrick A. Cozza
Title: Group Executive

H&R BLOCK, INC.,
a Missouri corporation

By: /s/ Bret G. Wilson

Name: Bret G. Wilson
Title: Vice President & Secretary

SCHEDULE 2.4(A)(1)

RAC PRODUCT PROCEDURES

[***]

SCHEDULE 2.4(A)(2)

CLASSIC RAL PRODUCT PROCEDURES

[***]

SCHEDULE 2.4(A)(3)

IRAL PRODUCT PROCEDURES

[***]

SCHEDULE 2.4(A)(4)

DENIED CLASSIC RAL PRODUCT PROCEDURES

[***]

SCHEDULE 2.4(A)(5)

DENIED IRAL PRODUCT PROCEDURES

[***]

SCHEDULE 3.6

INTELLECTUAL PROPERTY - THE BLOCK COMPANIES

PATENT	SERIAL NUMBER
Pre Year End Tax Refund System (pending) H&R Block Tax Services, Inc.	09/483,666

SCHEDULE 4.6

INTELLECTUAL PROPERTY - THE HSBC COMPANIES

HSBC LICENSED PATENTS

PATENT NAME	PATENT NUMBER
Electronic income tax refund early payment system	4,890,228
Electronic income tax refund early payment system with means for creating of a new deposit account for receipt of an electronically transferred refund from the IRS	5,193,057
Electronic income tax refund early payment system with means for creating of a new deposit account for receipt of an electronically transferred refund from the IRS	5,963,921

HSBC LICENSED MARKS

MARK	REGISTRATION NUMBER
TaxLine	1,802,289
Instant RAL	2,702,210
RAC	1,795,241

SCHEDULE 7.1

BLOCK AGENTS' ROLES AND RESPONSIBILITIES

ROLES AND RESPONSIBILITIES OF BLOCK AGENTS:

- Preparation of tax return for RAL Clients, in their individual capacity and not as agent
- Obtaining information from each applicant
- Completion of IRS Form No. 8453
- Coordination of RAL/RAC products origination
- Providing copy of signed application, loan agreement and disclosures to Client
- Completion of RAL and RAC disbursement checks
- Delivery of necessary product disclosures
- Maintenance of necessary equipment
- Hiring and training of personnel
- Notify HSBC of lost RAL and RAC checks
- Following operating procedures for issuing RALs
- Offering of RALs and RACs to tax Clients in Block Company Offices
- Dissemination of marketing and promotional materials in Block Company Offices
- Maintain ERO communication equipment and lines in Block Company Offices
- Provide copy of RAL Client return to Block e-file Processing System

SCHEDULE 13.4

SERVICE LEVEL THRESHOLDS

OBJECTIVE

To define the processes regarding management, measurements, monitoring and reporting to meet the service level thresholds defined in the program agreement section 9.4 Service Level Thresholds.

REVISIONS AND REVIEW

1. Reviewed and updated: Not less than 1 time per year prior to tax season

2. Participants: Product management teams and technology teams will jointly draft/revise the SLAs which will be reviewed and approved by the executive management teams

3. Deadlines:

   (a) The preliminary drafts of each SLA must be complete by October 1 and final drafts must be complete by December 15th.

   (b) The preliminary draft of milestone dates for the upcoming development cycle must be set by the end of March and the final schedule must be complete by the end of August.

4. Escalation of disagreements: In any given year, if the participants are unable to reach agreement on the SLAs, the dispute shall be resolved by negotiation among the parties to such dispute with each such party represented by one executive of such party possessing the authority to represent and bind such party.

PROJECT MANAGEMENT SLA

- - ON-GOING DEVELOPMENT LIFECYCLE
  [***]

- - DEFINE KEY PERFORMANCE INDICATORS (KPIS)

- - TESTING PLANS
  [***]

- - TEST ENVIRONMENT
  [***]

- - KEY RESOURCES

  - Provide org chart with key contacts for each phase of delivery, including production support

  - Escalation procedures

- - PROJECT CONTROL PROCESSES

  - Change control

  - Schedule Management

  - Budget management

  - Quality management

  - Issue management

  - Risk Management

INFRASTRUCTURE & ARCHITECTURE SLA

DEFINE KEY PERFORMANCE INDICATORS (KPIS)

- - DISASTER RECOVERY / BACKUP / MONITORING
  [***]

- - BUSINESS RESUMPTION

  - In case of disaster, business resumption capability shall meet Block's requirements.

  - Reviewed and updated annually.

- - SECURITY ARCHITECTURE

  - Ensure maintenance of data integrity during input, storage, transmission and output.

  - Ensure physical protection of hardware supporting H&R Block products and services.

  - Comply with best IT security practices as recommended by international standards.

- - COMMUNICATIONS ARCHITECTURE

  - Provide support for H&R Block's current communications infrastructure.

  - Evaluate industry best practices and provide recommendation and three year plan if change appears to be in H&R Block's best interest.

- - APPLICATIONS ARCHITECTURE

  - Work with the H&R Block IT organization in creating a plan for migrating application architecture to a more robust format

  - Business Architecture

PRODUCTION SYSTEMS OPERATIONS SLA

- - DEFINE KEY PERFORMANCE INDICATORS (KPIS)

- - PRODUCTION SUPPORT
  [***]

- - PROCESSING TIME
  [***]

PRODUCTION SUPPORT ISSUE MANAGEMENT AND ESCALATION PROCEDURES

[***]

BANK PRODUCT PROCESSING

CHECK PRINTING

CUSTOMER SERVICE CENTER OPERATIONS SLA

DEFINE KEY PERFORMANCE INDICATORS (KPIS)

ANSWERING SYSTEMS

[***]

SCHEDULE 13.6

REPORTING BY THE HSBC COMPANIES

The list below is not an exhaustive list, and H&R Block may choose at its discretion to modify the current list or change the number and type of required reports based upon business and/or accounting needs. Also, HSBC shall continue to provide any additional reports (beyond those detailed below) that are currently provided to H&R Block.

All reports detailed below shall be accessible to H&R Block via an online, web-interfaced application. In addition, an electronic file shall be provided to H&R Block for each report based upon the frequency specified for that report.

ACCOUNTING REPORTS FOR LOANS

LOAN REPORT

The Loan Report shall be provided daily, which includes the information below for the previous day and year-to-date:

[***]

The daily Loan Report can be queried by:

[***]

PAYMENT REPORT

The Payment Report shall be provided daily, which includes the information below for the previous day and year-to-date:

[***]

The Payment Report can be queried by

[***]

DELINQUENCY REPORT

The Delinquency Report shall be provided weekly, which includes the following information:

- Client delinquency amount for RALs by tax cycle

The Delinquency Report can be queried by:

[***]

PRIOR YEARS PAYMENT REPORT

The Prior Years Payment Report shall be provided daily, which includes the information below for the previous day and year-to-date:

- IRS payment amount
- HSBC collections amount
- HSBC collections amount (partner ERO bank product)
- Cross collection amount
- Client collection amount

The Prior Years Payment Report can be queried by:

[***]

ACCOUNTING REPORTS FOR FEES

DAILY ACCOUNTING FEE REPORT

The Accounting Fee Report shall be provided daily, which contains the following information:

- Cash received per product
- Prior year fees collected

The Accounting Fee Report can be queried by:

- Product
- Office
- Office type

BUSINESS / OPERATIONAL REPORTS

OPERATIONS REPORT

The Operations Report shall be provided daily, which includes the information below for the previous day and year-to-date:

- Number of applications
- Number of rejects with reason code
- Number of clients approved for a loan
- Number of loan approvals accepted by clients (i.e., products sold)
- Number of clients denied a loan with reason code
- Number of pending lending decisions

The Operations Report can be queried by:

[***]

REPORTS SPECIFIC TO NEW CONTRACT

RETAIL DISTRIBUTION AGREEMENT

- Saving Vehicle Fee - Monthly reporting from HSBC - fifth business day of each month

[***]

- RAC Fee - Monthly reporting from HSBC - fifth business day of each month
- Float Adjustment - Monthly reporting from HSBC for RACs and Denied RALs - fifth business day of each month

[***]

- IRAL System SLA (Penalty) - HSBC to provide a weekly report on their compliance with SLA during tax season. Also at 4/30 will provide the # of estimated lost clients. Off Season will provide reporting monthly.

- RAL System SLA (Penalty) - HSBC to provide a weekly report on their compliance with SLA during tax season. Also at 4/30 will provide the # of estimated lost clients. Off Season will provide reporting monthly.

- Paper Stock Reimbursement - HRB needs to provide listing of expenses

- Lost, Stolen, Duplicate Checks - Monthly reporting from HSBC - fifth business day of each month

PARTICIPATION AGREEMENT

Source of Funding - If occurs, HSBC would need to provide reporting

- Purchase of Participations (esp. sections 4.1, 4.2, 4.3) - L reports, electronic delivery

SERVICING AGREEMENT

- RAL Servicing Fee - Monthly reporting from HSBC - fifth business day of each month

- Defaulted RAL Collection Fee - Monthly reporting from HSBC - fifth business day of each month

- ERO Debt Collection Fee - Monthly reporting from HSBC - fifth business day of each month

SCHEDULE 14.6(A)

BLOCK COMPANY OFFICES RAC FEE

[***]

SCHEDULE 14.6(B)

BLOCK FRANCHISEE OFFICES RAC FEE

[***]

SCHEDULE 14.17

HSBC BANK'S ROLES AND RESPONSIBILITIES

- - Credit criteria for loans
- - Pre-season application screening
- - Client account management
- - Risk management and underwriting
- - Data management/mining
- - Compliance monitoring
- - Reporting
- - Fulfillment
- - Reconciliation
- - Eligibility criteria
- - Exception processing
- - Disbursement processing
- - customer service
- - Adverse action letter processing
- - HRB fee payment processing and reconciliation
- - IRS and Client payment processing
- - Strategic partner interfaces
- - Application processing
- - Funding process and reconciliation
- - Fee structure
- - Application of payments
- - Credit bureau processing
- - Debt processing
- - Fraud prevention and procedures
- - Collections
- - Check clearing and processing
- - Prior check/ACH fulfillment program support
- - Delinquency reporting / management
- - Issue replacement checks as necessary
- - Online RAL, TaxCut RAC and related support
- - ERO loading of system
- - Prepare Client application and agreements

SCHEDULE 15.1

BLOCK LICENSED MARKS

MARK	OWNER	REGISTRATION NUMBER
H&R Block Premium	Royalty	2,024,035
H&R Block & Design	Royalty	2,533,014

SCHEDULE 15.2

HSBC LICENSED PATENTS

PATENT NAME	PATENT NUMBER
Electronic income tax refund early payment system	4,890,228
Electronic income tax refund early payment system with means for creating of a new deposit account for receipt of an electronically transferred refund from the IRS	5,193,057
Electronic income tax refund early payment system with means for creating of a new deposit account for receipt of an electronically transferred refund from the IRS	5,963,921

SCHEDULE 15.3

HSBC LICENSED MARKS

MARK	OWNER	REGISTRATION NUMBER
TaxLine	Beneficial Franchise	1,802,289
Instant RAL	Beneficial Franchise	2,702,210
RAC	Beneficial Franchise	1,795,241

Exhibit 10.15

HSBC DIGITAL SETTLEMENT PRODUCTS DISTRIBUTION AGREEMENT

DATED AS OF SEPTEMBER 23, 2005

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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HSBC DIGITAL SETTLEMENT PRODUCTS DISTRIBUTION AGREEMENT

This HSBC Digital Settlement Products Distribution Agreement (this "Digital Distribution Agreement"), dated as of September 23, 2005, is made by and among the following parties:

HSBC Bank USA, National Association, a national banking association ("HSBC Bank");

HSBC Taxpayer Financial Services Inc., a Delaware corporation ("HSBC TFS");

H&R Block Digital Tax Solutions, LLC, a Delaware limited liability company ("Block Digital"); and

H&R Block Services, Inc., a Missouri corporation ("Block Services").

RECITALS

A. Block Digital provides income tax return preparation, electronic filing and related services to Clients through its TaxCut software and its website.

B. HSBC Bank is engaged in the business of providing financial products and services.

C. The parties hereto desire to enter into a mutually acceptable agreement for HSBC Bank and HSBC TFS to provide Digital Settlement Products through the Block Digital Channel.

D. HSBC Bank desires to engage HSBC TFS to act as the servicer of the Digital Settlement Products.

E. The parties hereto desire to enter into this Digital Distribution Agreement to set forth the terms and conditions for the distribution of Digital Settlement Products to Clients of the Block Digital Channel.

F. Simultaneously with the execution of this Digital Distribution Agreement, Block Services, Block Digital, HSBC Bank, HSBC TFS, and certain of their Affiliates, are entering into the HSBC Retail Settlement Products Distribution Agreement, dated as of the date hereof, as from time to time amended, restated, supplemented or otherwise modified (the "Retail Distribution Agreement"), and other agreements related thereto.

AGREEMENT

ACCORDINGLY, the parties to this Digital Distribution Agreement agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. For all purposes of this Digital Distribution 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 HSBC 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 specified herein. In the event that any definition specified in this Digital Distribution 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.

Section 1.2. Rules of Construction. For all purposes of this Digital Distribution Agreement, unless the context otherwise requires, the rules of construction set forth in the HSBC Appendix of Defined Terms and Rules of Construction attached to the Retail Distribution Agreement as APPENDIX A shall apply to this Digital Distribution Agreement.

ARTICLE II
IDENTITIES AND ROLES OF PARTIES; RESPONSIBILITIES OF PARTIES

Section 2.1. Identities and Roles of Parties. During the Term of this Digital Distribution Agreement and the other Program Contracts, the parties hereto will participate in and contribute to the Settlement Products Program as follows (subject to the terms and conditions of this Digital Distribution Agreement and the other Program Contracts):

(a) HSBC Bank shall be the Originator of the Digital Settlement Products, and shall provide its Digital Settlement Products to Clients of the Block Digital Channel.

(b) HSBC TFS shall be the servicer for the Settlement Products Program and shall service the Digital Settlement Products originated by HSBC Bank.

(c) HSBC Bank hereby appoints Block Digital, and Block Digital hereby accepts such appointment, effective July 1, 2006, to act as the agent of HSBC Bank for purposes of offering and distributing Digital Settlement Products to Clients of the Block Digital Channel during the Term of this Digital Distribution Agreement. The term "Agent", as used in this Digital Distribution Agreement, shall refer to Block Digital.

(d) Block Digital, individually and not in its capacity as agent, shall be the ERO of Clients of the Block Digital Channel.

(e) Block Services shall support the Settlement Products Program through the Block e-file Processing System.

Section 2.2. Responsibilities of the Parties.

(a) Each party to this Digital Distribution Agreement shall use commercially reasonable efforts to cooperate with and assist the other parties in the development and operation of the Settlement Products Program.

(b) HSBC Bank shall be responsible for originating the Digital Settlement Products.

(c) HSBC TFS shall be responsible for servicing the Digital Settlement Products.

(d) Block Digital shall be responsible for offering and distributing the Digital Settlement Products in accordance with the Instructions of HSBC Bank and the terms and conditions of this Digital Distribution Agreement.

(e) Block Digital shall be responsible for maintaining the software and Internet website necessary to electronically file Clients' Returns.

(f) Block Services shall be responsible for establishing and maintaining the Block e-file Processing System to support the Settlement Products Program as described in this Digital Distribution Agreement.

(g) Block Digital, individually and not in its capacity as agent, shall be responsible for its Tax Preparation Related Activities.

Section 2.3. Digital Settlement Products Procedures.

(a) Except as otherwise provided in this Digital Distribution Agreement, Block Digital shall offer the following Digital Settlement Products through the Block Digital Channel and shall comply with the following policies and procedures, as applicable, with respect to such products:

(1) eRACs, in accordance with the policies and procedures set forth on the eRAC Product Procedures Schedule attached hereto as Schedule 2.3(a)(1);

(2) Classic eRALs, in accordance with the policies and procedures set forth in the Classic eRAL Product Procedures Schedule attached hereto as Schedule 2.3(a)(2); and

(3) with respect to an Application for a Classic eRAL that becomes a Denied Classic eRAL, the parties will follow the policies and procedures set forth on the Denied Classic eRAL Product Procedures Schedule attached hereto as Schedule 2.3(a)(3).

(b) From time to time, the parties to this Digital Distribution Agreement may amend or modify any or all of the Digital Settlement Products Procedures Schedules. All such amendments or modifications shall be in writing and shall specify the date on which the amended schedule becomes effective. Each amended schedule shall be deemed to be a part of this Digital Distribution Agreement and shall be deemed incorporated herein, but shall apply only prospectively from the effective date thereof.

Section 2.4. Block Digital's Right Not To Offer Digital Settlement Products. Notwithstanding any other provision of this Digital Distribution Agreement or the other Program

Contracts, Block Digital may, in its sole discretion at any time and from time to time during the Term of this Digital Distribution Agreement, elect not to offer one or more Digital Settlement Products in one or more states or through one or more formats (e.g. TaxCut or online).

Section 2.5. Corporate Reorganizations.

(a) The Block Companies may assign their rights and obligations under this Digital Distribution 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 Digital Distribution 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 Digital Distribution 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 Digital Distribution Agreement to the extent necessary to reflect such Permitted Block Assignment.

(b) The HSBC Companies may assign their rights and obligations under this Digital Distribution 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 Digital Distribution 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 2.5(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 Digital Distribution 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 Digital Distribution Agreement to the extent necessary to reflect such Permitted HSBC Assignment.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE BLOCK COMPANIES

Section 3.1. Representations Incorporated by Reference. Each Block Company that is a party to this Digital Distribution Agreement represents and warrants to each of the HSBC Companies that is a party to this Digital Distribution Agreement, that each representation and warranty made by it in Article III of the Retail Distribution Agreement is true and correct.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE HSBC COMPANIES

Section 4.1. Representations Incorporated by Reference. Each HSBC Company that is a party to this Digital Distribution Agreement represents and warrants, with respect to itself only, to each of the Block Companies that is a party to this Digital Distribution Agreement, that each representation and warranty made by it in Article IV of the Retail Distribution Agreement is true and correct.

ARTICLE V
COVENANTS OF BLOCK DIGITAL

Block Digital hereby covenants and agrees during the Term of this Digital Distribution Agreement, as follows:

Section 5.1. Digital Settlement Products Procedures. Subject to the terms of Article V, Block Digital shall perform, in a commercially reasonable manner, all of the tasks and duties set forth in (a) the Digital Settlement Products Procedures Schedules that are to be performed by it with respect to each Digital Settlement Product, and (b) Block Digital's Roles and Responsibilities Schedule attached hereto as Schedule 5.1.

Section 5.2. Maintenance of the Block Digital Channel; Filing of Returns. Block Digital shall develop (if necessary) and maintain the Block Digital Channel for use by Clients in the preparation and filing of Clients' Returns. The Block Digital Channel shall have the capability of (a) electronically filing Clients' Returns with the IRS, (b) making Digital Settlement Products available to eligible Clients using the Block Digital Channel, (c) providing an electronic Application to eligible Clients who have expressed an interest in applying for a Digital Settlement Product using the Block Digital Channel, and (d) permitting prospective Applicants to electronically complete an electronic Application. In connection with each Return with respect to which the Applicant is applying for a Digital Settlement Product, Block Digital shall insert in the applicable location on such Return the account number of the Applicant's Deposit Account, which account number shall consist of an eight digit prefix provided by HSBC Bank to Block Digital, followed by the primary social security number of the Applicant. Block Digital shall indicate on such Return that the Deposit Account is a checking account.

Section 5.3. Compliance with Laws. Block Digital shall comply with all Laws applicable to it in connection with its Tax Preparation Related Activities.

Section 5.4. Other Duties. Block Digital shall act as an agent of HSBC Bank for the purpose of, among other things:

(a) providing electronic Applications to Clients through the Block Digital Channel;

(b) providing Settlement Products Clients with the ability to print electronic copies of their completed Applications and other disclosures, forms and documents, as reasonably required by HSBC Bank and in the form provided by HSBC Bank to Block Digital;

(c) providing HSBC TFS, as servicer for the Originator, with electronic copies of Applicant Information Files; and

(d) subject to applicable Law, providing HSBC Bank with such reports as HSBC Bank may reasonably request with respect to Block Digital's performance of its duties under this Digital Distribution Agreement; provided, however, that during the period commencing on January 1 and ending on April 15 of each year of the Term of this Digital Distribution Agreement, HSBC Bank shall use commercially reasonable efforts to limit the exercise of such reporting requirements so as not to disrupt the business operations of Block Digital during its peak season.

Section 5.5. Qualifying Procedure Compliance. Block Digital shall follow the Qualifying Procedures in connection with the Settlement Products Program.

Section 5.6. Electronically Provide Application and Disclosures to Settlement Products Clients. Block Digital shall:

(a) provide access through the Block Digital Channel to an electronic Application to each Client who has expressed an interest in obtaining a Digital Settlement Product and who has satisfied the eligibility requirements set forth in the Qualifying Procedures, which Application may be electronically completed and executed by the Client through the Block Digital Channel;

(b) electronically provide and require each Settlement Products Client of the Block Digital Channel to electronically complete and electronically sign an authorization permitting Block Digital 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;

(c) electronically provide and require each Settlement Products Client of a Block Digital Channel to electronically complete and electronically sign IRS Form 8453;

(d) electronically sign each Form 8453 as ERO, if required by the IRS;

(e) electronically deliver to each Applicant any disclosures required by applicable Law, or to satisfy HSBC Bank's reasonable safety and soundness concerns, or as directed by HSBC Bank and in the form provided by HSBC Bank; and

(f) follow all Instructions prescribed by HSBC Bank with respect to the preparation and processing of Applications consistent with this Digital Distribution Agreement and in accordance with applicable Laws.

Section 5.7. Compliance with Originator Instructions. Block Digital shall use commercially reasonable efforts to act in accordance with all Instructions of HSBC Bank.

Section 5.8. Applicant Copies. Block Digital shall provide each of its Applicants with the ability to print an electronic copy of such Applicant's electronically completed and signed Application and IRS Form 8453, together with any other commercially reasonable disclosures or documents required to be provided to the Applicant by HSBC Bank.

Section 5.9. Rejected Returns. Upon receipt of a negative IRS Return Notification with respect to a Return for which the Client has submitted an Application for a Digital Settlement Product, Block Digital shall notify the Client of the need to resolve any problems with the Return.

Section 5.10. Records Retention and Destruction.

(a) In connection with the Settlement Products Program, Block Digital shall maintain, in electronic form, a copy of the form of Application and other Settlement Products Program documents electronically executed by the Applicant and, a copy of the software, and a record of each Applicant's clicks. Upon receipt of the reasonable written request of HSBC Bank or HSBC TFS, each Block Agent shall exercise commercially reasonable efforts to make electronic forms of such documents available to HSBC Bank or HSBC TFS, as applicable and at HSBC Bank's expense.

(b) Block Digital may dispose of such documents following the expiration of the longer of (i) forty-eight (48) months after the preparation or receipt of same or (ii) such retention period as required by applicable Law or regulatory or court order, provided that such disposition is in a manner sufficient to protect Client privacy.

Section 5.11. Representative Training. Block Digital shall require any of its Representatives who engage in Settlement Products Program activities and have direct contact with Settlement Products Clients, if any, to participate in the Settlement Products Training Program overseen by HSBC Bank as described in Section 9.4.

Section 5.12. Block Digital's Supervision of Representatives. Block Digital shall train, supervise, monitor and review the Settlement Products Program activities performed by its Representatives to ensure that the activities of such Persons comply with HSBC Bank's Instructions and the Laws applicable to the Settlement Products Program.

Section 5.13. Compliance with Obligations of Article IX. Block Digital shall comply with its obligations as agent of HSBC Bank, as set forth in Article IX of this Digital Distribution Agreement.

Section 5.14. Restriction on Offering Other Digital Settlement Products. Block Digital shall not offer any Digital Settlement Products to its Clients, directly or indirectly, except in connection with the Settlement Products Program offered by or through HSBC Bank; [***].

Section 5.15. Audit Rights. Block Digital shall grant to HSBC Bank and its Applicable Federal Regulator access and audit rights as set forth in Section 9.3.

Section 5.16. Data Security and Recovery. Block Digital shall maintain the security of its data and recovery of systems, applications and data related to the Settlement Products Program in accordance with 16 C.F.R. Part 314 and OCC regulations and policies relating to data security (to the extent required by Law) and shall report any breaches in its data security to HSBC Bank within five (5) Business Days of Block Digital's discovery of any such breach. Block Digital has developed, implemented and will maintain effective information security policies and procedures that include administrative, technical and physical safeguards designed

to (a) ensure the security and confidentiality of Confidential Information provided to Block Digital hereunder, (b) protect against anticipated threats or hazards to the security or integrity of such Confidential Information, (c) protect against unauthorized access or use of such Confidential Information, and (d) ensure the proper disposal of Confidential Information. All personnel of Block Digital handling such Confidential Information have been appropriately trained in the implementation of Block Digital's information security policies and procedures. Block Digital shall regularly audit and review its information security policies and procedures to ensure their continued effectiveness and to determine whether adjustments are necessary in light of circumstances, including changes in technology, customer information systems or threats or hazards to Confidential Information. In the event of unauthorized access to Confidential Information or non-public personal information of individual consumers, Block Digital shall promptly take appropriate action to prevent further unauthorized access and shall take any other action required by Law.

Section 5.17. Other Actions. Block Digital shall take and cause the Representatives to take, any such action, or refrain from taking any such action, that HSBC Bank reasonably determines is necessary to comply with applicable Law in connection with the activities of the Settlement Products Program.

ARTICLE VI
COVENANTS OF BLOCK SERVICES

Section 6.1. Transmission of Returns to IRS. With respect to those Returns for which a Client has submitted an Application, upon such Client's consent, Block Services, individually and not in its capacity as agent, shall transmit all Clients' federal Returns received from Block Digital to the IRS or, in the case of state Returns, the appropriate state taxing authority, in accordance with its normal operating procedures.

Section 6.2. Transmission of Applicant Information File, IRS Return Notification, Return and Debt Indicator to HSBC TFS. Upon receipt of a positive IRS Return Notification for those Returns for which a Client has submitted an Application for a Digital Settlement Product, Block Services shall electronically transmit to HSBC TFS (a) the Applicant Information File, (b) a copy of the Applicant's IRS Return Notification, and (c) a copy of the Applicant's Debt Indicator.

Section 6.3. Rejected Returns. Upon receipt of a negative IRS Return Notification with respect to a Return for which a Client has submitted an Application for a Digital Settlement Product, Block Services shall notify Block Digital that such Return has been rejected.

Section 6.4. Compliance with Laws. Block Services shall comply with all applicable Laws in connection with its Tax Preparation Related Activities.

ARTICLE VII
COVENANTS OF HSBC BANK

HSBC Bank hereby covenants as follows:

Section 7.1. Form of Application. HSBC Bank shall prepare the electronic form of Application to be used by Block Digital and shall supply such Application to Block Digital no later than September 1 prior to each Tax Period. The form of Application shall include:

(a) such consents to allow HSBC Bank to remit funds out of the Deposit Account in the same order and for the same purposes as provided in Article III of the Servicing Agreement; and

(b) such additional lawful consents, if any, to allow HSBC Bank, or any of its Affiliates, to make collections on (i) any delinquent Digital Settlement Products, (ii) any Delinquent ERO Charges, and (iii) other lenders' products substantially similar to the Settlement Products, excluding any tax preparation fees associated with such other lenders' products.

Section 7.2. Establishment of Client Deposit Accounts. Upon receipt of each Application, HSBC Bank shall establish a Deposit Account in the name of the Settlement Products Client listed on such Application. Upon receipt of the Refund Paid for each Settlement Products Client, HSBC Bank shall credit the amount of such Refund Paid to such Settlement Products Client's Deposit Account. Immediately thereafter, HSBC Bank shall debit the Authorized Deductions from each Deposit Account in the manner set forth in the Servicing Agreement.

Section 7.3. Payment of ERO Charges.

(a) For each eRAL disbursed via Electronic Disbursement for which HSBC TFS has sent a 1 Record prior to 8:00 p.m. ET on a Business Day, HSBC Bank shall pay to Block Digital, from the proceeds of such eRAL, the ERO Charges due from the Client, if any, set forth in the Settlement Products Client's Applicant Information File via ACH credit to the deposit account specified by Block Digital no later than the next Business Day. All 1 Records that are sent and/or processed after 8:00 p.m. ET on any given Business Day shall be deemed to have been received and processed on the next Business Day.

(b) For each eRAL disbursed via check for which a notification is received by HSBC TFS prior to 8:00 p.m. ET on a Business Day that a check was printed, HSBC Bank shall pay to Block Digital, from the proceeds of such eRAL, the ERO Charges due from the Client, if any, set forth in the Settlement Products Client's Applicant Information File via ACH credit to the deposit account specified by Block Digital no later than the next Business Day. All notifications that are sent and/or processed after 8:00 p.m. ET on any given Business Day shall be deemed to have been received and processed on the next Business Day.

Section 7.4. Adverse Action Notices. HSBC Bank shall (a) transmit a notice of adverse action to Applicants as required by Regulation B as promulgated by the Board of Governors of the Federal Reserve System (12 C.F.R. Part 202), or any successor regulation, or

(b) direct Block Digital to transmit such notice, in the form provided by HSBC Bank, to Settlement Products Clients.

Section 7.5. Supervision of Block Digital. HSBC Bank shall supervise, monitor and review the Settlement Products Program activities that Block Digital performs for HSBC Bank as described in Section 9.2.

Section 7.6. Training Program. HSBC Bank shall design, establish and maintain the Settlement Products Program training program as set forth in Section 9.4.

Section 7.7. Compliance Program. HSBC Bank will design, establish and maintain the Settlement Products Program compliance program as set forth in Section 9.6.

Section 7.8. RAC Fee. For each Client refund processed through the Refund Anticipation Check Service pursuant to this Digital Distribution Agreement during each Tax Period, except for those refunds processed for which a Savings Vehicle Fee is paid by the Block Companies, HSBC Bank shall pay to Block Digital a RAC Fee in the amount set forth on Schedule 7.8. The RAC Fee shall be paid via ACH credit to an account designated in writing by Block Digital on the Business Day following receipt of the deposit of any payment or collection in the Deposit Account related to such refund processed if posted to the Client's account by 8:00 p.m. Eastern Time on the day of receipt. Any payments processed after 8:00 p.m. Eastern Time on any day shall be deemed to have been received and processed on the next Business Day, for purposes of fee payment.

Section 7.9. Retail Settlement Products Procedures. HSBC Bank shall perform, in a commercially reasonable manner, all of the tasks and duties set forth on (i) the Digital Settlement Products Procedures Schedules that are to be performed by HSBC Bank with respect to each Digital Settlement Product, and (ii) Schedule 7.9.

Section 7.10. Review of Applications. HSBC Bank shall review and process Applicant Information Files for Digital Settlement Products during each Tax Period during the Term of this Digital Distribution Agreement according to the Final Credit Criteria. Applicant Information Files for eRALs received by 2:00 p.m. Eastern Standard or Daylight Savings Time (as the case may be) shall be reviewed and processed by the close of business on the Block Business Day of HSBC TFS's receipt of such Applicant Information Files. HSBC TFS shall review and process Applicant Information Files for eRALs received by HSBC TFS after 2:00 p.m. Eastern Standard or Daylight Savings Time (as the case may be), by 10:00 a.m. Eastern Standard or Daylight Savings Time (as the case may be) on the Block Business Day following HSBC TFS's receipt of such Applicant Information File.

Section 7.11. Delegation. Notwithstanding any other provision of this Digital Distribution Agreement, HSBC Bank may delegate its duties and obligations to HSBC TFS, provided HSBC Bank remains liable for the performance of such duties and obligations.

ARTICLE VIII
COVENANTS OF HSBC TFS

HSBC TFS, as servicer for the Originator, hereby covenants as follows:

Section 8.1. Forward Applicant Information File with Debt Indicator Information to HSBC Bank. Upon receipt of a copy of an Applicant Information File for an eRAL or eRAC, IRS Return Notification and Debt Indicator from Block Services, HSBC TFS shall electronically transmit to HSBC Bank a copy of the Applicant Information File and a copy of the Applicant's Debt Indicator, as applicable.

Section 8.2. Disbursements for Digital Settlement Products.

(a) Upon approval of an Applicant to receive an eRAL, HSBC TFS shall disburse to the Settlement Products Client the Principal Amount of such eRAL less the RAL Fee, Refund Account Fee and any ERO Charges payable to Block Digital in accordance with such Client's instructions, which disbursement may be by Direct Deposit into the deposit account designated by the Settlement Products Client. After receipt of such Applicant's Refund Paid, if any funds remain in the Deposit Account after debiting all Authorized Deductions, HSBC TFS shall disburse to the Settlement Products Client the amount remaining in the Deposit Account in accordance with such Client's instructions, which disbursement may be by Direct Deposit into the deposit account designated by the Settlement Products Client.

(b) For each Applicant who has been approved to receive an eRAC, 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, if any funds remain in the Deposit Account, HSBC TFS shall disburse to the Settlement Products Client the amount remaining in the Deposit Account in accordance with such Client's instructions, which disbursement may be by Direct Deposit into the deposit account designated by the Settlement Products Client.

(c) If the Direct Deposit is returned because of incorrect account information or any other reason and HSBC TFS is unable to obtain the correct account information or otherwise resolve the problem, HSBC TFS shall mail such Settlement Products Client a Disbursement Check. In lieu of a Direct Deposit to the Settlement Products Client's personal financial institution, HSBC TFS may transfer such distributable amount to the Settlement Products Client via some other disbursement option that may be available from time to time as selected by the Settlement Products Client.

Section 8.3. Maintenance of Communication Lines. HSBC TFS shall maintain communication lines for the HSBC TFS processing center to support the Settlement Products Program, using such protocol and process as is mutually agreed upon by HSBC TFS and Block Services. HSBC TFS shall also maintain the ability to electronically communicate with HSBC Bank for the purpose of fulfilling HSBC TFS's duties under the Settlement Products Program.

Section 8.4. Records Retention and Destruction.

(a) HSBC TFS shall maintain copies (either in paper format or electronic format) of any disclosures or communications provided or sent to each Applicant by HSBC TFS on behalf of HSBC Bank related to the Application.

(b) HSBC TFS may dispose of such documents following the expiration of the longer of (i) forty-eight (48) months after the preparation or receipt of same or (ii) such retention period as required by Law or regulatory or court order, provided that such disposition is in a manner sufficient to protect Client privacy.

Section 8.5. Compliance with Laws. In connection with fulfilling its duties for the Settlement Products Program, HSBC TFS shall comply with all applicable Laws.

ARTICLE IX
AGENCY RELATIONSHIP

Section 9.1. Agency Relationship.

(a) The parties hereto hereby acknowledge that HSBC Bank is appointing, effective July 1, 2006, Block Digital as its agent with respect to the Settlement Products Program. This Digital Distribution Agreement describes and establishes the nature of the relationship that will exist as of July 1, 2006 between HSBC Bank and Block Digital, and sets forth the rights, duties and obligations of HSBC Bank and Block Digital. Block Digital (or its assignees) shall act as the agent of HSBC Bank with respect to the Settlement Products Program and, except as otherwise provided herein, shall not offer Digital Settlement Products from any other source.

(b) In performing its specified duties under Article V of this Digital Distribution Agreement, Block Digital shall act as the agent of HSBC Bank for the purposes of, among other things: (i) offering Digital Settlement Products to Clients; (ii) providing electronic Applications to Clients; (iii) providing Settlement Products Clients with the ability to print the electronically signed Applications and other disclosures, forms and documents, as reasonably required by HSBC Bank and in the form provided by HSBC TFS to Block Digital; and (iv) providing HSBC TFS, as servicer for the Originator, with electronic copies of Applicant Information Files.

Section 9.2. Supervision and Regulation.

(a) The parties hereto acknowledge that HSBC Bank, directly or through the Servicer, has the right and the duty to supervise, monitor and review the Settlement Products Program activities that Block Digital performs for HSBC Bank. The parties acknowledge and agree that, directly or through the Servicer, HSBC Bank shall have the right to review that portion of the TaxCut software and that portion of the website pursuant to which Digital Settlement Products are offered to ensure that such programs and software comply with HSBC Bank's policies and procedures for the Settlement Products Program and the Laws applicable to the Settlement Products Program, as provided in Section 9.3.

(b) Block Digital acknowledges that the Applicable Federal Regulator has authority to regulate and examine, and to take enforcement action against, Block Digital with respect to the Settlement Products Program activities that Block Digital performs for HSBC Bank, to the fullest extent provided by Law. HSBC Bank and Block Digital each acknowledge that they are subject to the control and supervision of the appropriate regional office and the Washington, D.C. headquarters of the Applicable Federal Regulator, with respect to the Settlement Products Program activities that Block Digital performs for HSBC Bank. Block Digital acknowledges that it would be an "institution-affiliated party" (as defined in 12 U.S.C. Section 1818(b)) if, in connection with the Settlement Products Program, it knowingly or recklessly participated in a violation of Law, or an unsafe or unsound practice, that was likely to cause significant loss to, or have a materially adverse affect upon, HSBC Bank, and, in such case, would be subject to administrative enforcement action by the Applicable Federal Regulator.

Section 9.3. Audit Rights.

(a) Block Digital shall keep proper books of record and account in which full, true and correct entries shall be made of all dealings and transactions and activities in relation to the Settlement Products Program, and shall permit HSBC Bank, upon HSBC Bank's own initiative and at its sole cost, to review that portion of the TaxCut software and that portion of the website in which Digital Settlement Products are offered to ensure that such programs and software comply with HSBC Bank's policies and procedures for the Settlement Products Program and the Laws applicable to the Settlement Products Program, to examine and make abstracts or copies from any of its books and records, to conduct an audit and analysis of its accounts and to discuss such records and accounts with its Representatives, all only with respect to and as such shall relate to the Settlement Products Program or the obligations and duties of Block Digital pursuant to this Digital Distribution Agreement and the other Program Contracts, all at such reasonable times and as often as HSBC Bank may reasonably desire; provided, however, that during the period commencing on January 1st and ending on April 15th of each year of the Term of this Digital Distribution Agreement, HSBC Bank shall use commercially reasonable efforts to limit the exercise of such audit rights so as not to disrupt the business operations of Block Digital during its peak season; provided further, so long as no Block Event of Default shall have occurred and be continuing, HSBC Bank shall provide Block Digital with reasonable prior written notice. The audit rights of HSBC Bank hereunder shall not pertain to any information which is not part of the Settlement Products Program.

(b) The Agents shall permit HSBC Bank's Applicable Federal Regulator to visit the offices of Block Digital where the books and records related to the Settlement Products Program are contained, to examine and make abstracts or copies from any of its books and records, to conduct an audit and examination of its records and accounts, and to discuss such records and accounts with its Representatives, all to the fullest extent provided by Law.

Section 9.4. Training Program.

(a) HSBC Bank, at its expense, shall design, establish and maintain an ongoing training program for Block Digital and its Representatives who engage in Settlement Products Program activities and have direct contact with Settlement Products Clients. HSBC Bank shall design the training program to provide Block Digital and its Representatives with

adequate in-depth education and training about the Digital Settlement Products, as well as the Laws applicable to the Settlement Products Program. HSBC Bank shall also design the training program to ensure that Block Digital and its Representatives are adequately educated about the Digital Settlement Products, the distinction between insured and non-insured products, and applicable Laws (including if applicable, truth in lending, truth in savings, real estate settlement procedures, equal credit opportunity, and fair lending Laws) that may be applicable to Block Digital's activities related to the Settlement Products Program.

(b) HSBC Bank shall develop and distribute written Originator Training Materials, and Settlement Products Program policies and procedures, for use by Block Digital. The training program may also include CD-ROM or Internet-based interactive Settlement Products Program training materials prepared by HSBC Bank; provided, however, the Block Companies may make non-substantive edits to such training materials to convert such training materials into a format compatible with their systems. HSBC Bank shall review and update the Originator Training Materials on an annual basis (but more frequently if necessary to reflect a Law change) to ensure that Block Digital and its Representatives receive adequate and updated training.

(c) Any tax professional employed by Block Digital, if any, shall receive Settlement Products Program training before engaging in Settlement Products Program activities with direct Client contact. Any tax professional, if any, that has previously received Settlement Products Program training shall receive continuing Settlement Products Program training focused upon changes to Digital Settlement Products or services, and changes in Laws applicable to the Settlement Products Program. HSBC Bank and Block Digital shall maintain records of the Settlement Products Program Training Materials and the training received by individual tax professionals employed by Block Digital, and shall make such records available for review by examiners from the Applicable Federal Regulator.

Section 9.5. Clarification. For the avoidance of doubt, the obligation of Block Digital to assure that its activities and the activities of its Representatives are in compliance with Law and the Instructions as provided in the Program Contracts shall not be affected by any failure or alleged failure of the HSBC Companies to monitor, audit or supervise the activities of Block Digital or its Representatives as provided in the Program Contracts, it being the intention of the parties that HSBC Bank shall not be responsible for any failure of Block Digital to assure that its activities and the activities of its Representatives are in compliance with Law and the Instructions as provided in the Program Contracts.

Section 9.6. Compliance Program. HSBC Bank, at its expense, shall design, establish and maintain a detailed compliance program to ensure adequate monitoring, supervision and control over Block Digital and the Settlement Products Program activities that Block Digital performs for HSBC Bank and the Digital Settlement Products offered by HSBC Bank, in particular that portion of the TaxCut software and that portion of the website in which Digital Settlement Products are offered. The compliance program shall include, at a minimum, the following features:

(a) The compliance program shall be reviewed by HSBC Bank's board of directors and senior management not less frequently than annually.

(b) HSBC Bank shall designate a compliance officer dedicated to the development, implementation and management of HSBC Bank's compliance program. The compliance officer shall have responsibility for the oversight of Block Digital's performance of activities related to the Settlement Products Program and the Digital Settlement Products offered by HSBC Bank.

(c) Not less frequently than annually, HSBC Bank shall conduct a compliance risk assessment for the Settlement Products Program. HSBC Bank and the Block Companies shall cooperate to develop a true and comprehensive depiction of actual risks in the Settlement Products Program.

(d) Not less frequently than annually, the compliance officer shall review the compliance program to determine if Block Digital is operating in accordance with HSBC Bank's established policies and procedures regarding the activities relating to the Settlement Products Program and the Digital Settlement Products offered by HSBC Bank.

(e) HSBC Bank shall conduct an annual internal or external audit review of the compliance program, which shall include a review and update of the training program and the Originator Training Materials.

(f) HSBC Bank shall require the compliance officer to provide annual written compliance and audit reports to HSBC Bank's board of directors. Such reports shall include evidence of appropriate remedial actions taken (or to be taken) to address any identified deficiencies in the compliance program.

(g) HSBC Bank shall develop and maintain a system for tracking and recording consumer complaints regarding the Settlement Products Program in a timely manner. The compliance officer shall provide an annual written report of consumer complaints regarding the Settlement Products Program, and the resolution of such complaints, to HSBC Bank's board of directors. Block Digital shall use commercially reasonable efforts to track and report to HSBC Bank all material consumer complaints related to the Settlement Products Program received by Block Digital.

(h) HSBC Bank shall develop and maintain a review and approval process for all Client disclosures, advertising and other promotional materials used in the Settlement Products Program.

(i) HSBC Bank shall comply with any other requirements or conditions that the appropriate regional office or the Washington, D.C. headquarters of the Applicable Federal Regulator deem appropriate for HSBC Bank with regard to the Settlement Products Program.

(j) The Block Companies may, with the consent of HSBC Bank, implement compliance standards and practices for the Settlement Products Program that supplement, but do not conflict, with those prescribed by HSBC Bank. Such consent may not be unreasonably withheld.

(k) The Block Companies may, with the consent of HSBC Bank, implement compliance standards and practices for the Settlement Products Program that implement legal

stipulations, settlements and contractual agreements with third parties. Such consent may not be unreasonably withheld.

ARTICLE X
TERM AND TERMINATION

Section 10.1. Term. The "Initial Term" of this Digital Distribution Agreement shall commence as of July 1, 2006 and shall expire on June 30, 2011. The Block Companies shall have the exclusive right to renew this Digital Distribution Agreement for not more than two (2) successive one year periods (each such one year period is referred to as a "Renewal Term"). In the event the Block Companies elect to renew this Digital Distribution Agreement for a Renewal Term, the Block Companies shall provide written notice to HSBC Bank not later than ninety (90) days prior to the expiration of the Initial Term or, if the Digital Distribution 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 10.1, this Digital Distribution Agreement may be terminated prior to the expiration of the Initial Term or any Renewal Term in accordance with the provisions of Section 10.2.

Section 10.2. Termination.

(a) This Digital Distribution 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 any Block Company in accordance with Section 18.2 of the Retail Distribution Agreement; or

(4) by any HSBC Company in accordance with Section 19.2 of the Retail Distribution Agreement.

(b) Any Block Company party to this Digital Distribution Agreement may terminate this Digital Distribution Agreement pursuant to Section 11.2(a).

(c) Any HSBC Company party to this Digital Distribution Agreement may terminate this Digital Distribution Agreement pursuant to Section 12.2(a).

Section 10.3. Effect of Termination. Termination pursuant to Section 10.2 shall not affect the rights or obligations (including any payment obligations for which payment is due after the effective date of the termination of this Digital Distribution Agreement) of the parties to this Digital Distribution Agreement or any other Program Contract arising prior to the termination of this Digital Distribution Agreement, including the obligations of the Servicer under the Servicing Agreement.

ARTICLE XI
DEFAULT OF HSBC COMPANIES AND REMEDIES OF BLOCK COMPANIES

Section 11.1. HSBC 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 Digital Distribution 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 Digital Distribution Agreement is incorrect in any respect (or, in the event such representation, warranty, certificate or statement made in this Digital Distribution 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) an HSBC Event of Default occurs under the Retail Distribution Agreement.

Section 11.2. Remedies. If any event default by an HSBC Company under Section 11.1 has occurred and is continuing and adversely affects any Block Company party hereto, the following actions may be taken:

(a) Termination. The Block Companies party hereto may terminate this Digital Distribution Agreement. Such Block Companies terminating this Digital Distribution Agreement under this Section 11.2(a) shall promptly provide written notice to each HSBC Company party hereto. The effective date of any termination shall be the earliest date such corresponding notice was received by any HSBC Company party hereto.

(b) Other Rights and Remedies. Such Block Company and any other Block Company party hereto may exercise any rights and remedies provided to it under this Digital Distribution Agreement or at law or equity.

Section 11.3. Default Rate. If any event of default of any HSBC Company party hereto 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 11.4. Waiver. The Block Companies party hereto may waive, in writing, any event of default under Section 11.1. Upon any such waiver of a past event of default, such event of default shall cease to exist; provided, however, 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 or impair any right consequent thereon except to the extent expressly so waived.

ARTICLE XII
DEFAULT OF BLOCK COMPANIES AND REMEDIES OF HSBC COMPANIES

Section 12.1. Block 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 Block Company party hereto:

(a) such Block Company fails to observe or perform any covenant applicable to it contained in this Digital Distribution 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; provided, however, that, with respect to covenants regarding compliance with Laws, in the event such Block Company is not complying with a Law because it has reasonably determined that such Law is not applicable to it in its capacity as Agent based upon federal preemption, such failure to comply will not give rise to an event of default under this Section 12.1(a) unless and until sixty (60) days after such Law is determined through a final non appealable order of a court of competent jurisdiction to be applicable to such Block Company and the Block Company has continued its failure to comply with such Law;

(b) any representation, warranty, certification or statement made by such Block Company in or pursuant to this Digital Distribution Agreement shall prove to have been incorrect in any respect (or, in the event such representation, warranty, certificate or statement made in this Digital Distribution 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); provided, however, that, with respect to any representation, warranty, certification or statement with respect to compliance with Laws, if such Block Company is not complying with a Law because it has reasonably determined that such Law is not applicable to it in its capacity as Agent based upon federal preemption, such failure to comply will not give rise to an event of default under this Section 12.1(b) unless and until sixty (60) days after such Law is determined through a final non appealable order of a court of competent jurisdiction to be applicable to such Block Company and the Block Company has continued its failure to comply with such Law; or

(c) a Block Event of Default occurs under the Retail Distribution Agreement.

Section 12.2. Remedies. If any event default by a Block Company under Section 12.1 has occurred and is continuing and adversely affects any HSBC Company party hereto, the following actions may be taken:

(a) Termination. The HSBC Companies party hereto may terminate this Digital Distribution Agreement. The HSBC Companies terminating this Digital Distribution Agreement under this Section 12.2(a) shall promptly provide written notice to each Block

Company party hereto. The effective date of any termination shall be the earliest date such corresponding notice was received by any Block Company party hereto.

(b) Other Rights and Remedies. Such HSBC Company and any other HSBC Company party hereto may exercise any rights and remedies provided to it under the Distribution Agreement or at law or equity.

Section 12.3. Default Rate. If any event of default of any Block Company party hereto has occurred and is continuing, and all or any portion of the Obligations hereunder of the Block 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 12.4. Waiver. The HSBC Companies party hereto may waive, in writing, any event of default under Section 12.1 by the Block Companies. Upon any such waiver of a past event of default, such event of default shall cease to exist; provided, however, 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 or impair any right consequent thereon except to the extent expressly so waived.

ARTICLE XIII
MISCELLANEOUS

Section 13.1. Survival.

(a) The rights and obligations of the parties hereto under Sections 5.10, 8.4, 11.3 and 12.3 of this Digital Distribution Agreement shall survive the termination or expiration of this Digital Distribution Agreement until such time as no obligations are due and owing thereunder.

(b) The (i) representations and warranties of the parties hereto and (ii) the rights and obligations of the parties hereto under Sections 10.3, 11.2(b) and 12.2(b), and Article XIII of this Digital Distribution Agreement shall survive the termination or expiration of this Digital Distribution 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 Digital Distribution 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 Digital Distribution 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 Digital Distribution 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 Digital Distribution 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 Digital Distribution Agreement without the prior written consent of all parties signatory hereto, except as otherwise provided herein.

Section 13.7. Headings. Headings and captions used in this Digital Distribution Agreement (including all exhibits and schedules thereto) are included herein for convenience of reference only and shall not constitute a part of this Digital Distribution 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 DIGITAL DISTRIBUTION 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 OR 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 DIGITAL DISTRIBUTION 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 (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 13.3, AND (D) AGREES THAT NOTHING IN THIS DIGITAL DISTRIBUTION AGREEMENT WILL AFFECT THE RIGHT OF ANY

PARTY TO THIS DIGITAL DISTRIBUTION 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, 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 DIGITAL DISTRIBUTION AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 13.11. Counterparts. This Digital Distribution 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 Digital Distribution Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

Section 13.12. Entire Agreement. This Digital Distribution 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 Digital Distribution 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 Digital Distribution 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 Digital Distribution 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 Digital Distribution Agreement with its counsel.

Section 13.15. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Digital Distribution Agreement. In the event any ambiguity or question of intent or interpretation arises, this Digital Distribution 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 Digital Distribution Agreement.

Section 13.16. Conflict of Terms. Except as otherwise provided in this Digital Distribution Agreement or any of the other Program Contracts by specific reference to the applicable provisions of this Digital Distribution Agreement, if any provision contained in this Digital Distribution Agreement conflicts with any provision in any of the other Program Contracts, other than the Retail Distribution Agreement, the provision contained in this Digital Distribution Agreement shall govern and control. If there is a conflict between this Digital Distribution Agreement and the Retail Distribution Agreement, then the Retail Distribution 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 Digital Distribution Agreement.

Section 13.19. No Implied Relationship; No Third Party Rights. Notwithstanding any provision herein to the contrary:

(a) This Digital Distribution 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 Digital Distribution Agreement is for the sole benefit of the parties hereto and their permitted successors and assigns and nothing in this Digital Distribution 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 Digital Distribution 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.

THIS DIGITAL DISTRIBUTION AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

IN WITNESS WHEREOF, the parties hereto have caused this HSBC Digital Settlement Products Distribution 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: /s/ Kathleen R. Whelehan

Name: Kathleen R. Whelehan
Title: EVP

HSBC TAXPAYER FINANCIAL SERVICES INC.,
a Delaware corporation

By: /s/ Paul J. Creatura

Name: Paul J. Creatura
Title: CEO

H&R BLOCK SERVICES, INC,
a Missouri corporation

By: /s/ Betsy Stephens

Name: Betsy Stephens
Title: Sr. Vice President

H&R BLOCK DIGITAL TAX SOLUTIONS, LLC,
a Delaware limited liability company

By: /s/ Betsy L. Stephens

Name: Betsy L. Stephens
Title: Sr. Vice President

SCHEDULE 2.3(A)(1)

ERAC PRODUCT PROCEDURES SCHEDULE

[SEE ATTACHED]

[***]

SCHEDULE 2.3(A)(2)

CLASSIC ERAL PRODUCT PROCEDURES SCHEDULE

[SEE ATTACHED]

[***]

SCHEDULE 2.3(A)(3)

DENIED CLASSIC ERAL PRODUCT PROCEDURES SCHEDULE

[SEE ATTACHED]

[***]

SCHEDULE 5.1

BLOCK DIGITAL'S ROLES AND RESPONSIBILITIES

ROLES AND RESPONSIBILITIES OF BLOCK DIGITAL:

- Electronically obtaining information from each Applicant
- Electronically complete IRS Form No. 8453
- Coordination of eRAL/eRAC products origination
- Electronically providing copy of electronically signed application, loan agreement and disclosures to Client
- Electronic delivery of necessary product disclosures
- Maintenance of necessary equipment
- Hiring and training of personnel
- Following operating procedures for issuing eRALs
- Offering of eRALs and eRACs to tax Clients via the Block Digital Channel
- Developing the software to offer Digital Settlement Products

SCHEDULE 7.8

RAC FEE FOR BLOCK DIGITAL CHANNEL

[***]

SCHEDULE 7.9

ROLES AND RESPONSIBILITIES OF HSBC BANK

- - Pre-season application screening
- - Client account management
- - Risk management and underwriting
- - Data management/mining
- - Compliance monitoring
- - Reporting
- - Fulfillment
- - Reconciliation
- - Eligibility criteria
- - Exception processing
- - Disbursement processing
- - Customer service
- - Adverse action letter processing
- - HRB fee payment processing and reconciliation
- - IRS and Client payment processing
- - Strategic partner interfaces
- - Application processing
- - Funding process and reconciliation
- - Fee structure
- - Application of payments
- - Credit bureau processing
- - Debt processing
- - Fraud prevention and procedures
- - Collections
- - Check clearing and processing
- - Prior check/ACH fulfillment program support
- - Delinquency reporting / management
- - Issue replacement checks as necessary
- - Online eRAL, TaxCut, eRAC and related support
- - ERO loading of system
- - Develop Client application and agreements

Exhibit 10.16

HSBC REFUND ANTICIPATION LOAN
PARTICIPATION AGREEMENT

DATED AS OF SEPTEMBER 23, 2005

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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HSBC REFUND ANTICIPATION LOAN
PARTICIPATION AGREEMENT

This HSBC Refund Anticipation Loan Participation Agreement (this "Participation Agreement"), dated as of September 23, 2005, is made by and among the following parties:

Household Tax Masters Acquisition Corporation, a Delaware corporation ("HTMAC");

Block Financial Corporation, a Delaware corporation ("BFC");

HSBC Bank USA, National Association, a national banking association ("HSBC Bank"); and

HSBC Taxpayer Financial Services, Inc., a Delaware corporation ("HSBC TFS").

RECITALS

A. HSBC Bank offers banking products and services, including HSBC RALs offered through Block Offices and the Block Digital Channel.

B. HTMAC purchases participation interests in HSBC RALs originated by HSBC Bank.

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. Simultaneously with the execution of this Participation Agreement, HSBC Bank, HTMAC, HSBC TFS and certain of their Affiliates and BFC and certain of its Affiliates are entering into the HSBC Settlement Products Retail Distribution Agreement, dated as of the date hereof, as from time to time amended, restated, supplemented or otherwise modified (the "Retail Distribution Agreement"), and other agreements related thereto.

E. Simultaneously with the execution of this Participation Agreement, HSBC Bank, HTMAC, HSBC TFS and BFC are entering into the Servicing Agreement to set forth the terms and conditions pursuant to which HSBC TFS will service, administer and collect HSBC RALs originated by HSBC Bank.

F. HSBC Bank, HTMAC, HSBC TFS and BFC desire to enter into this 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.

AGREEMENT

ACCORDINGLY, the parties to this Participation Agreement hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. For all purposes of this 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 Retail Distribution Agreement as APPENDIX A, 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 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 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.

Section 1.2. Rules of Construction. For all purposes of this Participation 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 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 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.

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 of [***]. BFC shall provide a preliminary written notice to HTMAC 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 HTMAC to be delivered no later than October 1st of such year preceding such Tax Period.

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 TFS AND HTMAC

Section 2.1. Representations Incorporated by Reference. HSBC Bank, HSBC TFS and HTMAC 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 and HTMAC. HSBC Bank and HTMAC 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 has sold and HTMAC has purchased a one hundred percent (100%) participation interest in all of HSBC Bank's right, title and interest in and to each HSBC RAL, free and clear of any Lien of any Person claiming under or through HSBC Bank or any of its Affiliates.

Section 2.3. Representations and Warranties of HTMAC Relating to Participated HSBC RALs. HTMAC hereby represents and warrants to BFC, as of each Closing Date:

(a) Eligible RAL. Each Participated HSBC RAL is an Eligible RAL.

(b) Sale and Ownership; Title. Each conveyance of a Participation Interest by HTMAC 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 HTMAC in and to such Participation Interest, free and clear of any Lien of any Person claiming through or under HTMAC 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 HTMAC 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 HTMAC 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, HTMAC 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 HTMAC nor any Person claiming through or under HTMAC or any of its Affiliates shall have any claim to or interest in such Participation Interest, except for any interest of HTMAC 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 HTMAC 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.

(a) Purchase and Sale of Participation Interests. Except as otherwise provided herein, HTMAC shall sell to BFC, and BFC shall purchase from HTMAC, a Participation Interest in each HSBC RAL 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 has been presented to HSBC Bank for payment or Electronic Disbursement for such HSBC RAL has been made by HSBC Bank. HTMAC shall convey each Participation Interest to BFC upon BFC's payment to HTMAC 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) HTMAC 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) HTMAC 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 HTMAC in this Participation Agreement, Participation Interests (and the acquisition thereof by BFC) shall be without recourse to HTMAC.

(b) Applicable Percentage. The Applicable Percentage for each Tax 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 Tax Period, by giving notice of BFC's election to HTMAC on or before September 1 immediately prior to such Tax Period; (ii) BFC may elect to reduce the Applicable Percentage to zero (0) for any applicable

Tax Period (or any remaining portion thereof) from and after January 30 of such Tax Period, by giving notice of BFC's election to HTMAC on or before January 20 of such Tax 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 the RAL Fees and the Refund Account Fees of the HSBC RAL in which a Participation Interest in being purchased.

Section 4.3. Payment. Each Business Day, not later than 8:30 a.m., New York time, HTMAC shall provide to BFC a list of the number and amount of Disbursement Checks presented to HSBC Bank for payment and Electronic Disbursements made by HSBC Bank for HSBC RALs on the previous Business Day (excluding those Disbursement Checks and Electronic Disbursements related to any HSBC RALs excluded pursuant to Section 4.4), together with the aggregate Purchase Price for the Participation Interests corresponding to such HSBC RALs. BFC shall pay to HTMAC 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 HTMAC by notice to BFC from time to time, in United States dollars.

Section 4.4. Right to Exclude Certain RALs.

(a) BFC may in its reasonable discretion elect not to purchase Participation Interests in any group or groups of HSBC RALs, for any remaining portion of a Tax Period and/or for any future Tax 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) HTMAC or HSBC Bank may in its reasonable discretion elect not to sell Participation Interests in any group or groups of HSBC RALs, for any remaining portion of a Tax Period and/or for any future Tax 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 HTMAC shall make such elections to exclude certain RALs by giving notice of such election to the other party, which notice shall specify the group or groups of HSBC RALs that the notifying party elects to exclude, the reason for such exclusion

and the remaining portion of a Tax Period or future Tax Periods with respect to which such RALs shall be excluded, which election shall become effective ten (10) days after the giving of such notice.

Section 4.5. Certain Rights of HTMAC. The following obligations of BFC under this Section 4.5 shall survive any termination of the obligations of HTMAC to sell, and the obligations of BFC to purchase, Participation Interests in HSBC RALs pursuant to Section 4.1 and all other events and conditions whatever:

(a) Reimbursement. If, at any time, HTMAC is required to return or pay over any payment received by, or application of funds made by, HTMAC on account of any Participated HSBC RAL, BFC, promptly upon notice from HTMAC, shall pay to HTMAC an amount equal to the Applicable Percentage of the amount (net of related Defaulted RAL Collection Fees 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.

(b) Payover. If BFC receives any payment for any HSBC RAL, BFC shall deliver such payment to the Servicer for deposit into the applicable Deposit Account as provided in Section 3.2 of the Servicing Agreement.

Section 4.6. Information to be Furnished by HTMAC to BFC. HTMAC shall provide to BFC, as of January 31, April 30, July 31, and October 31 of each year during the Term, a listing by Tax Period of the Principal Amounts and amounts owing on all unpaid Participated HSBC RALs, unique customer identifiers related thereto, 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, HTMAC agrees to use commercially reasonable efforts to obtain for BFC (a) a "true sale" opinion of counsel to HTMAC with respect to the sale by HTMAC and the purchase by BFC or its Affiliates of the Participation Interests in the HSBC RALs, and (b) a "nonconsolidation" opinion of counsel to HTMAC with respect to HTMAC and any other Affiliate of HTMAC 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) HTMAC 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 HTMAC or its Affiliates, and (B) the failure of HTMAC to obtain such opinions (after making commercially reasonable efforts to do so) shall not constitute a breach of any of HTMAC's obligations under this Participation Agreement and shall in no event give rise to any liability on the part of HTMAC or any of its Affiliates. With respect to such opinions for a particular Tax 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 HTMAC 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 HTMAC or its Affiliates, and (iii) BFC, HTMAC 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 HTMAC 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 Tax Period, HTMAC shall, upon reasonable request by BFC, provide to BFC copies of all material operative agreements executed by HTMAC or its Affiliates relating to the origination of RALs by the Originator, or the sale and servicing of HTMAC's retained interests in the HSBC RALs, for such Tax Period, as well as all material operative agreements executed by HTMAC or its Affiliates relating to the financing or sale of such retained interests for such Tax 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 HTMAC 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 HTMAC to be a competitor of HTMAC in the making or servicing of RALs, then the disclosure of such agreements to such entity may be restricted by HTMAC to the extent deemed necessary by HTMAC, 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 Tax Period, BFC shall have the right to sell, assign and transfer its rights to purchase Participation Interests as to such Tax Period without the consent of HTMAC if (a) such contemplated sale and assignment will not materially adversely affect any right or obligation of HTMAC 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 HTMAC 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, HTMAC 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 HTMAC 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 HTMAC.

ARTICLE V
SERVICING OF PARTICIPATED HSBC RALS

Section 5.1. Servicing Agreement. HSBC Bank, HTMAC, BFC and HSBC TFS (as Servicer) are parties to the Servicing Agreement executed concurrently herewith pursuant to the terms of which the Servicer shall perform all servicing acts with respect to Participated HSBC RALs including, but not limited to, performing payment processing, record keeping, collecting and monitoring all payments made with respect to Participated HSBC RALs, other routine customer service functions and distribution of funds.

ARTICLE VI
REPURCHASE OF PARTICIPATION INTERESTS

Section 6.1. Repurchase Events.

(a) If HTMAC shall breach any of its representations and warranties made in Section 2.3 and the HSBC RAL underlying such Participation Interest was not fully collected by December 31 immediately following the Tax Period in which such HSBC RAL was originated, then BFC shall have the repurchase rights set forth in Section 6.2.

(b) If a Participated HSBC RAL is not an Eligible RAL as a result of the failure to satisfy the conditions set forth in the definition of Eligible RAL (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 was not fully collected by December 31 immediately following the Tax Period in which such HSBC RAL 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 HTMAC of such breach or event, BFC may by notice then given in writing to HTMAC direct HTMAC to repurchase the Participation Interest in each such Participated HSBC RAL 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, HTMAC 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 HTMAC, 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 HTMAC, without recourse, representation or warranty (except for the warranty that since the date of conveyance by HTMAC 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 HTMAC 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 HTMAC to repurchase Participation Interests in HSBC RALs 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, proceeds of a HSBC RAL shall not be deemed to be impaired hereunder solely because such proceeds are held by HTMAC 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 and HTMAC 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 HTMAC 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) HTMAC 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 HTMAC, HSBC BANK AND HSBC TFS AND REMEDIES OF BFC

Section 8.1. HTMAC 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 HTMAC. The occurrence of any one or more of the following events with respect to HSBC Bank or HSBC TFS, 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 TFS, as applicable.

(a) HTMAC, HSBC Bank 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 TFS or HTMAC, 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 HTMAC 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 HTMAC. The effective date of termination shall be the date such corresponding notice was received by HTMAC.

(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 HTMAC has occurred and is continuing, and all or any portion of the Obligations hereunder of HTMAC 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 HTMAC, HSBC Bank or HSBC TFS, as applicable. Upon any such waiver of a past event of default of HTMAC, HSBC Bank 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 HTMAC, HSBC Bank 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 HTMAC

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 HTMAC, HSBC Bank or HSBC TFS, as applicable, the following actions may be taken:

(a) Termination. HTMAC, HSBC Bank or HSBC TFS, as applicable, may terminate this Participation Agreement. If any of HTMAC, HSBC Bank 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. HTMAC, HSBC Bank 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. HTMAC, HSBC Bank 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 TFS and HTMAC have not made any representation or warranty, express or implied, to BFC and no act by HSBC Bank, HSBC TFS or HTMAC heretofore or hereafter taken shall be deemed to constitute any representation or warranty by HSBC Bank, HSBC TFS or HTMAC 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 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 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: /s/ Kathleen R. Whelehan

Name: Kathleen R. Whelehan
Title: EVP

HSBC TAXPAYER FINANCIAL SERVICES, INC.,
a Delaware corporation

By: /s/ Paul J. Creatura

Name: Paul J. Creatura
Title: CEO

HOUSEHOLD TAX MASTERS ACQUISITION CORPORATION,
a Delaware corporation

By: /s/ Paul J. Creatura

Name: Paul J. Creatura
Title: President

BLOCK FINANCIAL CORPORATION,
a Delaware corporation

By: /s/ Bret G. Wilson

Name: Bret G. Wilson
Title: Secretary

Exhibit 10.17

HSBC SETTLEMENT PRODUCTS
SERVICING AGREEMENT

DATED AS OF SEPTEMBER 23, 2005

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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HSBC SETTLEMENT PRODUCTS SERVICING AGREEMENT

This HSBC Settlement Products Servicing Agreement (this "Servicing Agreement"), dated as of September 23, 2005, is made by and among the following parties:

HSBC Bank USA, National Association, a national banking association ("HSBC Bank");

HSBC Taxpayer Financial Services, Inc., a Delaware corporation ("HSBC TFS");

Household Tax Masters Acquisition Corporation, a Delaware corporation ("HTMAC"); and

Block Financial Corporation, a Delaware corporation ("BFC").

RECITALS

A. HSBC Bank offers banking products and services, including Settlement Products offered through Block Offices and the Block Digital Channel.

B. HTMAC purchases loans and participation interests in loans originated by HSBC Bank.

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 TFS is in the business of servicing loans and other financial products and services, including Settlement Products, for HSBC Bank and other financial services companies.

E. Simultaneously with the execution of this Servicing Agreement, HSBC Bank, HTMAC, HSBC TFS and certain of their Affiliates, and BFC and certain of its Affiliates, are entering into the HSBC Settlement Products Retail Distribution Agreement, dated as of the date hereof, as from time to time amended, restated, supplemented or otherwise modified (the "Retail Distribution Agreement"), and other agreements related thereto.

F. Simultaneously with the execution of this Servicing Agreement, HSBC Bank, HTMAC and BFC are entering into the HSBC Settlement Products Participation Agreement dated as of the date hereof, 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.

G. HSBC Bank, HSBC TFS, HTMAC and BFC desire to enter into this 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, in accordance with the provisions of this Servicing 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 Tax Period, an amount (i) reasonably determined by the Servicer to cover its anticipated base servicing expenses for such Tax Period, and (ii) set forth in a notice delivered to the other HSBC Companies and the Block Companies on December 15th prior to the start of such Tax Period; provided, however, that for each Tax Period such amount shall not exceed the following:

TAX PERIOD	MAXIMUM AMOUNT
2007	[***]
2008	[***]
2009	[***]
2010	[***]
2011	[***]
2012	$0 if the Participation Agreement is not renewed for such Tax 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 Tax Period; provided, however, that if no such amount is agreed to, then such amount shall be deemed to be [***].

2013	$0 if the Participation Agreement is not renewed for such Tax 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 Tax Period; provided, however, that if no such amount is agreed to, then such amount shall be deemed to be [***].
2014 and thereafter	$0

"BLOCK SERVICING FEE" shall mean, with respect to a Tax 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 Tax Period, minus (ii) the HSBC Base Servicing Fee for such Tax Period, multiplied by (b) a percentage equal to the sum of one hundred percent (100%) plus the applicable TVM.

"BASE SERVICING FEE PERCENTAGE" shall mean, with respect to a Tax Period, an amount, expressed as a percentage rounded to six decimal places, equal to the remainder of (I) the product of (a) [***] percent ([***]%), multiplied by (b) the ratio of (i) the RAL Net Revenues for such Tax Period, divided by (ii) the Gross RAL Loan Volume for such Tax Period, minus (II) the applicable Service Carry Percentage, but in no event less than zero percent (0%).

"DEFAULTED RAL COLLECTION FEE ADJUSTMENT FACTOR" shall mean, with respect to all HSBC RALs collected during a Tax Year but originated in a specific earlier Tax 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 Tax Period of origination,

B = the Defaulted RAL Collection Fee Percentage for the Tax Year of collection,

C = the weighted average Applicable Percentage (by original Principal Amount) for all Participated HSBC RALs originated during such Tax Period of origination, and

D = the RAL Net Revenues for such Tax Period of origination.

"DEFAULTED RAL COLLECTION FEE" shall mean, with respect to each Defaulted HSBC RAL, a collection fee payable to the Servicer equal to the product of (a) the applicable Defaulted RAL 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 3.3(b), 3.4(b) and 3.5(b) of the Servicing Agreement.

"DEFAULTED RAL COLLECTION FEE CREDIT" shall mean, as of the first day of any Tax Period, the remainder of [***].

"DEFAULTED RAL COLLECTION FEE PERCENTAGE" shall be, with respect to all HSBC RALs collected during a specific Tax Year, [***] percent ([***]%), unless the IRS Collections Percentage for the immediately preceding Tax Year was less than the 2005 Baseline Percentage by at least [***] percent ([***]%), in which event the Defaulted RAL Collection Fee Percentage shall be determined as follows:

REDUCTION IN IRS COLLECTIONS PERCENTAGE DURING THE TAX YEAR COMPARED TO 2005 BASELINE PERCENTAGE	DEFAULTED RAL COLLECTION FEE PERCENTAGE FOR CURRENT TAX PERIOD
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 Collection Fee Percentage for all HSBC RALs collected during the 2008 Tax Year would be [***]%.

"DEFAULTED RAL POOL COLLECTION FEE CREDIT" shall mean, in any computation of Defaulted RAL Collection Fee Credit generated in a particular Tax Year with respect to HSBC RALs originated in a specific Tax Period, 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 LOAN VOLUME" shall mean, with respect to a Tax Period, the aggregate gross initial principal amounts of all HSBC RALs made during such Tax Period.

"HSBC BASE SERVICING FEE" shall mean, with respect to a Tax 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 Tax 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 Tax 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 LOAN VOLUME CORRIDOR PEAK" shall mean, with respect to any Tax Period, the following amounts:

TAX PERIOD	AMOUNT
2007	$[***]
2008	$[***]
2009	$[***]
2010	$[***]
2011	$[***]
2012	$[***]
2013	$[***]

"RAL LOAN VOLUME OVERAGE" shall mean, with respect to a Tax Period,[***].

"RAL NET REVENUES" shall mean, with respect to a Tax Period, the remainder of (a) the aggregate amount of all RAL Fees and Refund Account Fees charged or accrued by the Originator with respect to HSBC RALs made during such Tax Period, plus the RAL Price Reduction Amount minus (b) the aggregate unpaid Principal Amount of all outstanding HSBC RALs that were made during such Tax Period, determined as of December 31st following such Tax Period.

"SERVICE CARRY PERCENTAGE" shall mean, with respect to a Tax 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) pertains uniformly to all refund anticipation 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. Deposit Accounts. With respect to each Settlement Product, the Servicer shall establish and maintain one Deposit Account in compliance with IRS regulations for the benefit of the Settlement Product Client for the purposes set forth herein. Deposit Accounts shall be denominated in the name of the Settlement Product Client. The Servicer shall deposit into each 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 Settlement Product, including, but not limited to the Refund Paid.

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 withdrawals from such Deposit Account only as follows (the order set forth below constituting an order of priority for such 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 remit all amounts on deposit in such Deposit Account (that represent good funds, net of any prior withdrawals 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, pursuant to wiring instructions from the Originator, 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 the Originator, the related RAL Principal Amount;

(iii) to the Originator, the Late Fees, if any;

(iv) 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) 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 remitted via wire transfer on later than 4:30 p.m. Eastern time on the day of receipt;

(v) 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;

(vi) 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;

(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, such other Authorized Deductions as the Settlement Products Client shall have authorized in writing, including any custodian for an XIRA; and

(viii) to the Settlement Product Client, any remaining amounts to be processed as a Disbursement by the Originator; 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.

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 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 withdrawals from such Deposit Account only as follows (unless otherwise provided below, the order set forth below constituting an order of priority for such 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 remit all amounts on deposit in such Deposit Account (that represent good funds, net of any prior withdrawals 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, pursuant to wiring instructions from the Originator, 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 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 remitted via wire transfer on later than 4:30 p.m. Eastern time on the day of receipt;

(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 (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 remitted via wire transfer on later than 4:30 p.m. Eastern time on the day of receipt;

(iv) 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) 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 remitted via wire transfer on later than 4:30 p.m. Eastern time on the day of receipt;

(v) 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;

(vi) 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;

(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, such other Authorized Deductions as the Settlement Products Client shall have authorized in writing, including any custodian for an XIRA; and

(viii) 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 Defaulted RAL Collection Fee Percentage multiplied by (b) the amounts otherwise distributable pursuant to subparagraphs (ii), (iii) and (iv) 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.

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 withdrawals from such Deposit Account only as follows (the order set forth below constituting an order of priority for such 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 remit all amounts on deposit in such Deposit Account (that represent good funds, net of any prior 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, pursuant to wiring instructions from the Originator, 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 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;

(iii) to the Originator, the Refund Account Fee;

(iv) 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) 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 remitted via wire transfer on later than 4:30 p.m. Eastern time on the day of receipt;

(v) 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;

(vi) 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;

(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, such other Authorized Deductions as the Settlement Products Client shall have authorized in writing, including any custodian for an XIRA; and

(viii) 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 Defaulted RAL Collection Fee Percentage multiplied by (b) the amounts otherwise distributable pursuant to subparagraph (iv) 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.

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. 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 3.7. No Set-off. Except as otherwise specifically provided in this Article III with respect to retention of Defaulted RAL 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 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 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 as of the close of business on the immediately preceding Business Day and the Originator's and each Participant's share thereof, and (C) the number and principal amount of HSBC RALs funded by the Originator on the immediately preceding Business Day on a "checks cleared" basis and the Originator's and each Participant's share of collections related thereto;

(ii) On the eighth (8th) day of each month, or if such day is not a Business Day, the immediately preceding Business Day, a report setting forth (A) the aggregate amount of collections processed by Servicer during the immediately preceding month and the Originator's and each Participant's share thereof, (B) the number of and aggregate amount outstanding of HSBC RALs as of the end of the last day of the immediately preceding month and the Originator's and each Participant's share thereof, (C) an aging of HSBC RALs outstanding as of the end of the last day of the immediately preceding month, (D) the aggregate amount outstanding and an aging (by year) of Defaulted HSBC RALs as of the end of the last day of the immediately preceding month, (E) the number of HSBC RALs issued during the immediately preceding month and the Originator's and each Participant's share of collections related thereto, and (F) the aggregate amount of HSBC RALs (exclusive of Defaulted HSBC RALs) with respect to which payment has not been received from the Obligor within the thirty (30) day period following the day on which each such HSBC RAL was issued and the Originator's and each Participant's share thereof;

(iii) 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 Collection Fee Credit, and (b) the HSBC Servicing Fee and the Block Servicing Fee for the related Tax Period, along with supporting data, documentation and computations for each such estimate;

(iv) 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 Collection Fee Credit, and (b) the HSBC Servicing Fee and the Block Servicing Fee for the related Tax Period, along with supporting data, documentation and computations for each such determination;

(v) 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;

(vi) 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 Collection Fee Percentage and the Defaulted RAL Collection Fee Credit for the previous Tax 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

(vii) 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) HTMAC 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 Collection Fee; Defaulted RAL 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, the Servicer shall be entitled to receive a Defaulted RAL Collection Fee for each Defaulted HSBC RAL 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 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 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

Section 12.1. Term. The term of this Servicing Agreement shall begin July 1, 2006 and shall terminate in accordance with Section 12.2.

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: /s/ Kathleen R. Whelehan

Name: Kathleen R. Whelehan
Title: EVP

HSBC TAXPAYER FINANCIAL SERVICES, INC.,
a Delaware corporation

By: /s/ Paul J. Creatura

Name: Paul J. Creatura
Title: CEO

HOUSEHOLD TAX MASTERS ACQUISITION CORPORATION,
a Delaware corporation

By: /s/ Paul J. Creatura

Name: Paul J. Creatura
Title: President

BLOCK FINANCIAL CORPORATION,
a Delaware corporation

By: /s/ Bret G. Wilson

Name: Bret Wilson
Title: Secretary

APPENDIX OF
DEFINED TERMS AND RULES OF CONSTRUCTION

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: [***].

ARTICLE I
DEFINITIONS

Section 1.1. Capitalized terms used in the Program Contracts shall have the meanings set forth below, provided, however, that with respect to any capitalized term specifically defined in any Program Contract, such term shall have the meaning set forth in such Program Contract.

"2005 DELINQUENT ERO CHARGES COLLECTED" shall mean the aggregate amount of Delinquent ERO Charges collected by HSBC TFS for any Block Company (excluding Block Digital), whether collected via the collection activity of HSBC TFS through the Delinquent ERO Charges Collection System or collected by means of receipt of Delinquent ERO Charges from the IRS during the 2005 Tax Year; provided, however, that such amount shall not include any amounts collected during such Tax Year from the IRS on account of Delinquent ERO Charges related to a Settlement Product originated during the 2005 Tax Period.

"2006 COMPETITOR VOLUME BASELINE" shall mean [***].

"AAA" shall mean the American Arbitration Association.

"ACH" shall mean the ACH Network operated by the National Automated Clearing House Association commonly used for electronic payment transactions.

[***]

"AFFILIATE" of any Person shall mean any other Person that, at the time of determination, through one or more intermediaries, is Controlling, is Controlled by, or is under common Control with, such Person.

"AGENTS" shall mean the Block Agents, the Franchisee Agents and Block Digital, and their permitted respective successors and assigns.

"ANSWERING SYSTEM" shall have the meaning set forth in Section 13.4(d) of the Retail Distribution Agreement.

"APPLICABLE FEDERAL RATE" shall have the meaning set forth in Section 1274 of the Internal Revenue Code.

"APPLICABLE FEDERAL REGULATOR" shall mean the OCC, the OTS or other federal financial institution regulatory agency that supervises and regulates the Originator. As of the date of the Program Contracts, the Applicable Federal Regulator for HSBC Bank was the OCC.

"APPLICABLE PERCENTAGE" shall mean, for each Closing Date, the percentage set forth in Section 4.1(b) of the Participation Agreement.

"APPLICANT" shall mean a Person who has submitted an Application to the Originator during the current Tax Period.

"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, (iii) the amount of the Refund Due, 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.

"APPLICATION" shall mean an application for a Settlement Product.

"APPROVAL RATE" shall mean the percentage of applications for a refund anticipation loan, or any other loan product secured by a security interest in a deposit account into which the borrower's tax refund is deposited, that are approved by a federally chartered or state chartered bank or other financial institution offering such loans.

"AUTHORIZED DEDUCTION" shall mean those items set forth in each Application, or other authorization, that a Settlement Products Client authorizes the Originator, or a servicer on behalf of the Originator, to deduct from its Deposit Account.

"BENEFICIAL FRANCHISE" shall mean Beneficial Franchise Company Inc., a Delaware corporation, and its successors and assigns.

"BEST IN MARKET PRICE" shall mean [***].

"BFC" shall mean Block Financial Corporation, a Delaware corporation, and its successors and assigns.

"BLOCK AGENTS" shall mean Block Enterprises, Block Eastern Enterprises and Block Associates, and their permitted respective successors and assigns.

"BLOCK ASSOCIATES" shall mean H&R Block and Associates, L.P., a Delaware limited partnership, and its successors and assigns.

"BLOCK BUSINESS DAY" shall mean any day during a Tax Period (including Saturday, Sundays, holidays and days on which banking institutions are authorized or obligated by law or executive order to be closed) on which any Block Company (or, if jointly designated

by any Block Company and HSBC Bank, an Affiliate of any Block Company) or Franchisee files Returns (or is open and available to file Returns).

"BLOCK COMPANIES" shall mean, collectively, Block Tax Services, Block Services, Block Eastern Enterprises, Block Enterprises, Block Associates, Block Digital, BFC and Royalty.

"BLOCK COMPANY OFFICE" shall mean any physical retail office open to the public for the preparation of Returns operated by any Block Company or, if jointly designated by any Block Company and HSBC Bank, operated by any Affiliate of a Block Company.

"BLOCK DIGITAL" shall mean H&R Block Digital Tax Solutions, LLC, a Delaware limited liability company, and its successors and assigns.

"BLOCK DIGITAL CHANNEL" shall mean (i) the worldwide web internet site owned and operated by any Block Company, or any of their respective Affiliates, on which Clients or tax return preparers use software owned by any Block Company, or any of their respective Affiliates, to prepare Returns, (ii) any Return preparation software owned by any Block Company, or any of their respective Affiliates, used to prepare Returns, or (iii) any other electronic method of Return preparation (other than the TPS Software used at the Block Offices) owned by any Block Company, or any of their respective Affiliates, used by Clients or tax return preparers to prepare Returns.

"BLOCK E-FILE PROCESSING SYSTEM" shall mean the electronic system maintained by any Block Company (including, but not limited to, the related hardware, software, servers, connectivity lines, maintenance staff, and technical support staff) capable of (i) receiving information pertaining to Returns and Applicant Information Files from the Block Offices, (ii) electronically filing Returns with the IRS and state revenue departments, (iii) transmitting Applicant Information Files and the Debt Indicator to the HSBC Companies, (iv) receiving information pertaining to Returns (including the Debt Indicator) from the IRS and state revenue departments, (v) receiving information regarding Application approvals and Disbursement authorizations from the HSBC Companies, (vi) transmitting information pertaining to Returns, Application approvals and Disbursement authorizations to the Block Offices, and (vii) transmitting to, and receiving from, the Block Offices, the HSBC Companies, the IRS or any state revenue department any other information pertaining to Returns or the Settlement Products Program.

"BLOCK EASTERN ENTERPRISES" shall mean H&R Block Eastern Enterprises, Inc., a Missouri corporation, and its successors and assigns.

"BLOCK ENTERPRISE ENTITIES" shall mean Block Enterprises and Block Eastern Enterprises.

"BLOCK ENTERPRISES" shall mean H&R Block Enterprises, Inc., a Missouri corporation, and its successors and assigns.

"BLOCK EVENT OF DEFAULT" shall have the meaning set forth in Section 19.1 of the Retail Distribution Agreement.

"BLOCK FRANCHISEE OFFICE" shall mean any physical retail office open to the public for the preparation of Returns operated by any Franchisee.

"BLOCK FRANCHISEE POLICIES AND PROCEDURES" shall mean those policies and procedures established by any Franchisor governing the operations of each Block Franchisee Office, as amended from time to time.

"BLOCK INDEMNIFIED PARTIES" and "BLOCK INDEMNIFIED PARTY" shall have the meanings set forth in Section 4.1 of the Indemnification Agreement.

"BLOCK INDEMNIFYING PARTIES" shall mean Block Tax Services, Block Services, Block Associates, Block Eastern Enterprises, Block Enterprises, BFC, and Royalty.

"BLOCK LICENSED MARKS" shall mean, collectively, any and all trade name, trademark, service mark, trade dress, logo type, commercial symbol, or other identifier owned or controlled by any Block Company, or any of their respective Affiliates, including, but not limited to, the mark "H&R Block", that any of the Block Companies, or their respective Affiliates, may use from time to time in connection with the Settlement Products Program.

"BLOCK OFFICES" shall mean Block Company Offices and Block Franchisee Offices.

"BLOCK PROGRAM INFORMATION" shall have the meaning set forth in Section 5.5 of the Retail Distribution Agreement.

"BLOCK SERVICES" shall mean H&R Block Services, Inc., a Missouri corporation, and its successors and assigns.

"BLOCK TAX SERVICES" shall mean H&R Block Tax Services, Inc., a Missouri corporation, and its successors and assigns.

"BUSINESS DAY" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in New York, New York are authorized or obligated by law or executive order to be closed.

"BUSINESS" means the business of operating the Settlement Products Program.

"CLAIM" means any and all claims, causes of action, lawsuits, disputes, controversies, administrative proceedings, investigations, inquiries, audits, enforcement actions, demands, assessments, deficiencies, adjustments, judgments, settlements, dispositions, payments, penalties, fines, interest, and costs and expenses (including, without limitation, reasonable attorneys' and accountants' fees, expenses and disbursements) made, sought, initiated, filed or levied by or on behalf of any Person including without limitation any party to the Program Contracts or any third party.

"CLASSIC ERAL" shall mean either (a) an eRAL for which a credit decision is made after a Block Company has received both (i) the IRS Return Notification and (ii) the Debt

Indicator, or (b) an eRAL designated as such by mutual written agreement of the HSBC Companies and the Block Companies.

"CLASSIC RAL" shall mean either (a) a RAL for which a credit decision is made after a Block Company has received both (i) the IRS Return Notification and (ii) the Debt Indicator, or (b) a RAL designated as such by mutual written agreement of the HSBC Companies and the Block Companies.

"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.

"CLOSING DATE" shall mean with respect to a Participation Interest, the date on which such Participation Interest is sold to BFC, or its successors and assigns, pursuant to the terms and conditions of the Participation Agreement.

"CONFIDENTIAL INFORMATION" shall mean any information or data related to the Settlement Products Program used by or belonging or relating to a party hereto or any subsidiary, parent or Affiliate of such party, or any party to whom any such party owes a duty of confidentiality including consumer reports, information derived from consumer reports, and a compilation of such records, but not including any such records that do not personally identify an individual, any and all trade secrets, proprietary data and information relating to such party or any party to whom such party owes a duty of confidentiality, or relating to the past, present or future business and Settlement Products of such party or any party to whom such party owes a duty of confidentiality, including price lists, client lists, processes, procedures or standards, know-how, manuals, hardware, software, source code, business strategies, records, marketing plans, drawings, technical information, specifications, designs, patent information, financial information, whether or not reduced to writing.

"CONTROL" shall mean 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; provided that no HSBC Company shall be deemed to Control any Block Company or any Franchisee, and no Block Company shall be deemed to Control any HSBC Company or any Franchisee. The terms "Controlled by," "under common Control with" and "Controlling" shall have correlative meanings.

[***]

[***]

"COPYRIGHT LICENSE" shall mean any and all rights now owned or hereafter acquired under any written agreement granting any right to use any Copyright or Copyright registration with respect to the Settlement Products Program.

"COPYRIGHTS" shall mean all of the following now owned or hereafter adopted or acquired: (a) all copyrights and general intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in the United States Copyright

Office or in any similar office or agency of the United States, any state or territory thereof, or any other country or any political subdivision thereof, and (b) all reissues, extensions or renewals thereof, all of which relate to the Settlement Products Program.

"DAMAGES" shall mean any and all actual losses, assessments, compensatory damages, indemnities, liabilities, obligations, deficiencies, adjustments, judgments, settlements, dispositions, awards, deficiencies, offsets, penalties, fines and interest, but excluding in all instances lost profits, incidental, consequential, exemplary, special and punitive damages.

"DEBT INDICATOR" shall mean the electronic notice provided to an ERO by the IRS with respect to a Return filed with the IRS by the ERO that states whether the taxpayer of such Return has any outstanding debt to be deducted by the IRS from such taxpayer's Refund Due. The values and interpretations of the Debt Indicator are currently defined in IRS Publication 1346, "Electronic Return File Specifications and Record Layouts for Individual Income Tax Returns", as the same may be amended, supplemented, or replaced from time to time.

"DEFAULTED HSBC RAL" shall mean each Participated HSBC RAL which, in accordance with the RAL Guidelines and HSBC TFS's customary and usual servicing procedures for RALs, the Originator has charged off as uncollectible; provided, however, that no HSBC RAL originated during any Tax Period shall be classified as a Defaulted HSBC RAL prior to the close of business on December 31 immediately following such Tax Period.

"DEFAULT RATE" shall be LIBOR plus five hundred basis points (500 bps) per annum.

"DEFENDING PARTY" shall have the meaning set forth in Section 6.3(e) of the Indemnification Agreement.

"DEFENSE COUNSEL" shall have the meaning set forth in Section 6.3(d) of the Indemnification Agreement.

"DELINQUENT CHARGES COLLECTED TARGET" shall mean [***].

"DELINQUENT ERO CHARGES COLLECTION SYSTEM" shall mean the electronic system used by HSBC TFS to collect Delinquent ERO Charges from Settlement Products Clients.

"DELINQUENT ERO CHARGES" shall mean all unpaid charges payable by a Client to an ERO that have been outstanding for twenty-four (24) or more days including, but not limited to (i) Tax Preparation Fees, (ii) Peace of Mind(R) fees, (iii) XIRA(R) fees, (iv) Other ERO Charges and (v) other unpaid amounts chargeable to a Client by its ERO (including charges with respect to duplicate Disbursement Checks) with respect to a Settlement Product as to which such Client has submitted an Application.

"DELINQUENT RAL" shall mean an HSBC RAL for which (i) the Originator has demanded repayment and such repayment has not been made by the applicable Settlement Products Client within thirty-five (35) days of the date of such repayment demand (which period may be changed from time to time by HSBC Bank), or (ii) the Refund Paid is less than all

amounts due to the applicable ERO, the Originator and each Participant, if any, with respect to such HSBC RAL.

"DENIED CLASSIC ERAL" shall mean an Application for a Classic eRAL for which HSBC Bank has chosen not to make a loan to a Settlement Products Client in advance of receiving that client's tax refund from the IRS, which is processed and settled in the same manner as an eRAC.

"DENIED CLASSIC RAL" shall mean an Application for a Classic RAL for which HSBC Bank has chosen not to make a loan to a Settlement Products Client in advance of receiving that client's tax refund from the IRS, which is processed and settled in the same manner as a RAC.

"DENIED IRAL" shall mean an Application for an IRAL for which HSBC Bank has chosen not to make a loan to a Settlement Products Client in advance of receiving (i) the IRS Return Notification and (ii) the Debt Indicator.

"DEPOSIT ACCOUNT" shall mean a deposit account or subaccount established by HSBC Bank for each Settlement Products Client in accordance with Section 3.2 of the Servicing Agreement.

"DIGITAL DISTRIBUTION AGREEMENT" shall mean the HSBC Digital Settlement Products Distribution Agreement dated September 23, 2005, among HSBC Bank and HSBC TFS and Block Digital and Block Services, and all amendments and restatements thereof and supplements thereto.

"DIGITAL SETTLEMENT PRODUCTS" shall mean, collectively, eRALs and eRACs and any other financial product or service offered by the Originator to Clients through the Block Digital Channel.

"DIGITAL SETTLEMENT PRODUCTS PROCEDURES" shall mean the policies and procedures for Digital Settlement Products set forth in the Digital Settlement Products Procedures Schedules, as in effect from time to time.

"DIGITAL SETTLEMENT PRODUCTS PROCEDURES SCHEDULES" shall mean each of the Digital Settlement Products Procedures Schedules identified in Section 2.3(a) of the Digital Distribution Agreement, as amended from time to time.

"DIRECT CLAIM" shall mean a Claim asserted by an Indemnified Party against an Indemnifying Party related to any Program Contract that is not based upon a third party Claim.

"DIRECT DEPOSIT" shall mean the deposit of funds into a Deposit Account via ACH credit, wire transfer or any other method of electronic transmission of funds.

"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, First Priority Prior Indebtedness, Second Priority Prior Indebtedness, Other Required Deductions or Authorized Deductions).

"DISBURSEMENTS" shall mean, collectively, Disbursement Checks and Electronic Disbursements.

"DISCLOSING PARTY" shall mean the party that has provided nonpublic personal information from a Client or consumer to the Receiving Party pursuant to the terms and conditions of any of the Program Contracts.

"DISTRIBUTION AGREEMENTS" shall mean the Retail Distribution Agreement, the Franchisee Distribution Agreements and the Digital Distribution Agreement.

"ELECTRONIC DISBURSEMENT" shall mean, with respect to any Settlement Product, any disbursement of proceeds of such product made by the Originator, directly or indirectly, to or at the direction of a Settlement Products Client, whether via ACH credit, wire transfer, stored value card, debit card, secured credit card or other electronic means (but excluding Disbursement Checks), excluding ERO charges, Delinquent ERO Charges, ERO Charges, RAL Principal Amounts, First Priority Prior Indebtedness, Second Priority Prior Indebtedness, Other Required Deductions or Authorized Deductions.

"ELECTRONIC FILING" shall mean the filing of a Return with the IRS, or any applicable state taxing authority, by an ERO via the Block e-file Processing System.

"ELECTRONIC FILING SPECIFICATIONS" or "EFS" shall mean the specifications established by HSBC TFS and Block Services pursuant to the Retail Distribution Agreement related to the electronic processing of Applications, as amended from time to time.

"ELIGIBLE RAL" shall mean each HSBC RAL:

(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 RAL 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.

"ERAC" shall mean a Disbursement issued by the Originator via the Block Digital Channel and delivered to a Settlement Products Client pursuant to the Refund Anticipation Check Service.

"ERAL" shall mean a loan to a Settlement Products Client who is a Client of the Block Digital Channel secured by a security interest in the related Deposit Account, including Classic eRALs.

"ERO" shall mean an electronic tax return originator, transmitter or filer, which, for purposes of the Program Contracts, shall be a Block Company, or any of their respective Affiliates, or a Franchisee.

"ERO CHARGES" shall mean all current fees payable by a Client to its ERO including, but not limited to (i) Tax Preparation Fees, (ii) Peace of Mind(R) fees, (iii) XIRA(R) fees, and (iv) Other ERO Charges, provided such fees are incurred in connection with a Settlement Product.

"EXPENSE REIMBURSEMENT" shall mean, for each applicable Tax Period, the following amounts:

Tax Period	Amount
2007	$[***]
2008	$[***]
2009	$[***]
2010	$[***]
2011	$[***]
2012	$[***], or $0 if the Retail Distribution Agreement is not renewed for such Tax Period
2013	$[***], or $0 if the Retail Distribution Agreement is not renewed for such Tax Period
2014 and thereafter	$0

"FDIC" shall mean the Federal Deposit Insurance Corporation, and its successors and assigns.

"FEDERALLY CHARTERED FINANCIAL INSTITUTION" shall mean a financial institution chartered by an Applicable Federal Regulator.

"FILING PARTY" shall have the meaning set forth in Section 15.5(g)(i) of the Retail Distribution Agreement.

"FINAL CREDIT CRITERIA" shall mean the final credit criteria for the origination of HSBC RALs 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 and the RAL Fee.

"FIRST PRIORITY PRIOR INDEBTEDNESS" shall mean that Prior Indebtedness in which any Block Company or any Affiliate thereof has acquired a Participation Interest.

"FORCE MAJEURE EVENT" shall mean an event or events arising from any cause or causes beyond reasonable control of the party that is unable to perform its obligations hereunder because of such event or events including acts of God, fire, floods, lightning, utility failures, earthquakes, war, acts of public enemy, riots, insurrections or acts of terrorism, but excluding a change of Law.

"FRANCHISE AGREEMENT" shall mean each agreement entered into by a Franchisee and a Franchisor, or by a Franchisee and a sub-franchisee, as modified, supplemented or amended from time to time.

"FRANCHISEE" shall mean a Person authorized by a Franchisor pursuant to a Franchise Agreement to operate a Block Franchisee Office, or a sub-franchisee of H&R Block of Houston, Ltd., H&R Block, Ltd. and HRBO Limited, in each case that has agreed to be bound by the terms of a Franchisee Distribution Agreement.

"FRANCHISEE AGENTS" shall mean each Franchisee, and their permitted respective successors and assigns.

"FRANCHISEE DISTRIBUTION AGREEMENTS" shall mean (i) each HSBC Franchisee Settlement Products Distribution Agreement among HSBC Bank, HSBC TFS, Block Services, the applicable Franchisor and the applicable Franchisee, and all amendments and restatements thereof and supplements thereto, (ii) each HSBC Merriman Franchisee Settlement Products Distribution Agreement among HSBC Bank, HSBC TFS, Royalty and the applicable Franchisee, and all amendments and restatements thereof and supplements thereto, and (iii) each HSBC Sub-Franchisee Settlement Products Distribution Agreement among HSBC Bank, HSBC TFS, Block Services, the applicable Franchisor and the applicable Franchisee, and all amendments and restatements thereof and supplements thereto.

"FRANCHISEE EVENT OF DEFAULT" shall have the meaning set forth in Section 11.1 of each Franchisee Distribution Agreement.

"FRANCHISEE RAC FEE" shall mean the fee designated in writing by the Block Companies, which fee shall not exceed the RAC Fee.

"FRANCHISOR" shall mean (i) individually Block Tax Services, Block Associates or Royalty, or any of their respective successors and assigns, or (ii) any Affiliate thereof to whom Block Tax Services or Block Associates may assign a Franchise Agreement or any successor and/or assign, provided that such assignment is a Permitted Block Assignment.

"GAAP" shall mean generally accepted accounting principles or financial reporting in the United States of America, applied on a consistent basis.

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"GOVERNMENTAL APPROVAL" shall mean an authorization, consent, approval, license or exemption of, registration or filing with, or report or notice to any Governmental Authority.

"GOVERNMENTAL AUTHORITY" shall mean any nation or government, any state or other political subdivision thereof, and any agency, department or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"GUARANTEED OBLIGATIONS" shall mean as to any Person, without duplication, any obligation of such Person guaranteeing, providing comfort for, or otherwise supporting any Obligation of, any other Person.

"H&R BLOCK", shall mean H&R Block, Inc., a Missouri corporation, and its successors and assigns.

"HISTORY PROCESSING FILE" shall mean the file generated from the experiences of the HSBC Companies, or any of their applicable Affiliates, consisting of HSBC RAL payment history for the last four (4) years and current bad debt of any Settlement Products Client.

"HSBC BANK" shall mean (a) HSBC NA or (b) in the event that HSBC NA shall assign its rights and obligations under the Retail Distribution Agreement and the other Program Contracts pursuant to Section 2.7 of the Retail Distribution Agreement, and 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.

"HSBC COMPANIES" shall mean, collectively, HSBC Bank, HSBC TFS, HTMAC and Beneficial Franchise.

"HSBC DATAHOUSE" shall mean the database structure developed, maintained and updated by the HSBC Companies for the purpose of maintaining credit and noncredit information pertaining to customers and prospects of the HSBC Companies.

"HSBC EVENT OF DEFAULT" shall have the meaning set forth in the Section 18.1 of the Retail Distribution Agreement.

"HSBC FINANCE" shall mean HSBC Finance Corporation, a Delaware corporation, and its successors and assigns.

"HSBC HOLDINGS" shall mean HSBC Holdings plc, a public limited company organized under the laws of England and Wales, and its successors and assigns.

"HSBC INDEMNIFIED PARTIES" and "HSBC INDEMNIFIED PARTY" shall have the meanings set forth in Section 3.1 of the Indemnification Agreement.

"HSBC INDEMNIFYING PARTIES" shall mean, collectively, HSBC Bank, HSBC TFS, HTMAC and Beneficial Franchise.

"HSBC LICENSED MARKS" shall mean, collectively, any and all trade name, trademark, service mark, trade dress, logo type, commercial symbol or other identifier owned or controlled by Beneficial Franchise, that any of the HSBC Companies, or their respective Affiliates, may use from time to time in connection with the Settlement Products Program.

"HSBC LICENSED PATENTS" shall mean the entire right, title and interest in and to any and all patents that any of the HSBC Companies, or their respective Affiliates, may use from time to time in connection with the Settlement Products Program including United States Patent Nos. 4,890,228; 5,193,057; 5,724,523; and 5,963,921, as applicable.

"HSBC NA" shall mean HSBC Bank USA, National Association, a national banking association, and its permitted successors and assigns.

"HSBC PREMIER CUSTOMERS" shall mean:

(i) those customers of HSBC NA or any of its Affiliates who:

(A) are designated by HSBC NA or any such Affiliate as a "Private Banking Customer" or a "Premier Customer," and

(B) have (1) deposits and investments aggregating at least $100,000 with HSBC NA or any such Affiliate, or (2) deposits, investments, loans and lines of credit aggregating at least $500,000 with HSBC NA or any of its Affiliates, which loans and lines of credit include credit cards, mortgages, home equity loans or lines of credit, and personal and business loans and lines of credit, and

(ii) individuals who are principals, officers, directors or senior management employees of corporations, partnerships or similar entities, which entities are customers of HSBC NA or any of its Affiliates, and such customer and entity have, in the aggregate, (A) deposits and investments aggregating at least $100,000 with HSBC NA or any of its Affiliates, or (B) deposits, investments, loans and lines of credit aggregating at least $500,000 with HSBC NA or any of its Affiliates, which loans and lines of credit include credit cards, mortgages, home equity loans and lines of credit, and personal and business loans and lines of credit.

"HSBC PROGRAM INFORMATION" shall have the meaning set forth in Section 6.5 of the Retail Distribution Agreement.

"HSBC RAC" shall mean (a) any RAC issued by the Originator through a Block Office pursuant to or under color of the Retail Distribution Agreement or a Franchisee Distribution Agreement, as applicable, or (b) any eRAC issued by the Originator through the Block Digital Channel pursuant to or under color of the Digital Distribution Agreement.

"HSBC RAL" shall mean (a) any RAL made by the Originator through a Block Office pursuant to or under color of (i) the Retail Distribution Agreement or a Franchisee

Distribution Agreement, as applicable, or (ii) 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 or (b) any eRAL made by the Originator originated through the Block Digital Channel pursuant to or under color of the Digital Distribution Agreement.

"HSBC TAX CLIENTS" shall mean (i) those customers of Wealth and Tax Advisory Services, Inc., a Delaware corporation ("WTAS"), who are corporations, partnerships, entities similar to a corporation or partnership, and high net worth individuals for whom WTAS prepares federal, state, estate, gift, or other tax returns solely in connection with the provision of wealth management services, (ii) HSBC Premier Customers, and (iii) those customers of HSBC Bank for whom HSBC prepares federal, state, estate, gift, or other tax returns solely in connection with the exercise of HSBC Bank's trust powers.

"HSBC TEAM" shall mean (i) those employees of each functional area of the HSBC Companies (other than employees of any of the HSBC Companies working in the accounting department, legal department, internal audit, operational/item processing department and internal compliance area who are responsible for ongoing corporate governance and the monitoring and compliance function of the HSBC Companies) with a rank below that of the senior leader of such functional area, and (ii) those employees of the marketing department or the product development department of the HSBC Companies with a rank of senior leader or below, who have access to any data concerning or related to the Settlement Products Program or are otherwise involved with the Settlement Products Program.

"HSBC TFS" shall mean HSBC Taxpayer Financial Services Inc., a Delaware corporation, and its successors and assigns.

"HTMAC" shall mean Household Tax Masters Acquisition Corporation, a Delaware corporation, and its successors and assigns.

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"INDEMNIFICATION AGREEMENT" shall mean the HSBC Settlement Products Indemnification Agreement dated September 23, 2005, among HSBC Bank, HSBC TFS, HTMAC and Beneficial Franchise, Block Services, Block Tax Services, Block Enterprises, Block Eastern Enterprises, Block Digital, Block Associates, Royalty and BFC, and all amendments and restatements thereof and supplements thereto.

"INDEMNIFICATION CLAIM" shall have the meaning set forth in Article VI of the Indemnification Agreement.

"INDEMNIFIED PARTY" shall mean any HSBC Indemnified Party or any Block Indemnified Party, as applicable. For the avoidance of doubt, the terms "Block Indemnified Party", "HSBC Indemnified Party" and "Indemnified Party" does not include any Franchisee, or any Affiliate or Representative thereof.

"INDEMNIFYING PARTY" shall mean any HSBC Indemnifying Party or any Block Indemnifying Party, as applicable.

"INFORMATION SCREEN" shall mean the system of blind controls in a company that ensures information used or accessible by one group within such company is segregated and shielded from specified other groups within such company.

"INITIAL CREDIT CRITERIA" shall mean the initial credit criteria for the origination of HSBC RALs 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 and the RAL Fee.

"INITIAL TERM" shall have, with respect to each Program Contract listed in the table below, the meaning set forth in the following section of such Program Contract:

PROGRAM CONTRACT	SECTION
Retail Distribution Agreement	17.1
Digital Distribution Agreement	10.1
Franchisee Distribution Agreements	9.1
Participation Agreement	7.1

"INSTRUCTIONS" shall mean (A) the Originator's commercially reasonable policies and procedures issued from time to time by HSBC Bank to each Agent relating to the operation of the Settlement Products Program, including the policies and procedures relating to advertising and marketing, disclosure requirements, the gathering of information for purposes of determining the eligibility and credit worthiness of, and extension of credit to, Clients, and (B) any directive of HSBC Bank to any Agent and its Representatives that HSBC Bank reasonably determines is necessary or appropriate to (i) reasonably assure HSBC Bank that such Agent is undertaking all duties required by such Agent in accordance with all applicable Laws and safe and sound banking practices, or (ii) ensure consistency with HSBC Bank's internal policies of general applicability that are applicable to the Settlement Products Program.

"INTELLECTUAL PROPERTY" shall mean any and all Licenses, Patents, Copyrights, Trademarks, and the goodwill associated with such Trademarks, all of which relate to the Settlement Products Program.

"INTERNAL REVENUE CODE" shall mean the Internal Revenue Code of 1986, as amended from time to time and any regulations promulgated thereunder.

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"IRAL" or "INSTANT MONEY" shall mean either (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, or (b) a RAL designated as such by mutual written agreement of the HSBC Companies and the Block Companies.

"IRAL ORIGINATION SYSTEM" shall have the meaning set forth in Section 13.4(a) of the Retail Distribution Agreement.

"IRS" shall mean the Internal Revenue Service, or any successor thereto.

"IRS RETURN NOTIFICATION" shall mean the positive or negative acknowledgment of a Return's acceptance from the IRS for Electronic Filing, which acknowledgment shall also include, if available, the IRS explanation of the reason the Return was rejected as described in Chapter 3 of the IRS e-file Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns (Publication 1345), as the same may be amended, supplemented or replaced from time to time.

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"LATE FEE" shall mean, with respect to a Delinquent RAL, the late fees that may be charged on such Delinquent RAL as disclosed to the Settlement Products Client in the Application and/or the TILA disclosure for such RAL.

"LAW" shall mean any federal, state or local statute, regulation, rule, ordinance, policy, guideline, common law, equitable theory or other law.

"LIABILITIES" shall mean all direct or indirect liabilities (including joint and several liabilities), equitable or injunctive remedies or relief, guaranties, endorsements, obligations and responsibilities, either accrued, absolute, contingent, matured or unmatured and whether known or unknown, fixed or unfixed, asserted or unasserted, choate or inchoate, liquidated or unliquidated, secured or unsecured and whether or not of a kind required by GAAP to be set forth on a financial statement.

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"LICENSE" shall mean any Copyright License, Patent License, Trademark License or other license of rights or interests now held or hereafter relating to the Settlement Products Program.

"LIEN" shall mean any pledge, hypothecation, assignment, encumbrance, security interest, lien (statutory or other) or other security agreement of any kind or nature whatsoever, including any conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing.

"LITIGATION" shall mean any action, lawsuit, investigation or proceeding.

"LOAN FILE" shall mean Settlement Products Client Applications, agreements, disclosures, correspondence, billing statements, notices and other related information.

"LONDON BANKING DAY" shall mean a day on which banks in London are open for business and dealing in offshore dollars.

"LONDON INTER-BANK OFFERED RATE" or "LIBOR" shall mean, for any applicable interest period, the rate per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by HSBC Bank from time to time) at approximately 11:00 a.m. London time two (2) London Banking Days before the commencement of the interest period, for U.S. Dollar deposits (for delivery on the first day of such interest period) with a term equivalent to such interest period. If such rate is not available at such time for any reason, then the rate for that interest period will be determined by such alternate method as reasonably selected by HSBC Bank.

"LOSSES" means any and all Damages, reasonable attorneys' fees and expenses relating to any Damages or to any investigations, proceedings, counterclaims, defenses or appeals that could reasonably result in incurring or avoiding any Damages; provided that Losses shall not include expenses (or any specified portion thereof) incurred by a party in an alternative dispute proceeding under the Program Contracts where it is explicitly stated that a party shall bear its own expenses or any specified portion of such expenses.

"MARKETING GUIDELINES" shall mean those marketing guidelines established by HSBC Bank on an annual basis, which guidelines shall reflect and be consistent with the consumer lending Laws that HSBC Bank determines are applicable to the Settlement Products Program.

"MATERIAL ADVERSE EFFECT" shall mean, any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences, whether or not related, which results in a material adverse change in, or has a material adverse effect upon, any of (a) the material rights and remedies of a party hereto under the Program Contracts, or (b) the ability of any party hereto to perform its material obligations under the Program Contracts to which it is a party, as applicable, or (c) the legality, validity or enforceability of any of the Program Contracts in any material respect, or (d) the financial benefits that the party reasonably expected to obtain under the Settlement Products Program.

"NATIONALLY RECOGNIZED TAX PREPARER" shall mean [***].

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"NON-DEFENDING PARTY" shall have the meaning set forth in Section 6.3(e) of the Indemnification Agreement.

"NON-FILING PARTY" shall have the meaning set forth in Section 15.5(g)(i) of the Retail Distribution Agreement.

"NOTE" shall mean with respect to any Participated HSBC RAL, the promissory note or other evidence of indebtedness or agreements evidencing the indebtedness of an Obligor under such Participated HSBC RAL.

"OBLIGATIONS" shall mean all obligations, fees, covenants and duties of any Person of every kind, nature and description, direct or indirect, absolute or contingent, due or not due, in contract or tort, liquidated or unliquidated, arising under any of the Program Contracts, by operation of law or otherwise in connection with the transactions contemplated hereby or thereby, now existing or hereafter arising, and whether or not for the payment of money or the performance or non-performance of any act.

"OBLIGOR" shall mean the Settlement Products Client obligated to make payments to the Originator with respect to any HSBC RAL.

"OCC" shall mean the Office of the Comptroller of the Currency, or any successor thereto.

"OFFER" shall mean a mail piece specifically targeted to an individual in a specific Segment pursuant to a Targeted Campaign.

"ORIGINATOR" shall mean the originator of HSBC RALs and the issuer of HSBC RACs pursuant to the applicable Distribution Agreement.

"ORIGINATOR TRAINING MATERIALS" shall mean the training materials and Settlement Products Program policies and procedures, prepared by the Originator for use in the Settlement Products training program.

"OTHER ERO CHARGES" shall mean any other fees, expenses and amounts charged by the ERO in connection with the electronic filing of a Return or the sale of any service provided by the ERO to the Client at the time of the preparation of the Client's Return, with respect to a Settlement Product for which a Client has submitted an Application.

"OTHER REQUIRED DEDUCTIONS" shall mean any amounts required by applicable Law to be deducted or withheld from any Settlement Product.

"OTS" shall mean the Office of Thrift Supervision, or any successor thereto.

"OWNER" shall mean any shareholder, general partner, limited partner, member or any other owner of an interest in any corporation, partnership, limited partnership, limited liability company, association or any other legal entity organized under the Laws of the United States, any sovereign foreign nation state or any subjurisdiction thereof.

"PARTICIPANT" shall mean any Person who has purchased or otherwise owns a Participation Interest in an HSBC RAL.

"PARTICIPATED HSBC RAL" shall mean any HSBC RAL in which a Participation Interest has been sold pursuant to a Participation Agreement and has not been reassigned to HSBC TFS or repurchased by HSBC TFS pursuant to such Participation Agreement.

"PARTICIPATED HSBC RAL SCHEDULE" shall mean a schedule of certain refund anticipation loans owned and held by the Originator and the Participants which sets forth information with respect to such refund anticipation loans, as amended from time to time by the parties.

"PARTICIPATION AGREEMENT" shall mean the HSBC Refund Anticipation Loan Participation Agreement dated September 23, 2005, between HSBC Bank, HSBC TFS, HTMAC and BFC, and all amendments and restatements thereof and supplements thereto.

"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 each HSBC RAL 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.

"PATENTS" shall mean all of the following in which a party hereto now holds or hereafter acquires any interest: (a) all letters patent of the United States or of any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or of any other country, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State, or any other country, and (b) all reissues, continuations, continuations-in-part or extensions thereof, all of which relate to the Settlement Products Program.

"PATENT LICENSE" shall mean rights under any written agreement now owned or hereafter granting any right with respect to any invention on which a Patent is in existence with respect to the Settlement Product Program.

"PERMITTED BLOCK ASSIGNMENT" shall have, with respect to each Program Contract listed in the table below, the meaning set forth in the following section of such Program Contract:

PROGRAM CONTRACT	SECTION
Retail Distribution Agreement	2.6(a)
Digital Distribution Agreement	2.5(a)
Franchisee Distribution Agreements	2.5(a)
Participation Agreement	1.3(a)
Servicing Agreement	1.3(a)

"PERMITTED HSBC ASSIGNMENT" shall have, with respect to each Program Contract listed in the table below, the meaning set forth in the following section of such Program Contract:

PROGRAM CONTRACT	SECTION
Retail Distribution Agreement	2.6(b)
Digital Distribution Agreement	2.5(b)
Franchisee Distribution Agreements	2.5(b)

Participation Agreement	1.3(b)
Servicing Agreement	1.3(b)

"PERSON" shall mean any legal person, including any individual, corporation, general or limited partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, or other entity of similar nature, or Governmental Authority.

"PRESEASON LOAN" shall mean any HSBC Bank loan product issued to any individual before the beginning of a Tax Period for which part of the credit criteria in determining such individual's eligibility is based on such individual's anticipated tax refund for such Tax Period.

"PRINCIPAL AMOUNT" of an HSBC RAL 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 made by the Originator to such Client's ERO, RAL Fees and 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 INDEBTEDNESS" shall mean any outstanding obligations of a Settlement Products Client for refund anticipation loans or any other loan product secured by a security interest in a deposit account into which the borrower's tax refund is deposited, loaned to such Settlement Products Client by any originator in a prior year.

"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, 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 PROGRAM AGREEMENTS" shall mean only the final written and executed version of each of the following:

- Agreement dated December 5, 1986;
- Refund Anticipation Loan Agreement dated August 1, 1988;
- Amendment Agreement dated August 1, 1989;
- Refund Anticipation Loan Agreement, dated August 22, 1991;
- Letter Amendment to August 1991 Agreement with Block, dated December 6, 1994;

- Letter Amendment of December 6, 1994 Agreement; Amendment of December 6, 1994 Letter Amendment to August 1991 Agreement with Block, dated January 12, 1996;

- Refund Anticipation Loan Operations Agreement, dated July 19, 1996;

- Refund Anticipation Loan Participation Agreement, dated July 19, 1996;

- Amendment to Refund Anticipation Loan Participation Agreement, dated January 1998;

- First Amendment to the Refund Anticipation Loan Operations Agreement, dated January 1, 2000;

- First Amendment to the Refund Anticipation Loan Participation Agreement, dated January 1, 2000;

- Second Amendment to the Refund Anticipation Loan Operations Agreement, dated January 2, 2001;

- Third Amendment to the Refund Anticipation Loan Operations Agreement, dated November 1, 2001;

- Second Amendment to the Refund Anticipation Loan Participation Agreement, dated January 1, 2002;

- Reimbursement of Expenses Letter, dated November 5, 2002; Consent Letter, dated November 11, 2002;

- Amended and Restated Refund Anticipation Loan Operations Agreement, dated January 6, 2003;

- Amended and Restated Refund Anticipation Loan Participation Agreement, dated January 6, 2003;

- Waiver of Rights under Amended and Restated Refund Anticipation Loan Participation Agreement, dated January 6, 2003;

- Second ICB Consent Letter, dated June 9, 2003;

- Second Amended and Restated Refund Anticipation Loan Operations Agreement, dated June 9, 2003;

- Second Amended and Restated Refund Anticipation Loan Participation Agreement, dated June 9, 2003;

- Third Amended and Restated Refund Anticipation Loan Participation Agreement, dated January 1, 2004;

- First 2004 Supplement to Second ICB Consent Letter, dated June 9, 2004;

- 2004 Amendment to Second Amended and Restated Refund Anticipation Loan Operations Agreement, dated August 20, 2004;

- Fourth Amended and Restated Refund Anticipation Loan Participation Agreement; dated December 31, 2004; and

- Second Amendment to Second Amended and Restated Refund Anticipation Loan Operations Agreement, dated September 23, 2005.

"PROCESSING FILES" shall mean, collectively, the [***], the [***] and the History Processing File.

"PROGRAM CONTRACTS" shall mean collectively the Distribution Agreements, the Participation Agreement, the Indemnification Agreement and the Servicing Agreement and any other written agreement related to the Settlement Products Program that may be entered into from time to time between any Block Company and any HSBC Company or any of their respective Affiliates.

"PROPRIETARY RIGHTS" shall mean all patent, copyright, trade secret and other proprietary rights.

"PURCHASE PRICE" shall mean the purchase price for a Participation Interest to be paid by BFC to HSBC TFS, as calculated pursuant to Section 4.2 of the Participation Agreement.

"QUALIFYING PROCEDURES" shall mean the qualifying procedures established by the Originator for a Settlement Product as set forth in Schedule 9.5 to the Retail Distribution Agreement.

"RAC" shall mean a Disbursement issued by the Originator and delivered pursuant to the Refund Anticipation Check Service.

"RAC FEE" shall mean the fee as set forth in Schedule 14.6(a) and Schedule 14.6(b) to the Retail Distribution Agreement, or Schedule 7.8 to the Digital Distribution Agreement, as applicable, paid by the Originator to the Block Company specified to the Originator by the Block Companies, or any of their respective Affiliates, or to the applicable Franchisee, for each Disbursement pursuant to the Refund Anticipation Check Service.

"RAL" or "REFUND ANTICIPATION LOAN" shall mean a loan to a Settlement Products Client who is a Client of a Block Office secured by a security interest in the related Deposit Account, including Classic RALs and IRALs.

"RAL DOCUMENTS" shall mean, with respect to each Participated HSBC RAL, the related Note, the related Security Agreement and any and all other documents executed and delivered in connection with the origination or subsequent modification of such Participated HSBC RAL.

"RAL FEE" shall mean the aggregate amount payable to the Originator by the Settlement Products Client for the privilege of obtaining an HSBC RAL, the calculation of which

is set forth on Schedule 9.3 to the Retail Distribution Agreement, which amount will include the Finance Charge, but will exclude the Refund Account Fee.

"RAL GUIDELINES" shall mean the Originator's policies and procedures from time to time relating to the operation of its refund anticipation loan business, including the policies and procedures for determining the credit worthiness of RAL clients, the extensions of credit to RAL clients and relating to the collection and charge off of RALs.

"RAL ORIGINATION SYSTEM" shall have the meaning set forth in Section 13.4(c) of the Retail Distribution Agreement.

"RAL OWNERSHIP INTEREST" shall mean Originator's right, title and interest in and to each HSBC RAL, 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.

"RAL PRICE REDUCTION" shall mean a reduction in pricing for Settlement Products made pursuant to Section 9.6(c) of the Retail Distribution Agreement.

"RAL PRICE REDUCTION AMOUNTS" shall mean, for a specific Tax Period, the sum of the RAL Fees and Refund Account Fees that would have been charged if HSBC Bank had not made a RAL Price Reduction minus the RAL Fees and Refund Account Fees actually charged to each Settlement Products Client who received an HSBC RAL during such Tax Period.

"RECEIVING PARTY" shall mean the party receiving nonpublic personal information of a client or consumer from the Disclosing Party pursuant to the terms and conditions of any of the Program Contracts.

"REFUND ACCOUNT FEE" shall mean the amount payable to the Originator by a Settlement Products Client for setting up and administering the Deposit Account for any Settlement Products.

"REFUND ANTICIPATION CHECK SERVICE" shall mean a service pursuant to which a RAC or eRAC in the amount of a Client's related Refund Paid, less the sum of (a) fees charged for the making of the check, (b) Tax Preparation Fees and (c) other properly withheld amounts, is delivered to or for the benefit of a Settlement Products Client on account of a direct deposit tax refund (other than in connection with a RAL made in advance of receipt of the related tax refund).

"REFUND DUE" shall mean the amount of the tax refund claimed by a Settlement Products Client in any particular Tax Period on its Return as prepared.

"REFUND PAID" shall mean the amount of the tax refund paid to a Settlement Products Client in any particular Tax Period by a Governmental Authority.

"RENEWAL TERM" shall have, with respect to each Program Contract listed in the table below, the meaning set forth in the following section of such Program Contract:

PROGRAM CONTRACT	SECTION
Retail Distribution Agreement	17.1
Digital Distribution Agreement	10.1
Franchisee Distribution Agreements	9.1
Participation Agreement	7.1

"REPRESENTATIVE" shall mean, with respect to a particular Person, any director, officer, employee, agent or consultant; provided, however, that with respect to any HSBC Company, the term "Representative" shall not include any Block Company, or any Affiliate or Representative thereof, and with respect to any Block Company, the term "Representative" shall not include any HSBC Company, or any Affiliate or Representative thereof.

"REPURCHASE VALUE" of a Participation Interest in an HSBC RAL 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 DISTRIBUTION AGREEMENT" shall mean the HSBC Retail Settlement Products Distribution Agreement dated September 23, 2005, among HSBC Bank, HSBC TFS, Beneficial Franchise and HTMAC, and Block Services, Block Tax Services, Block Enterprises, Block Eastern Enterprise, Block Digital, Block Associates and Royalty, and all amendments and restatements thereof and supplements thereto.

"RETAIL SETTLEMENT PRODUCTS" shall mean, collectively, RALs, RACs and any similar financial product or service of the Originator offered to Clients at Block Offices under the Program Contracts.

"RETAIL SETTLEMENT PRODUCTS PROCEDURES" shall mean the policies and procedures for Retail Settlement Products set forth in the Retail Settlement Products Procedures Schedules, as in effect from time to time.

"RETAIL SETTLEMENT PRODUCTS PROCEDURES SCHEDULES" shall mean each of the Retail Settlement Products procedures schedules identified in Section 2.4 of the Retail Distribution Agreement, as amended from time to time.

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"RETURNS" shall mean the federal, state and local tax returns prepared by any of the Block Companies or any of the Franchisees.

"ROYALTY" shall mean HRB Royalty, Inc., a Delaware corporation, and its successors and assigns.

"SAS 70" shall have the meaning set forth in Section 6.10(b) of the Retail Distribution Agreement.

"SAVINGS VEHICLE FEE" shall mean the fee payable by a Block Company to an HSBC Company pursuant to Section 8.12 of the Retail Distribution Agreement.

"SECOND PRIORITY PRIOR INDEBTEDNESS" shall mean that Prior Indebtedness in which no Affiliate of any Block Company has purchased a participation interest.

"SECURITY AGREEMENT" shall mean, with respect to any Participated 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.

"SEGMENT" shall mean any subset of a Targeted Campaign that is evaluated separately to determine the number of Incremental Clients obtained pursuant to such Targeted Campaign, provided that no such subset may be included in more than one Targeted Campaign.

"SERVICE LEVEL THRESHOLDS" shall have the meaning set forth in Section 13.4 of the Retail Distribution Agreement.

"SERVICER" shall mean HSBC TFS or such other Person, excluding sub-servicers, who service the Settlement Products pursuant to the Servicing Agreement.

"SERVICER EVENT OF DEFAULT" shall have the meaning set forth in Section 11.1 of the Servicing Agreement.

"SERVICING AGREEMENT" shall mean the HSBC Settlement Products Servicing Agreement, dated as of September 23, 2005, among HSBC Bank, HSBC TFS, HTMAC and BFC, and all amendments and restatements thereof and supplements thereto.

"SETTLEMENT PRODUCTS" shall mean, collectively, Retail Settlement Products and Digital Settlement Products.

"SETTLEMENT PRODUCTS CLIENT" shall mean a Client who has applied to receive a Settlement Product.

"SETTLEMENT PRODUCTS PROGRAM" shall mean the implementation and operation of the program for offering Settlement Products to Clients pursuant to the Program Contracts.

"SETTLEMENT PRODUCT RELATED ACTIVITY" shall mean any and all acts, actions or omissions regarding or relating to the Settlement Products offered or sold to Clients, including all activities regarding processes, procedures, origination, documentation, advertising, marketing, and servicing and the charging of fees and levying of charges and interest in connection with the provision of such Settlement Products, and any products and services related to the Settlement Products, regardless of whether the act, action or omission is taken by any HSBC Company, any Block Company, any Franchisee, or any of their respective Affiliates, or Representatives.

"SETTLEMENT PRODUCT RELATED ACTIVITY CLAIM" shall mean any and all claims, causes of action, lawsuits, disputes, controversies, administrative proceedings, investigations, inquiries, audits, enforcement actions, demands, assessments, deficiencies, adjustments, judgments, settlements, dispositions, payments, penalties, fines, interest, and costs and expenses (including reasonable attorneys' and accountants' fees and disbursements) made, sought, initiated, filed or levied by or on behalf of any third party, including any Person or Governmental Authority, under or pursuant to any Law, whether related to banking, lending, truth in lending, usury, consumer finance, consumer protection, fiduciary duties, loan brokers, credit service organizations, debt collection, cross-collection, financial privacy, unfair lending, discrimination, payday loans, check cashing, money laundering, money transmitters, truth in advertising, unfair trade practices, fraud, wire fraud, mail fraud, RICO or otherwise, if made, sought, initiated, filed or levied regarding or with respect to any Settlement Product Related Activity.

"SIGNING BONUS" shall have the meaning set forth in Section 6.11 of the Retail Distribution Agreement.

"SUBSIDIARY" shall mean, with respect to any Person at any date, any corporation or other Person, of which securities or other interests having the power to elect a majority of that corporation's or other Person's board of directors or similar governing body, or otherwise having the power to direct the business and policies of that corporation or other Person (other than securities or other interests having such power only upon the happening of a contingency that has not occurred), are held by such Person or one or more of its Subsidiaries.

"SUCCESSOR ORIGINATOR" shall have the meaning set forth in Section 2.7(a) of the Retail Distribution Agreement.

[***]

"TAX ADVISOR FIDUCIARY DUTY CLAIM" means any Settlement Product Related Activity Claim involving facts or circumstances arising after July 1, 2006 based upon an alleged breach of fiduciary duties owed by any Block Company arising from its role as a tax advisor to its Clients.

"TAX PERIOD" for any year shall mean the period from and including January 1 of such year to and including such date that is prescribed by the IRS as the last legal date on which an individual taxpayer may file an extended federal income tax return, which as of the date of the Program Contracts is October 15.

"TAX PREPARATION FEE" shall mean the amount payable to a Block Company, or any of their respective Affiliates, or a Franchisee, by a Client for the preparation of the Client's Returns.

"TAX PREPARATION RELATED ACTIVITIES" means activities and services relating to the preparation and filing of, and advising with respect to, Returns and claims for refunds by any Block Company or its respective Affiliates or Representatives.

"TAX YEAR" shall mean the period beginning on January 1 of the year immediately prior to a Tax Period and ending on December 31 of the year immediately prior to such Tax Period.

"TERM" shall have, with respect to each Program Contract listed in the table below, the meaning set forth in the following section of such Program Contract:

PROGRAM CONTRACT	SECTION
Retail Distribution Agreement	17.1
Digital Distribution Agreement	10.1
Franchisee Distribution Agreements	9.1
Participation Agreement	7.1

"TERMINATION DATE" shall mean the date on which the Program Contracts terminate or otherwise expire in accordance with the terms thereof.

[***]

[***]

"TILA" shall mean the federal Truth-in-Lending Act, 15 U.S.C. Sections 1601 et. seq.

"TPS SOFTWARE" shall mean any tax preparation software owned or licensed by any Block Company, or any of their respective Affiliates, that is used in Block Offices to prepare Returns.

"TRADEMARK LICENSE" shall mean rights under any written agreement now owned or hereafter acquired with respect to the Settlement Products Program granting any right to use any Trademark with respect to the Settlement Products Program.

"TRADEMARKS" shall mean all of the following now owned or hereafter existing or adopted or acquired: (a) all trademarks, trade names, corporate names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state or territory thereof, or any other country or any political subdivision thereof; (b) all reissues, extensions or renewals thereof; and (c) all goodwill associated with or symbolized by any of the foregoing, all of which relate to the Settlement Products Program.

"UCC" shall mean the Uniform Commercial Code, as amended from time to time, as in effect in any specified jurisdiction.

"UNPARTICIPATED HSBC RAL" shall mean any HSBC RAL for which no Participation Interests have been sold.

[***]

[***]

ARTICLE II
RULES OF CONSTRUCTION

Section 2.1. Rules of Construction. Each Program Contract shall be interpreted in accordance with following Rules of Construction unless the context of such Program Contract otherwise requires:

(a) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(b) "or" is not exclusive;

(c) "including" means including without limitation;

(d) the word "will" shall be construed to have the same meaning and effect as the word "shall" and vice versa;

(e) words in the singular include the plural and words in the plural include the singular;

(f) the words "hereof," "herein," and "hereunder" and words of similar import when used in any Program Contract shall refer to such Program Contract as a whole and not to any particular provision of such Program Contract;

(g) Section and Subsection references contained in any Program Contract are references to Sections and Subsections of such Program Contract unless otherwise specified;

(h) any agreement, instrument or Law defined or referred to any Program Contract or in any writing delivered in connection therewith means such agreement, instrument or Law as from time to time amended, restated, modified or supplemented, and includes (in the case of agreements or instruments) references to all attachments thereto and writings incorporated therein; and

(i) references to a Person are also to its permitted successors and assigns.

Exhibit 10.19

SALE AND SERVICING AGREEMENT

among

OPTION ONE OWNER TRUST 2005-8
as Issuer

and

OPTION ONE LOAN WAREHOUSE CORPORATION
as Depositor

and

OPTION ONE MORTGAGE CORPORATION
as Loan Originator and Servicer

and

WELLS FARGO BANK, N.A.
as Indenture Trustee

Dated as of October 1, 2005

OPTION ONE OWNER TRUST 2005-8
MORTGAGE-BACKED NOTES

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AMENDED AND RESTATED SALE AND SERVICING AGREEMENT

This Sale and Servicing Agreement is entered into effective as of October 1, 2005, among OPTION ONE OWNER TRUST 2005-8, 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 Loan Originator (in such capacity, the "Loan Originator") and as Servicer (in such capacity, the "Servicer"), and WELLS FARGO BANK, N.A., a national banking association, as Indenture Trustee on behalf of the Noteholders (in such capacity, the "Indenture Trustee").

WITNESSETH:

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.

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 October 1, 2005, 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 process which may include an automated appraisal consistent with the Underwriting policies and 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 (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 Pricing Letter, the Trust Agreement, each Hedging Instrument, if any, 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: October 7, 2005.

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 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 October 1, 2005, 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 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.

Deemed Cured: With respect to the occurrence of a Performance Trigger or 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 Performance Trigger or Rapid Amortization Trigger has been waived in writing by the Noteholder Agent.

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 Noteholder Agent 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 Noteholder Agent 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: Merrill Lynch Bank USA 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 Noteholder Agent, the Trust and the Servicer.

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

Document Exception Loan: A non-Wet Funded Loan which is included on the Exceptions Report but does not have a Fatal Exception and is within the 30 day cure period in Section 2.05(b)(ii).

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 Noteholder Agent, any other deposit account or a securities account.

Eligible Servicer: (a) Option One 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: 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: As defined in the Custodial Agreement.

Fatal Exception Report: As defined in the Custodial Agreement.

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.

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.

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 45 days after 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.

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 October 1, 2005, 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 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.

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 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 Determination Date: With respect to each Accrual Period, each day during 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)(1) 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: Option One and its permitted successors and assigns.

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: The Fourth Amended and Restated Loan Purchase and Contribution Agreement, between Option One, as seller, and the Depositor, as purchaser, dated as of September 1, 2005, 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 Noteholder Agent 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: 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.

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: Merrill Lynch Bank USA or an Affiliate thereof designated by Merrill Lynch Bank USA in writing to the parties hereto and, in either case, its successors in interest.

Master Disposition Confirmation Agreement: The Fourth Amended and Restated Master Disposition Confirmation Agreement, dated as of June 1, 2005, 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)(1)(i) during the immediately preceding Remittance Period and (ii) the aggregate of amounts deposited into the Collection Account pursuant to Section 5.01(b)(1)(ii) through 5.01(b)(1)(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-Fatal Exception: As defined in Section 2.05(b)(i) hereof.

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 Noteholder Agent, 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 Noteholder Agent, would not be ultimately recoverable.

Nonutilization Fee: As defined in the Pricing Letter.

Note: As defined in the Indenture.

Noteholder: As defined in the Indenture.

Noteholder Agent: Merrill Lynch Bank USA and its successors and assigns acting at the direction, and as agent, of the Majority Noteholders.

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 Note Purchase Agreement among the Purchaser, the Noteholder Agent, the Issuer and the Depositor, dated as of October 1, 2005, 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: The one month British Bankers Association Rate as reported on the display designated as "BBAM" "Page 1229a" on Bloomberg (or such other display as may replace "BBAM" "Page 1229a" on Bloomberg), as of 8:00 a.m., New York City time, on the date two Business Days prior to the date of funding. The LIBOR Margin shall be reset monthly, based upon the LIBOR Margin then in effect. To the extent the term of the Note must be less than or greater than one month, One-Month LIBOR shall correspond as closely as reasonably possible to the relevant period as set forth in a mutually agreed upon source as of 8:00 am New York City time on the date of each Loan. All calculations will be made on the basis of a 360-day year and the actual number of days elapsed.

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.

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 $4,400 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: 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.

Performance Trigger: Shall exist if, as of any Determination Date, the aggregate Principal Balance of all Loans that are equal to or greater than 30 days Delinquent as of such Determination Date (including Defaulted Loans and Foreclosed Loans) divided by the Pool Principal Balance as of such Determination Date is greater than or equal to 10%, provided, however, that a Performance Trigger shall not occur if such percentage is reduced to less than 10% within one (1) Business Day of such Determination Date as the result of the exercise of a Servicer Call.

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-1 or better by S&P and P-1 or better by Moody's.

(g) Investment agreements approved by the Noteholder Agent 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 Noteholder Agent 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 Noteholder Agent;

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 pricing letter among the Issuer, the Depositor, Option One 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: 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 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: 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 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 (iii) 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 or equal to 60 days (including Defaulted Loans and Foreclosed Loans) as of such Determination Date is greater than or equal to 15% of the Pool Principal Balance; provided, however, that a Rapid Amortization Trigger shall not occur if such percentage is reduced to less than 15% within one (1) Business Day 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: Deutsche Bank AG, Barclay's Bank PLC, The Tokyo Mitsubishi Bank and National Westminster Bank PLC and their successors in interest; provided, however, that if the Noteholder Agent determines that any of the foregoing banks are not suitable to serve as a Reference Bank, then any leading banks selected by the Noteholder Agent 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 Noteholder Agent 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)(1) 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 Noteholder Agent 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 Noteholder Agent 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 Noteholder Agent can determine no such arithmetic mean, the lowest one-month U.S. dollar lending rate which New York City banks selected by the Noteholder Agent 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 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) 364 days after such date, 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 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: 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, 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; (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 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 2005-8, the Delaware statutory trust created pursuant to the Trust Agreement.

Trust Agreement: The Trust Agreement dated as of September 21, 2005 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 Noteholder Agent.

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 fifteenth Business 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 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 M 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.

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.

(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 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 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 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. 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 (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 be 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 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 recission, all funds received in connection with such recission 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 Noteholder Agent 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 (i) any non-Wet Funded Loan which has a Fatal Exception 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 one Business Day, (ii) any non-Wet Funded Loans which are set forth as exceptions in the Exceptions Report (other than Fatal Exceptions) (a "Non-Fatal Exception"), the Loan Originator shall cure such exceptions by delivering such missing documents to the Custodian or otherwise curing the defect within 30 days of the Transfer Date; provided, however that if such Non-Fatal Exception is not cured within 30 days of the Transfer Date, such Loan shall be a Scratch and Dent Loan for purposes of this Agreement or (iii) any Wet Funded 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 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 (1) Business Day of notice thereof from the Indenture Trustee or the Noteholder Agent 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 Noteholder Agent 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) 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 12:00 p.m. (New York City time) on the related Transfer Date, the Issuer shall give notice to the Noteholder Agent of such upcoming Transfer Date and shall deliver or cause to be delivered to the Noteholder Agent: (i) an estimate of the number of Loans and aggregate Principal Balance of such Loans to be transferred on such Transfer Date (ii) a funding request amount and (iii) 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 Noteholder Agent 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 Noteholder Agent: (i) an estimate of the number of Loans and aggregate Principal Balance of such Loans to be transferred on such Transfer Date (ii) a funding request amount and (iii) 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 Noteholder Agent 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 Noteholder Agent 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) 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 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 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 Noteholder Agent 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; 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.

(e) In the case of Wet Funded Loans, by no later than 9:00 p.m. (New York City time) on the related Transfer Date, the Issuer shall deliver or cause to be delivered to the Purchaser the related Loan Schedule as finalized, in computer-readable form acceptable to the Purchaser.

Section 2.07 Termination of Revolving Period.

At the end of the Revolving Period or upon the occurrence of (i) an Event of Default or Default or (ii) the Unfunded Transfer Obligation Percentage equals 4% or less or (iii) Option One or any of its Affiliates shall default 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 or any of its 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 2001-1B, 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 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 the 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, 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 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, 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; 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 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, 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 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 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 Noteholder Agent 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) 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;

(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) The Loan Originator is in compliance with each of its 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 Noteholder Agent 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, 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 Majority 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; and

(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.

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 Noteholder Agent 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 Noteholder Agent 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. 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 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)(1) 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 Noteholder Agent 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 Noteholder Agent 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 Noteholder Agent, 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 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 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(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 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. 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 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 Noteholder Agent object 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 Noteholders or which the Noteholders 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 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;

(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 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 2005-8 Collection Account, Wells Fargo Bank, N.A., as Indenture Trustee, for the benefit of the Option One Owner Trust 2005-8 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 2005-8 Distribution Account, Wells Fargo Bank, N.A., as Indenture Trustee, for the benefit of the Option One Owner Trust 2005-8 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 2005-8 Collection/Distribution Account, Wells Fargo Bank, N.A., as Indenture Trustee, for the benefit of the Option One Owner Trust 2005-8 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):

(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)(1); and

(xi) 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 (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)(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 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 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 Purchaser, 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; 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 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)(1)(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), 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.

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. 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 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 2005-8 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; 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 Purchasers 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 Purchasers and shall be maintained for and on behalf of the Purchasers, entitled

"Merrill Lynch Bank USA, for the benefit of the Issuer, Re: Custodial Agreement dated as of October 1, 2005." 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 Section 2.01(c) and 2.06 hereof and Section 3.01(b) of the Note Purchase Agreement. Notwithstanding the foregoing, in the event that any amounts on deposit in the Advance Account are not applied to a transfer of Additional Note Principal Balances and Loans within one (1) Business Day of the deposit into the Advance Account, such amounts shall be immediately returned to the Purchasers.

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 2005-8 Transfer Obligation Account, Wells Fargo Bank, N.A., as Indenture Trustee, in trust for the Option One Owner Trust 2005-8 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).

(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 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) 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 Majority Noteholders, 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 hereof 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 Majority Noteholders, 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;

(v) If on any applicable Payment Date, the amount available to pay the Nonutilization Fee is insufficient, the Loan Originator shall deposit the amount of such shortfall on the Business Day prior to such Payment Date;

(vi) If the amount available to pay the 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 Servicer'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.

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 Noteholders 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 2005-8"), 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 Noteholders 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 Noteholder Agent 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, 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 2005-8"), 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 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 Loan Originator 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)(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) whether a Performance Trigger or 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 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 the occurrence of a Performance Trigger, 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 Noteholders hereby irrevocably appoint, 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 hereof, on each Business Day, the Market Value Agent shall determine the Market Value of each Loan, for the purposes of

the Basic Documents, in its sole discretion exercised in good faith. 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 discretion exercised in good faith, 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 Noteholders, shall determine are necessary in order to hedge the interest rate risk with respect to 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)(1)(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 the Loan Originator and the Servicer shall maintain a minimum Tangible Net Worth $425 million as of any day.

(b) Each of the Loan Originator 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 the Loan Originator 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 the Loan Originator 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) Each of the Loan Originator and the Servicer shall maintain a minimum "Net Income" (defined and determined in accordance with GAAP) of at least $1.00 based on the total of the current quarter combined with the previous three quarters.

(f) Each of the Loan Originator and the Servicer, on a quarterly basis, shall provide the Noteholder Agent with an Officer's Certificate stating that the Loan Originator 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. 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, 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.

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 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, Noteholder and the Noteholder Agent.

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 Noteholder Agent 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 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 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 Noteholder Agent 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 comply with the Financial Covenants; or

(7) the Servicer ceases to be a 100% direct or indirect wholly-owned subsidiary of H&R Block Inc.; or

(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.

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, (iii) a Rapid Amortization Trigger or (iv) an event that shall 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 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 Noteholders by 4:00 p.m. New York City time. Following a Term Event, the failure of the 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.

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 Majority Noteholders, the Indenture Trustee, the Issuer and the Depositor, the 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 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 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. 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)(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 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 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 2005-8, 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, 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 Loan Originator; (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 2005-8, 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 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, not to exceed $15,000 per calendar quarter (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 nonconfidential 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 Noteholder Agent, 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 Noteholder Agent 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 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 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 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 2005-8, 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 Third Party Beneficiary.

The Noteholders and Noteholder Agent shall be third-party beneficiaries to the provisions of this Agreement, and shall be entitled to rely upon and directly enforce such provisions of this Agreement as if parties hereto.

Section 11.21 No Agency.

Nothing contained herein or in the Basic Documents shall be construed to create an agency or fiduciary relationship between the Noteholder Agent, 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 Noteholder Agent, 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 3.06 hereof, any Loan Originator 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 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 SALE AND SERVICING AGREEMENT.

OPTION ONE OWNER TRUST 2005-8,

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/ CR Fulton

Name: Charles R. Fulton
Title: Assistant Secretary

OPTION ONE MORTGAGE CORPORATION,
as Loan Originator and Servicer

By: /s/ CR Fulton

Name: Charles R. Fulton
Title: Assistant Secretary

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

By: /s/ Reid Denny

Name: Reid Denny
Title: Vice President

Exhibit 10.20

NOTE PURCHASE AGREEMENT

AMONG

OPTION ONE OWNER TRUST 2005-8
AS ISSUER

AND

OPTION ONE LOAN WAREHOUSE CORPORATION
AS DEPOSITOR

MERRILL LYNCH BANK USA
AS NOTEHOLDER AGENT

AND

MERRILL LYNCH BANK USA
AS PURCHASER

DATED AS OF OCTOBER 1, 2005

OPTION ONE OWNER TRUST 2005-8
MORTGAGE-BACKED NOTES

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NOTE PURCHASE AGREEMENT

NOTE PURCHASE AGREEMENT dated as of October 1, 2005 (the "Note Purchase Agreement"), among OPTION ONE OWNER TRUST 2005-8 (the "Issuer"), OPTION ONE LOAN WAREHOUSE CORPORATION (the "Depositor"), MERRILL LYNCH BANK USA (the "Noteholder Agent"), and MERRILL LYNCH BANK USA (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 October 1, 2005 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 Option One Mortgage Corporation, a California corporation.

"Maximum Note Principal Balance" has the meaning set forth in the Pricing Letter.

"Pricing Letter" means the pricing letter among the Issuer, the Depositor, Option One and the Indenture Trustee, dated the date hereof and any amendments thereto.

"Purchased Notes" means the Option One Owner Trust 2005-8 Mortgage-Backed Notes issued by the Issuer pursuant to the Indenture.

"Purchaser" means Merrill Lynch Bank USA and its permitted successors and assigns or an Affiliate thereof identified in writing by Merrill Lynch Bank USA to the Indenture Trustee and the other parties hereto, subject to the consent of the Loan Originator, which may not be unreasonably withheld or delayed.

"Sale and Servicing Agreement" means the Sale and Servicing Agreement dated as of October 1, 2005, 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.

(a) (i) At any time during the Revolving Period at least two Business Days in the case of a Loan that is not a Wet Funded Loan, or at least one Business Day, in the case of a Wet Funded Loan, 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, 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 and shall be for an Additional Note Principal Balance amount of not less than $2,000,000. 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.

(b) (i) Notwithstanding any other provision of this Note Purchase Agreement, and in order to reduce the number of fund transfers among the parties hereto, the Issuer, the Noteholder Agent and the Purchaser agrees that the Noteholder Agent may (but shall not be obligated to), and the Issuer and the Purchaser hereby irrevocably authorizes the Noteholder Agent to fund, on behalf of the Purchaser, purchases of Additional Note Principal Balances pursuant to this Section 2.01; provided, however, that the Noteholder Agent shall in no event fund such purchase of Additional Note Principal Balances if the Noteholder Agent shall have determined that one or more of the conditions precedent contained in Section 3.01(a) will not be satisfied on the day of the proposed purchase of Additional Note Principal Balances. If the Issuer gives a Purchase Request requesting a purchase of Additional Note Principal Balances and the Noteholder Agent elects not to fund such proposed purchase of Additional Note Principal Balances on behalf of the Purchaser, then promptly after receipt of the Purchase Request requesting such purchase of Additional Note Principal Balances, the Noteholder Agent shall notify the Purchaser of the specifics contained in such Purchase Request and that it will not fund such Purchase Request on behalf of the Purchaser. If the Noteholder Agent notifies the Purchaser that it will not fund a requested purchase of Additional Note Principal Balances on behalf of the Purchaser, the Purchaser shall purchase the Additional Note Principal Balance pursuant to Section 2.01(a), by remitting the required funds to the Issuer pursuant to and in accordance with Section 3.01(b) hereof. If the Noteholder Agent elects to fund a requested purchase of Additional Note Principal Balances, the Noteholder Agent will remit the required funds for such Purchase Request to the Issuer pursuant to and in accordance with Section 3.01(b) hereof.

(ii) If the Noteholder Agent has notified the Purchaser that the Noteholder Agent, on behalf of the Purchaser, will fund a particular purchase of Additional Note Principal Balances pursuant to Section 2.01(b)(i), the Noteholder Agent may assume that the Purchaser has made such amount available to the Noteholder Agent on such day and the Noteholder Agent, in its sole discretion, may, but shall not be obligated to, cause a corresponding amount to be made available to the Issuer on such day. If the Noteholder Agent makes such corresponding amount available to the Issuer and such corresponding amount is not in fact made available to the Noteholder Agent by the Purchaser, the Noteholder Agent shall be entitled to recover such corresponding amount on demand from the Purchaser together with interest thereon, for each day from the date such payment was due until the date such amount is paid to the Noteholder Agent, at the Note Interest Rate. During the period in which the Purchaser has not paid such corresponding amount to the Noteholder Agent, notwithstanding anything to the contrary contained in this Note Purchase Agreement or any other Basic Document, the amount so advanced by the Noteholder Agent to the Issuer shall, for all purposes hereof, be a purchase of Additional Note Principal Balances made by the Noteholder Agent for its own account. Upon any such failure by the Purchaser to pay the Noteholder Agent, the Noteholder Agent shall promptly thereafter notify the Issuer of such failure and the Issuer shall immediately pay such corresponding amount to the Noteholder Agent for its own account.

(iii) Nothing in this Section 2.01(b) shall be deemed to relieve the Purchaser from its obligations to fulfill its Commitment hereunder or to prejudice any rights that the Noteholder Agent or the Issuer may have against the Purchaser as a result of any default by the Purchaser hereunder. The Issuer shall have no obligation under or arising out of this Section 2.01(b).

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 Thacher Proffitt & Wood, Two World Financial Center, New York, New York 10281 on October 7, 2005, 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; and

(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).

(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 has been met in accordance with the Sale and Servicing Agreement and its determination shall be binding on the parties hereto.

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 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) 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 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:

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 Transaction 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 Transaction 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 2005-8, 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.

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(a) 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, the Depositor and the Servicer 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 two (2) 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 thirty (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 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, 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 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.

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, and 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 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 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 resell the Purchased Notes only in compliance with such restrictions.

SECTION 8.05 [Reserved].

SECTION 8.06 Information Provided by the Noteholder Agent. The Noteholder Agent 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 Noteholder Agent 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 Noteholder Agent 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.

(a) 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 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 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 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 2005-8, 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 2005-8

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/ CR Fulton

Name: Charles R. Fulton
Title: Assistant Secretary

MERRILL LYNCH BANK USA,
as Purchaser

By: /s/ Jim Cason

Name: Jim Cason
Title:

MERRILL LYNCH BANK USA,
as Noteholder Agent

By: /s/ Jim Cason

Name: Jim Cason
Title:

SCHEDULE I
INFORMATION FOR NOTICES

1. if to the Issuer:

Option One Owner Trust 2005-8
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: William O'Neill
Telecopy number: (949) 790-7540
Telephone number: (949) 790-7504

2. if to the Depositor:

Option One Loan Warehouse Corporation
3 Ada Road
Irvine, California 92618
Attention: William O'Neill
Telecopy number: (949) 790-7540
Telephone number: (949) 790-7504

3. if to the Purchaser:

Merrill Lynch Bank USA
250 Vesey St., 10th Floor
New York, New York 10080
Attention: Jim Cason
Telephone: (212) 449-1219
Facsimile: (212) 738-2700

4. if to the Noteholder Agent:

Merrill Lynch Bank USA
250 Vesey St., 10th Floor
New York, New York 10080
Attention: Jim Cason
Telephone: (212) 449-1219
Facsimile: (212) 738-2700

Exhibit 10.21

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INDENTURE

between

OPTION ONE OWNER TRUST 2005-8
as Issuer

and

WELLS FARGO BANK, N.A.
as Indenture Trustee

Dated as of October 1, 2005

OPTION ONE OWNER TRUST 2005-8
MORTGAGE-BACKED NOTES

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INDENTURE dated as of October 1, 2005 (the "Indenture"), between OPTION ONE OWNER TRUST 2005-8, a Delaware statutory trust, as Issuer (the "Issuer"), and WELLS FARGO BANK, N.A., as Indenture Trustee (the "Indenture Trustee").

WITNESSETH THAT:

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 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.

"Additional Note Principal Balance" has the meaning set forth in the Sale and Servicing Agreement.

"Administration Agreement" means the Administration Agreement dated as of October 1, 2005, 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" 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 October 7, 2005.

"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 2005-8, 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 2005-8, 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.

"Issuer" means Option One Owner Trust 2005-8.

"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 Option One Mortgage Corporation, a California corporation.

"Majority Certificateholders" has the meaning set forth 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" 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.

"Note Purchase Agreement" means the Note Purchase Agreement dated as of October 1, 2005 among the Issuer, Merrill Lynch Bank USA, as Noteholder Agent, Merrill Lynch Bank USA, as purchaser.

"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 Noteholder Agent.

"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 Noteholder Agent 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 among the Issuer, the Depositor, Option One and the Indenture Trustee, dated the date hereof 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 Sale and Servicing Agreement dated as of October 1, 2005, among the Issuer, the Depositor, the Loan Originator and 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 September 21, 2005, 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 2005-8 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 Noteholder Agent.

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.

(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 Noteholder Agent 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 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, 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 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 Noteholder Agent 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 Noteholder Agent 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 120 days after the end of each fiscal year of the Issuer (commencing with the fiscal year beginning on May 1, 2006), 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 Noteholder Agent prompt written notice of each Event of 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 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. "Events 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 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 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 the 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 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, 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, 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, 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, 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, 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 to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official 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, the Depositor or the 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 the Loan Originator in furtherance of any of the foregoing; or

(i) a Change of Control of the Loan Originator; or

(j) the Notes shall be Outstanding on the day after the end of the Revolving Period.

The Loan Originator shall deliver to the Noteholders and Noteholder Agent written notice of any Event of Default, as set forth under clauses (a) through (j) above. 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 Purchasers 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 Majority Noteholders 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 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, 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) (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)(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), 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 Person, as evidenced by an Opinion of Counsel delivered to the Indenture Trustee by the Noteholder Agent 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 Noteholder Agent 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 Noteholder Agent in its sole discretion at any time. Upon removal of the Paying Agent, the Noteholder Agent 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 Noteholder Agent 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 Noteholder Agent, 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 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 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, 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 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 2005-8, 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 2005-8, 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. Third Party Beneficiary. The Noteholders and Noteholder Agent shall be third-party beneficiaries to the provisions of this Indenture, and shall be entitled to rely upon and directly enforce such provisions of this Indenture as if parties hereto.

Section 11.18. 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 2005-8, 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 2005-8

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/ Reid Denny

Name: Reid Denny
Title: Vice President

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 2005-8, 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 October, 2005.

Notary Public

(Seal)
My commission expires:

- ---

STATE OF _____)
)ss.:
COUNTY OF _____)

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 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 October, 2005.

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.

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 2005-8

MORTGAGE-BACKED NOTES

OPTION ONE OWNER TRUST 2005-8, 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 October 1, 2005 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 October 1, 2005 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: October ____, 2005

OPTION ONE OWNER TRUST 2005-8

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: October ____, 2005

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. 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, 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 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, 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 October, 2005
of OPTION ONE OWNER TRUST 2005-8

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 2005-8

Re: Option One Owner Trust 2005-8

Reference is hereby made to the Indenture dated as of October 1, 2005 (the "INDENTURE") between Option One Owner Trust 2005-8 (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 October 1, 2005 among the Trust, Option One Loan Warehouse Corporation (the "DEPOSITOR"), Option One Mortgage Corporation (the "SERVICER" and 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 2005-8

Re: Option One Owner Trust 2005-8

In connection with our proposed purchase of $ _____ Note Principal Balance Mortgage-Backed Notes (the "OFFERED NOTES") issued by Option One Owner Trust 2005-8, 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 October 1, 2005 between Option One Owner Trust 2005-8 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 2005-8

Re: Option One Owner Trust 2005-8

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 2005-8 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 October 1, 2005 between Option One Owner Trust 2005-8 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 10.22

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FOURTH AMENDED AND RESTATED

LOAN PURCHASE AND CONTRIBUTION AGREEMENT

between

OPTION ONE LOAN WAREHOUSE CORPORATION
as Depositor

and

OPTION ONE MORTGAGE CORPORATION
as Loan Originator

Dated as of September 1, 2005

MORTGAGE-BACKED NOTES

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TABLE OF CONTENTS

THIRD AMENDED AND RESTATED
LOAN PURCHASE AND CONTRIBUTION AGREEMENT

THIRD AMENDED AND RESTATED LOAN PURCHASE AND CONTRIBUTION AGREEMENT, dated as of September 1, 2005 (this "Agreement"), between OPTION ONE MORTGAGE CORPORATION, a California corporation (the "Loan Originator"), and OPTION ONE LOAN WAREHOUSE CORPORATION, a Delaware corporation (the "Depositor").

WITNESSETH

WHEREAS, the Loan Originator owns and from time to time originates and acquires certain loans (the "Loans") secured primarily by mortgages, deeds of trust and security deeds on certain Mortgaged Properties and the Loan Documents related thereto;

WHEREAS, the Loan Originator is the owner of 100% of the capital stock of the Depositor;

WHEREAS, the parties hereto desire that on each Transfer Date, the Loan Originator sell and contribute all its right, title and interest in and to the Loans and the related Loan Documents to Depositor pursuant to the terms of this Agreement; and

WHEREAS, the Depositor will sell, transfer, assign and otherwise convey all of its rights, title and interest in and to each of the Loans and related Loan Documents and its related rights under this Agreement to one of several trusts (each a "Trust" and collectively, the "Trusts"), in each case pursuant to each of the Sale and Servicing Agreements set forth on Schedule I attached hereto (as updated from time to time to reflect the addition of any Trust added as a party to the Master Disposition Agreement), entered into by Option One, Depositor, Wells Fargo and each of the Trusts, respectively, (collectively, the "Sale and Servicing Agreements" and each individually, a "Sale and Servicing Agreement").

WHEREAS, the parties hereto have entered into the First Amended and Restated Loan Purchase and Contribution Agreement, dated as of August 8, 2003 (the "First Amended and Restated Loan Purchase and Contribution Agreement").

WHEREAS, the parties hereto have entered into the Second Amended and Restated Loan Purchase and Contribution Agreement, dated as of November 14, 2003 (the "Second Amended and Restated Loan Purchase and Contribution Agreement").

WHEREAS, the parties hereto have entered into the Third Amended and Restated Loan Purchase and Contribution Agreement, dated as of June 1, 2005 (the "Third Amended and Restated Loan Purchase and Contribution Agreement").

WHEREAS, the parties to the Third Amended and Restated Loan Purchase and Contribution Agreement now seek to amend the Third Amended and Restated Loan Purchase and Contribution Agreement in its entirety as set forth in this Fourth Amended and Restated Loan Purchase and Contribution Agreement (this "Agreement");

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS; CONSTRUCTION

Section 1.01 Definitions. For purposes of this Agreement: (i) references to the Trust or the Issuer shall mean the Trust to which the Depositor sells the related Loans; (ii) references to the Sale and Servicing Agreement shall mean the Sale and Servicing Agreement pursuant to which the Depositor sells the related Loans; (iii) references to the Indenture Trustee shall mean Wells Fargo Bank, N.A., or its successor, in its capacity as Indenture Trustee under the related Sale and Servicing Agreement; (iv) references to the Noteholders shall mean the Note Purchaser in connection with sales to the 2002-3 Trust and the Initial Noteholder in connection with sales to the other Trusts listed on Schedule I hereto and (v) references to the Master Disposition Agreement shall mean the Fourth Amended and Restated Master Disposition Confirmation Agreement, dated as of June 1, 2005, 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. All other capitalized terms used but not defined herein shall have the meanings assigned thereto in the related Sale and Servicing Agreement.

Section 1.02 Construction. For purposes of this Agreement: (i) the singular includes the plural and the plural includes the singular; (ii) words importing any gender include the other genders; (iii) the words "and" and "or" are used in the conjunctive or disjunctive as the sense and circumstances may require, (iv) references to "writing" include printing, typing, lithography and other means of reproducing words in a visible form; (v) references to agreements and other contractual instruments include all subsequent amendments thereto or changes therein entered into in accordance with their respective terms and not prohibited by this Agreement or the Basic Documents; (vi) references to Persons include their permitted successors and assigns; (vii) any form of the word "include" shall be deemed to be followed by the words "without limitation"; (viii) the phrase "in and to" shall be deemed to include "under" and "with respect to" whenever appropriate; (ix) unless the context clearly requires otherwise, the word "finance" shall be deemed to include "refinance"; (x) the words "herein", "hereof' and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision; and (xi) Article, Section, Schedule and Exhibit references, unless otherwise specified, refer to Articles and Sections of and Schedules and Exhibits to this Agreement. Unless otherwise stated in this Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding."

ARTICLE II
SALE OF LOANS; PAYMENT OF PURCHASE PRICE

Section 2.01 Sale of Loans to Depositor. (a) On the terms and conditions of this Agreement, on each Transfer Date, the Loan Originator agrees to offer for sale, and to sell, a

portion of each of the Loans (equal to the Sales Price therefor) to the Depositor and to contribute to the capital stock of the Depositor the balance of each of the Loans and to deliver the related Loan Documents to or at the direction of the Depositor. To the extent the Depositor has or is able to obtain sufficient funds to pay the Sales Price thereof, the Depositor agrees to purchase such Loans offered for sale by the Loan Originator.

(b) The price paid by the Depositor for the portion of each of the Loans sold on each Transfer Date (the "Sales Price") shall be the sum of the Collateral Values as of the Transfer Date with respect to the Loans conveyed on such date (determined after giving effect to all payments of principal received thereon prior to the Transfer Cut-off Date as determined by the Servicer). The market value of each of the Loans in excess of the Sales Price therefor shall be a contribution to the capital of the Depositor.

(c) On each Transfer Date, the Loan Originator shall convey to the Depositor the Loans and the other property and rights related thereto described in the related LPA Assignment, and the Depositor, only upon the satisfaction of each of the conditions set forth below on or prior to such Transfer Date, shall cause the deposit of cash in the amount of the Sales Price in the Advance Account and shall cause the Servicer to, promptly after such deposit, withdraw the Sales Price deposited in respect of applicable Additional Note Principal Balance from the Advance Account and distribute such amount to or at the direction of the Loan Originator:

(i) the Loan Originator shall have delivered to the Issuer, the Depositor and the Noteholders a duly executed LPA Assignment with respect to all of the Loans conveyed on such Transfer Date, 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 Noteholders a computer readable transmission of such Loan Schedule;

(ii) the Loan Originator shall have provided to the Servicer for deposit in the related Collection Account all collections received with respect to each of the Loans on or after the applicable Transfer Cut-off Date;

(iii) as of such date, neither the Loan Originator nor the Depositor 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 and shall be in effect as of such Transfer Date;

(v) except in the case of Wet Funded Loans, the Loan Originator shall have delivered the Custodial Loan File to the Custodian in accordance with the Custodial Agreement and the Noteholders shall have received a copy of the Loan Schedule and Exceptions Report and, where required under the Custodial Agreement, a copy of the Trust Receipt;

(vi) each of the representations and warranties made by the Loan Originator set forth in Exhibit E to each of the Sale and Servicing Agreements with respect to the Loans shall be true and correct as of the related Transfer Date with the same effect as if then

made, and the Loan Originator shall have performed all obligations to be performed by it under each of the related Basic Documents on and prior to such Transfer Date;

(vii) the Loan Originator shall, at its own expense, within one Business Day of the Transfer Date, indicate in its computer files that the Loans identified in the related LPA Assignment have been sold to the Depositor pursuant to this Agreement;

(viii) the Loan Originator 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 and the first perfected security interest therein of the Indenture Trustee;

(ix) the Loan Originator shall have used no selection procedures that identified any of the Loans identified in the related LPA Assignment as being less desirable or valuable than other comparable Loans originated or acquired by the Loan Originator; and such Loans collectively shall be representative of the Loan Originator's portfolio of fixed rate or adjustable rate Loans, as the case may be;

(x) the Loan Originator shall have provided the Depositor, the Trust and the Noteholders, no later than 1:00 p.m. Eastern time on the date that is two (2) Business Days prior to the issuance of Additional Note Principal Balance, a Notice of Additional Note Principal Balance in the form of Exhibit A to the related Sale and Servicing Agreement;

(xi) after giving effect to the Additional Note Principal Balance purchased on such date, the related Note Principal Balance will not exceed the related Maximum Note Principal Balance; and

(xii) all conditions precedent to the Noteholder's purchase of Additional Note Principal Balance pursuant to the related Note Purchase Agreement shall have been fulfilled as of such date.

(d) Subject to Section 6.07, the parties hereto intend that each of the conveyances contemplated hereby be sales from the Loan Originator to the Depositor of all of the Loan Originator's right, title and interest in and to the Loans and other property described above.

Section 2.02 Obligations of Loan Originator.

(a) Within ten days of the Closing Date and on or prior to each Transfer Date, the Noteholders shall have received evidence satisfactory to it of (i) the completion of all recordings, registrations and filings as may be necessary or, in the opinion of the Noteholders, 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 and related property and the proceeds thereof, (ii) the completion of all recordings, registrations and filings as may be necessary or, in the opinion of the Noteholders, 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 opinion of

the Noteholders, desirable to perfect or evidence the grant of a first priority perfected security interest in the Trust's ownership interest in the Trust Estate including, without limitation, the Loans and the proceeds thereof, in favor of the Indenture Trustee. The Loan Originator agrees to file all necessary continuation statements and any amendments to the UCC financing statements required to reflect a change in the name or corporate structure of the Loan Originator and to file any additional UCC financing statements required due to a change in the legal name, chief executive office, state of incorporation or legal form of the Loan Originator as are necessary to perfect the interest of the Depositor, the Trust and the Indenture Trustee in and to the Trust Estate and to take such other action as may be necessary or, in the opinion of the Depositor or the Noteholders, desirable to perfect or evidence the Depositor's, the Trust's and Indenture Trustee's interest in the Loans and Loan Documents conveyed under the Basic Documents.

(b) In connection with each sale of a Loan hereunder, the Loan Originator shall deliver to, and deposit with the Custodian, on behalf of the Indenture Trustee, as assignee of the Depositor, the Custodial Loan File with respect to each Loan conveyed on such Transfer Date (i) in the case of each non-Wet Funded Loan, on or before the related Transfer Date or such earlier time as required by the related Sale and Servicing Agreement and (ii) in the case of each Wet Funded Loan, on or before the Wet Funded Custodial File Delivery Date.

It is understood and agreed that the obligations set forth in this Section 2.02(b) 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 related Securityholders, the Depositor, the Servicer, the Indenture Trustee and the Issuer.

With respect to any Loans that are set forth as exceptions in the Loan Schedule and Exceptions Report, the Loan Originator shall cure such exceptions, repurchase such Loan or provide a Qualified Substitute Loan in accordance with Sections 2.05 and 3.06 of the related Sale and Servicing Agreement. The obligations of the Loan Originator set forth in this paragraph and in Sections 2.05 and 3.06 of the related Sale and Servicing Agreement to cure any breach or to substitute for or repurchase an affected Loan shall constitute the sole remedies available hereunder to the Depositor respecting a breach of the Loan Originator's obligations contained in this Section 2.02(b) and in Sections 2.05 and 3.06 of the related Sale and Servicing Agreement.

(c) In connection with each sale and contribution of a Loan hereunder, the Loan Originator shall deliver to, and deposit with the Servicer, as the designated agent of the Indenture Trustee, as assignee of the Depositor, on or before the related Transfer Date, the Servicer's Loan File with respect to each Loan conveyed on such Transfer Date.

(d) The Loan Originator hereby further confirms to the Depositor that, within one Business Day of each Transfer Date, it shall cause the portions of the Loan Originator's electronic ledger relating to the Loans to be clearly and unambiguously marked to indicate that the Loans have been sold and contributed to the Depositor hereunder and sold by the Depositor to the Issuer under the related Sale and Servicing Agreement.

(e) On and after each Transfer Date, the Depositor shall own the Loans which have been identified as being sold and contributed to the Depositor under Section 2.01 hereof

and the Loan Originator shall not take any action inconsistent with such ownership and shall not claim any ownership interest in any such conveyed Loan.

Section 2.03 Dispositions; Transfer Obligation.

In consideration of the consideration received from the Depositor under this Agreement, in addition to the Loan Originator's performance of its obligations under this Agreement, the Loan Originator hereby agrees and covenants that in connection with each Disposition it shall perform such duties as specified in Section 3.07 of the related Sale and Servicing Agreement.

ARTICLE III
REPRESENTATIONS AND WARRANTIES; REMEDIES FOR BREACH

Section 3.01 Loan Originator's Representations and Warranties. (a) The Loan Originator makes each of the representations and warranties to the Depositor as of the Closing Date and as of each Transfer Date as are set forth in Section 3.02 of the related Sale and Servicing Agreement.

(b) The Loan Originator further makes each of the representations and warranties as of each Transfer Date as are set forth in Exhibit E to each of the Sale and Servicing Agreements with respect to the Loans conveyed on such Transfer Date.

(c) Except as otherwise expressly set forth in the Basic Documents, it is understood and agreed that the representations and warranties set forth in this Section 3.01 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 related Securityholders, the Depositor, the Servicer, the Indenture Trustee and the Issuer. Upon the discovery by the Servicer, the Custodian, the Indenture Trustee, the Loan Originator, the Depositor or any Securityholder of a breach of any of the representations and warranties of the Loan Originator set forth in Section 3.02 of the related Sale and Servicing Agreement or Exhibit E to the related Sale and Servicing Agreement that materially and adversely affects the value of any of the Loans, or the interests of the Securityholders in any Loan or the Securities with respect to which such representation or warranty is made, and the Loan Originator shall fail to cure such breach within the time period specified in Section 3.06 of the related Sale and Servicing Agreement, the Loan Originator shall be obligated to repurchase or substitute the affected Loan(s) in accordance with the provisions of Section 3.06 of the related Sale and Servicing Agreement promptly upon receipt of written instructions from the Noteholders. The obligations of the Loan Originator set forth herein and in Section 3.06 of the related Sale and Servicing Agreement to cure any breach or to substitute for or repurchase an affected Loan shall constitute the sole remedies available hereunder to the Depositor respecting a breach of the representations and warranties contained in Sections 3.01 (a) and (b) hereof, in Section 3.02 of the related Sale and Servicing Agreement or in Exhibit E to the Sale and Servicing Agreements.

ARTICLE IV
LOAN ORIGINATOR COVENANTS

Section 4.01 Covenants of the Loan Originator. The Loan Originator hereby covenants that except for the sales and contributions hereunder, the Loan Originator will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any lien on, any Loan, or any interest therein; and the Loan Originator will defend the right, title and interest of the Trust, as assignee of the Depositor, in, to and under the Loans, against all claims of third parties claiming through or under the Loan Originator.

Whenever and so often as requested by the Depositor or the Noteholders, the Loan Originator promptly will execute and deliver or cause to be executed and delivered all such other and further instruments, documents, or assurances, and promptly do or cause to be done all such other things, as may be necessary and reasonably required to vest more fully in the requesting party all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon it by this Agreement.

The Loan Originator further covenants that it will disclose on the Form 10-K filed on behalf of the Loan Originator with the Securities and Exchange Commission the following information: (i) the net effect that the transaction has on the Loan Originator's financial condition, (ii) the nature, amount and term of the material financial obligations incurred by the Loan Originator with respect to the transaction and (iii) a description of the events that may cause such a material financial obligation to arise, increase or become accelerated. The Loan Originator will also deliver to its chief financial officer, chief legal officer and independent accountants a complete set of final Basic Documents.

ARTICLE V
TERMINATION

Section 5.01 Termination. The respective obligations and responsibilities of the Loan Originator and Depositor created hereby shall terminate upon the termination of the last Trust to be terminated as provided in Article X of the related Sale and Servicing Agreement.

ARTICLE VI
MISCELLANEOUS PROVISIONS

Section 6.01 Amendment. This Agreement may be amended from time to time with the prior written consent of the Noteholders with respect to each of the Trusts, in their sole discretion, by a written agreement signed by the Loan Originator and the Depositor.

Section 6.02 Governing Law. This Agreement shall be governed by and 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. 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 6.02 shall affect the right of any party hereto or its assignees, or of the Noteholders or its assignees, to bring any other action or proceeding against any party hereto or its property in the courts of other jurisdictions.

Section 6.03 Notices. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given upon receipt thereof if (i) personally delivered or mailed by registered mail, postage prepaid, or (ii) transmitted by facsimile (with a copy delivered by overnight courier) upon telephone confirmation of receipt of such transmission, as follows:

(a) if to the Loan Originator:

Option One Mortgage Corporation
3 Ada Road
Irvine, California 92618
Attention: William O'Neill
Telecopy number: (949) 790-7504
Telephone number: (949) 790-7540

or, such other addresses, facsimile numbers and confirmation numbers as may hereafter be furnished to the Depositor in writing by the Loan Originator.

(b) if to the Depositor:

Option One Loan Warehouse Corporation
3 Ada Road
Irvine, California 92618
Attention: William O'Neill
Telecopy number: (949) 790-7504
Telephone number: (949) 790-7540

or such other addresses, facsimile numbers and confirmation numbers as may hereafter be furnished to the Loan Originator in writing by the Depositor.

Section 6.04 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 he 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 provisions of this Agreement.

Section 6.05 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 and such counterparts, together, shall constitute one and the same agreement.

Section 6.06 Further Agreements. The Loan Originator and the Depositor each agree to execute and deliver to the other such amendments to documents and such additional documents, instruments or agreements as may be necessary or appropriate to effectuate the purposes of this Agreement or in connection with the offering of securities representing interests in the Loans.

Section 6.07 Intention of the Parties; Security Interest.

(a) 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 Loan Originator to the Depositor. Upon the consummation of those transactions the Loans shall be owned by and the property of the Depositor, and not owned by or otherwise the property of, the Loan Originator for any purpose including without limitation any bankruptcy, receivership, insolvency, liquidation, conservatorship or similar proceeding relating to either the Loan Originator or the Depositor or any property of either. The parties hereto hereby acknowledge that the Depositor 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 Loan Originator, 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 Loan Originator to the Depositor of a security interest in all of the Loan Originator's right, title and other ownership 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 Depositor 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.

(b) The Loan Originator at its expense shall take such actions as may be necessary or reasonably requested by the Depositor 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 Depositor may reasonably request.

Section 6.08 Successors and Assigns; Assignment of Agreement. This Agreement shall bind and inure to the benefit of and be enforceable by the Loan Originator, the Depositor, the Indenture Trustee and the Noteholders. The obligations of the Loan Originator under this Agreement cannot be assigned or delegated to a third party without the consent of each of the Depositor and the Noteholders, which consent shall be at each such Person's sole discretion. The

parties hereto acknowledge that the Depositor is acquiring the Loans for the purpose of contributing them to the Trust that will issue the related Notes, which will be secured by such Loans. As an inducement to the Depositor to purchase the Loans and to the Noteholders to purchase the Note, the Loan Originator acknowledges and consents to the assignment by the Depositor to the Trust of all of the Depositor's rights against the Loan Originator pursuant to this Agreement and to the enforcement or exercise of any right or remedy against the Loan Originator pursuant to this Agreement by the Owner Trustee, for the benefit of the Issuer and the Noteholders, under the related Sale and Servicing Agreement. Such enforcement of a right or remedy by the Owner Trustee, for the benefit of the Issuer and the Noteholders, shall have the same force and effect as if the right or remedy had been enforced or exercised by the Depositor directly.

Section 6.09 Survival. The representations and warranties set forth in Article III and the provisions of Articles II, IV, V and VI shall survive the purchase of the Loans hereunder.

Section 6.10 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

IN WITNESS WHEREOF, the Loan Originator and the Depositor have caused this Loan Purchase and Contribution Agreement to be duly executed on their behalf by their respective officers thereunto duly authorized as of the day and year first above written.

OPTION ONE LOAN WAREHOUSE CORPORATION,
as Depositor

By: /s/ CR Fulton

Name: Charles R. Fulton
Title: Assistant Secretary

OPTION ONE MORTGAGE CORPORATION,
as Loan Originator

By: /s/ CR Fulton

Name: Charles R. Fulton
Title: Assistant Secretary

SCHEDULE I

1. Sale and Servicing Agreement, dated as of April 1, 2001 (the "2001-1A Sale and Servicing Agreement"), among Option One Owner Trust 2001-1A, as Issuer (the "2001-lA Issuer" or the "2001-1A Trust"), the Depositor, the Loan Originator and Wells Fargo Bank Minnesota, National Association, as Indenture Trustee on behalf of the related Noteholders (in such capacity, the "Indenture Trustee").

2. Sale and Servicing Agreement, dated as of April 1, 2001 (the "2001-1B Sale and Servicing Agreement"), among Option One Owner Trust 2001-1B, as Issuer (the "2001-1B Issuer" or the "2001-1B Trust"), the Depositor, the Loan Originator and the Indenture Trustee as Indenture Trustee on behalf of the related Noteholders.

3. Sale and Servicing Agreement, dated as of April 1, 2001 (the "2001-2 Sale and Servicing Agreement"), among Option One Owner Trust 2001-2, as Issuer (the "2001-2 Issuer" or the "2001-2 Trust"), the Depositor, the Loan Originator and the Indenture Trustee, as Indenture Trustee on behalf of the related Noteholders.

4. Sale and Servicing Agreement, dated as of July 2, 2002, (the "2002-3 Sale and Serving Agreement"), among Option One Owner Trust 2002-3, as Issuer (the "2002-3 Issuer" or the "2002-3 Trust"), the Depositor, the Loan Originator and the Indenture Trustee, as Indenture Trustee on behalf of the related Noteholders.

5. Sale and Servicing Agreement, dated as of August 8, 2003, (the "2003-4 Sale and Servicing Agreement"), among Option One Owner Trust 2003-4, as Issuer (the "2003-4 Issuer" or the "2003-4 Trust"), the Depositor, the Loan Originator and the Indenture Trustee, as Indenture Trustee on behalf of the related Noteholders.

6. Sale and Servicing Agreement, dated as of November 1, 2003, (the "2003-5 Sale and Servicing Agreement"), among Option One Owner Trust 2003-5, as Issuer (the "2003-5 Issuer" or the "2003-5 Trust"), the Depositor, the Loan Originator and the Indenture Trustee, as Indenture Trustee on behalf of the related Noteholders.

7. Sale and Servicing Agreement, dated as of June 1, 2005, (the "2005-6 Sale and Servicing Agreement"), among Option One Owner Trust 2005-6, as Issuer (the "2005-6 Issuer" or the "2005-6 Trust"), the Depositor, the Loan Originator and the Indenture Trustee, as Indenture Trustee on behalf of the related Noteholders.

8. Sale and Servicing Agreement, dated as of September 1, 2005, (the "2005-7 Sale and Servicing Agreement"), among Option One Owner Trust 2005-7, as Issuer (the "2005-7 Issuer" or the "2005-7 Trust"), the Depositor, the Loan Originator and the Indenture Trustee, as Indenture Trustee on behalf of the related Noteholders.

9. Sale and Servicing Agreement, dated as of October 1, 2005, (the "2005-8 Sale and Servicing Agreement"), among Option One Owner Trust 2005-8, as Issuer (the "2005-8 Issuer" or the "2005-8 Trust"), the Depositor, the Loan Originator and the Indenture Trustee, as Indenture Trustee on behalf of the related Noteholders.

EXHIBIT A

FORM OF LPA ASSIGNMENT

ASSIGNMENT NO. ___ OF LOANS ("LPA Assignment"), dated _____ (the "Transfer Date"), by OPTION ONE MORTGAGE CORPORATION (the "Loan Originator") to OPTION ONE LOAN WAREHOUSE CORPORATION, (the "Depositor") pursuant to the Loan Purchase and Contribution Agreement referred to below.

WITNESSETH:

WHEREAS, the Loan Originator and the Depositor are the parties to the Third Amended and Restated Loan Purchase and Contribution Agreement, dated as of June 1, 2005 (the "Agreement"), hereinafter as such agreement may have been, or may from time to time be, amended, supplemented or otherwise modified;

WHEREAS, pursuant to the Agreement, the Loan Originator wishes to sell, contribute, convey, transfer and assign Loans to the Depositor in exchange for cash consideration and other good and valid consideration the receipt and sufficiency of which is hereby acknowledged; and

WHEREAS, the Depositor is willing to acquire such Loans subject to the terms and conditions hereof and of the Agreement;

NOW THEREFORE, the Loan Originator and the Depositor hereby agree as follows:

1. Defined Terms. All capitalized terms defined in the Agreement and used herein shall have such defined meanings when used herein, unless otherwise defined herein.

2. Designation of Loans. The Loan Originator does hereby deliver herewith a Loan Schedule containing a true and complete list of each Loan to be conveyed on the Transfer Date. Such list is marked as Schedule A to this LPA Assignment and is hereby incorporated into and made a part of this LPA Assignment.

3. Conveyance of Loans. The Loan Originator hereby sells, contributes, transfers, assigns and conveys to the Depositor, without recourse and on a servicing released basis, all of the right, title and interest of the Loan Originator in and to the Loans (and all proceeds thereof and collections thereon) listed on the Loan Schedule attached hereto, including all interest, principal and prepayment fees received by the Loan Originator, 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.

4. Depositor's Acknowledge Assignment. As of the Transfer Date, pursuant to this LPA Assignment and Section 2.01 (a) of the Agreement, the Depositor acknowledges its receipt of the Loans listed on the attached Loan Schedule and all other related property in the Trust Estate.

5. Acceptance of Rights But Not Obligations. The foregoing sale, contribution, transfer, assignment, set over and conveyance does not, and is not intended to, result in a creation

or an assumption by the Depositor of any obligation of the Loan Originator or any other Person in connection with this LPA Assignment or under any agreement or instrument relating thereto except as specifically set forth herein.

6. Loan Originator Acknowledges Receipt of Sales Price. The Loan Originator hereby acknowledges receipt of the Sales Price or that it has otherwise been distributed at its direction.

[TO BE INSERTED WHEN APPLICABLE] [7. Assignment of Certain Swap Agreements. The Loan Originator hereby sells, contributes, transfers and assigns all of its right title and interest in, to, and under, its rights and obligations and the Depositor hereby accepts and assumes all of the Loan Originator's rights and obligations under the following confirmation(s) issued under that certain master agreement between the Loan Originator and [_____] (the "Swap Agreement"); provided, that it is understood by the parties hereto that the Issuer, as ultimate owner of the Loans, shall assume and shall be delegated all of Depositor's rights and obligations under the Swap Agreement.]

[7./8.] Conditions Precedent. The conditions precedent in Section 2.01(c) of the Agreement have been satisfied.

[8./9.] Amendment of the Agreement. The Agreement is hereby amended by providing that all references to the "Agreement", "this Agreement" and "herein" shall be deemed from and after the Transfer Date to be a dual reference to the Agreement as supplemented by this LPA Assignment. Except as expressly amended hereby, all of the representations, warranties, terms, covenants and conditions of the Agreement shall remain unamended and the Agreement shall continue to be, and shall remain, in full force and effect in accordance with its terms and except as expressly provided herein, this LPA Assignment shall not constitute or be deemed to constitute a waiver of compliance with or consent to noncompliance with any term or provision of the Agreement.

[9./10.]Counterparts. This LPA Assignment may be executed in any number of counterparts all of which taken together shall constitute one and the same instrument.

SCHEDULE A

[LOAN SCHEDULE]

Exhibit 10.23

SECOND AMENDMENT TO SECOND AMENDED AND RESTATED REFUND ANTICIPATION LOAN OPERATIONS AGREEMENT

NOTE: CERTAIN MATERIAL HAS BEEN OMITTED 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: [***].

THIS SECOND AMENDMENT TO SECOND AMENDED AND RESTATED REFUND ANTICIPATION LOAN OPERATIONS AGREEMENT dated as of August 31, 2005, (this "Second Amendment"), is made by and among H&R Block Services, Inc., a Missouri corporation ("Block Services"), on behalf of itself and in regard to its subsidiaries, H & R Block Tax Services, Inc., a Missouri corporation ("Block Tax Services"), HRB Royalty, Inc., a Delaware corporation ("Royalty," and together with Block Services and Block Tax Services, the "Block Companies"); HSBC Taxpayer Financial Services Inc. (f/k/a Household Tax Masters Inc.), a Delaware corporation ("HSBC TFS"), for itself or in its capacity as servicer for the RAL Originator (as such term is defined herein) where appropriate under the circumstances, HSBC Bank USA, National Association, a national banking association ("HSBC Bank") and Beneficial Franchise Company Inc., a Delaware corporation ("Beneficial Franchise," and together with HSBC TFS and HSBC Bank, the "HSBC Companies").

RECITALS

WHEREAS, certain of the parties hereto entered into a Second Amended and Restated Refund Anticipation Loan Operations Agreement dated June 9, 2003, which was subsequently amended pursuant to that certain 2004 Amendment to Second Amended and Restated Refund Anticipation Loan Operations Agreement dated August 20, 2004 (as amended, and including all exhibits and appendices thereto, the "Existing Agreement"); and

WHEREAS, the parties hereto desire to amend certain terms of the Existing Agreement (the Existing Agreement, as amended by this Second Amendment, is referenced herein as the "Agreement").

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. Amendments. The Existing Agreement is hereby amended as follows:

(a) Substitution of HSBC TFS. Each reference in Sections 1 through 8 of the Existing Agreement to "Tax Masters" is hereby deleted and "HSBC TFS" is substituted in lieu thereof.

(b) Designation of RAL Originator. Section 3.1(a) is hereby deleted in its entirety and the following is substituted in lieu thereof:

> "HSBC TFS has designated HSBC Bank USA, National Association, a national banking association ("HSBC Bank"), as the RAL Originator for the 2006 Tax Period."

(c) Making of Refund Anticipation Loans. Section 3.1(c) is hereby deleted in its entirety and the following is substituted in lieu thereof:

> (c) Notwithstanding the foregoing, the RAL Originator is not obligated to make a loan to a RAL Customer until such RAL Customer's RAL Application is approved by HSBC TFS as servicer for the RAL Originator in accordance with the RAL Originator's Final Credit Criteria. Subject to the Final Credit Criteria and approval of the loans as aforesaid, the RAL Originator has committed to (and HSBC TFS shall ensure that the RAL Originator commits to) make RALs to all customers who make RAL Applications for same at, or whose Returns or RAL Application is processed through, any Block Office. [***]

(d) Non-Competition. A new Section 8 is added as follows, with the existing Section 8 "Miscellaneous" being renumbered as "Section 9" and the corresponding references and cross references to all subsections therein being amended mutatis mutandi:

> "8. NON-COMPETITION.
>
> 8.1 During the Term of this Agreement and for a period of ten (10) years after the termination or expiration of this Agreement:
>
> (i) The HSBC Companies and their Affiliates shall not, directly or indirectly, in any manner whatsoever, use for any purpose any RAL Customer information, except in accordance with this Agreement and the other Program Contracts or with the consent of the Block Companies, Block Enterprises, Block Eastern Enterprises, Block Associates, H&R Block Digital Tax Solutions, LLC, a Delaware limited liability company, and Block Financial Corporation, a Delaware corporation (the "Designated Block Companies") in their discretion.
>
> (ii) The HSBC Companies and their Affiliates shall have the right to use mailing lists and customer lists derived from sources other than the Designated Block Companies for purposes of soliciting customers with respect to any service or product other than the sale or offering of any refund anticipation loan, refund anticipation check or preseason loan, and shall have no obligation to de-dupe RAL Customers from such solicitations.
>
> (iii) The HSBC Companies and their Affiliates shall have the right to use mailing lists and customer lists derived from sources other than the

Designated Block Companies for purposes of soliciting customers with respect to the sale or offering of any refund anticipation loan, refund anticipation check or preseason loan; provided, however, that the HSBC Companies and their Affiliates shall de-dupe RAL Customers from any such solicitation in accordance with the following:

(A) During the Term of this Agreement, the HSBC Companies and their Affiliates shall de-dupe RAL Customers who were recorded in the HSBC Datahouse as RAL Customers during the most recent completed year of the Term of this Agreement; and

(B) During the ten (10) years after the termination or expiration of this Agreement, the HSBC Companies and their Affiliates shall de-dupe RAL Customers who were recorded in the HSBC Datahouse as RAL Customers during the last year of the Term of this Agreement.

(iv) The HSBC Companies and their Affiliates conducting business in the United States shall not, directly or indirectly, sell, transfer, hypothecate, rent or permit any other Person to possess any list comprised or substantially comprised of RAL Customers, or any information contained therein.

(v) The HSBC Companies and their Affiliates conducting business in the United States shall not, directly or indirectly, in any manner whatsoever, engage in any activity that has the purpose or effect of transitioning RAL Customers to a tax return preparer other than the Designated Block Companies, other than at a RAL Customer's explicit request without any solicitation by any such HSBC Company, Affiliate or any HSBC Company director, officer, employee, agent, or consultant (which shall not include any director, officer, employee, agent, or consultant of any Block Company or any Affiliate thereof) with respect thereto.

(vi) The HSBC Companies and their Affiliates shall maintain records of its sources of mailing lists and customer lists, and documentary evidence of the performance of their de-duping obligations pursuant to this Section 8.1. The Designated Block Companies shall have the audit and inspection rights set forth in Section 9.2 to the extent necessary to verify the records and documentary described in the immediately preceding sentence.

8.2 During the Term of this Agreement, each HSBC Company and its Affiliates conducting business in the United States shall not, directly or indirectly, in any manner whatsoever, engage in the business of preparing (including preparation through any digital means) federal or state income tax returns for clients (except HSBC Tax Clients) filing income tax returns in the United States, in competition with the tax return preparation business of the Designated Block Companies; provided, however, that if any HSBC Company or any of its Affiliates acquires a Person engaged in a business that would

violate the provisions of this Section 8.2 if the HSBC Companies or its Affiliates engaged in such business (the "Competitive Business"), such HSBC Company or Affiliate shall divest or discontinue such Competitive Business in its entirety in accordance with the following procedures:

(i) In the event that any HSBC Company or any of its Affiliates ("Divesting Party") is required to divest a Competitive Business pursuant to this Section 8.2, such Divesting Party shall deliver to the Designated Block Companies no later than fifteen (15) days following the consummation of the acquisition by the Divesting Party of the Competitive Business a written notice setting forth a description in reasonable detail of the Competitive Business and shall provide to the Designated Block Companies such information as the Designated Block Companies may reasonably request with respect to the Competitive Business, subject to the entry by the Designated Block Companies into a confidentiality agreement in form and substance reasonably acceptable to the Divesting Party. The Designated Block Companies and the Divesting Party shall negotiate in good faith to determine whether they are able to agree on the terms and conditions (including purchase price) of a divestiture of the Competitive Business to the Designated Block Companies. If the Designated Block Companies and the Divesting Party enter into a memorandum of understanding or a non-binding letter of intent with respect to such divestiture within fifteen (15) days from the commencement of negotiations, and enter into a binding definitive agreement within forty-five (45) days from the commencement of negotiations, the parties shall consummate the divestiture in accordance with such agreement.

(ii) In the event that the Designated Block Companies and the Divesting Party are unable to enter into a memorandum of understanding or a non-binding letter of intent with respect to such divestiture within fifteen (15) days from the commencement of negotiations, or are unable to enter into a binding definitive agreement within forty-five (45) days of the commencement of negotiations, or in the event that the Designated Block Companies shall deliver written notice to the Divesting Party that the Designated Block Companies do not have an interest in pursuing the acquisition of the Competitive Business, the Divesting Party may obtain an offer in writing from a third party for the sale of such Competitive Business no later than thirty (30) days from the expiration of the applicable period or the delivery of such notice from the Designated Block Companies, as the case may be.

(iii) Upon receipt of a written offer from a third party that the Divesting Party reasonably believes is a bona-fide proposal that is reasonably likely to result in the sale of the Competitive Business, the Divesting Party shall give the Designated Block Companies written notice of the terms of such proposal (the "Transfer Notice") within five (5) Business Days after receipt thereof, which Transfer Notice shall include (i) a description of the assets to be transferred, (ii) the identity of the prospective transferee(s) and (iii) the

consideration and the material terms and conditions upon which the proposed sale is to be made. The Transfer Notice shall include a statement that the Divesting Party has received a written proposal that the Divesting Party believes is a bona fide proposal that is reasonably likely to result in the sale of the Competitive Business. The Transfer Notice shall also include a copy of any written proposal, term sheet or letter of intent or other agreement containing the material terms and conditions of the proposal.

(iv) The Designated Block Companies shall have an option for a period of fifteen (15) days from receipt of a Transfer Notice (the "Designated Block Companies Notice Period") to elect to purchase the Competitive Business at the same price and subject to the same material terms and conditions as described in the Transfer Notice. The Designated Block Companies may exercise such purchase option by providing written notice to the Divesting Party of such election prior to the expiration of the Designated Block Companies Notice Period. If the Designated Block Companies give the Divesting Party notice that they desire to purchase the Competitive Business, then the Designated Block Companies shall use commercially reasonable efforts to enter into a definitive written agreement with the Divesting Party to purchase the Competitive Business at the same price and subject to the same material terms as described in the Transfer Notice, within thirty (30) days after the Designated Block Companies' receipt of the Transfer Notice, and to close the transaction pursuant to such definitive agreement. If the Designated Block Companies are unable to do so, the Divesting Party may sell the Competitive Business to the prospective purchaser at the same price and subject to the same material terms as described in the Transfer Notice no later than one hundred eighty (180) days from the expiration of the applicable period or the delivery of such notice from the Designated Block Companies, as the case may be, subject to extension to the extent reasonably necessary to accommodate regulatory requirements. If the Divesting Party does not consummate such sale of the Competitive Business to the prospective purchaser, the Block Parties' purchase rights shall continue to be applicable to any subsequent proposal to acquire the Competitive Business.

(v) Until the Divesting Party shall consummate the sale of the Competitive Business, the HSBC Companies and its Affiliates shall maintain the Competitive Business as a separate business from the other businesses of the HSBC Companies and its Affiliates without any integration, in whole or in part, of the Competitive Business into any other business of the HSBC Companies and its Affiliates.

8.3 During the Term of this Agreement, each HSBC Company and its Affiliates conducting business in the United States shall not, directly or indirectly, in any manner whatsoever, engage in the business of preparing (including preparation through any digital means) personal income tax returns for clients filing United States or foreign income tax returns outside of the United States (excluding HSBC Tax Clients), unless (i) it has given the

Designated Block Companies six (6) months' prior written notice of its intention to engage in such tax return business internationally, (ii) it has used commercially reasonable efforts to negotiate and enter into a partnership or joint venture with the Designated Block Companies to conduct such international tax return preparation business with the Designated Block Companies and (iii) the Designated Block Companies and such HSBC Company are unable to arrive at an agreement to enter into such partnership or joint venture.

8.4 In the event that at any time during the two (2) full Tax Periods immediately following the termination or expiration of this Agreement (each, a "Subsequent Tax Period"), any HSBC Company or any of its Affiliates prepares (including preparation through any digital means) federal or state personal income tax returns for a client (excluding HSBC Tax Clients) that was a RAL Customer during the Tax Period included within the year in which this Agreement is terminated or expires (each, a "Final Tax Period Client"), then, no later than thirty (30) days following the end of each Subsequent Tax Period, HSBC TFS shall pay Block Enterprises and Block Eastern Enterprises an amount, in the aggregate, equal to the product of (i) Fifty Dollars ($50) multiplied by (ii) the number of Final Tax Period Clients for whom any HSBC Company or any of its Affiliates prepared (including preparation through any digital means) federal or state personal income tax returns during such Subsequent Tax Period. Such amounts shall be paid via ACH credit to an account designated in writing by Block Enterprises and Block Eastern Enterprises. No later than fifteen (15) days following the end of each Subsequent Tax Period, the HSBC Companies shall provide the Designated Block Companies a true and correct report setting forth the number of Final Tax Period Clients for such Subsequent Tax Period. The Designated Block Companies shall have the audit and inspection rights set forth in Section 9.2, to the extent necessary to verify the accuracy and completeness of the report described in the immediately preceding sentence.

(e) Amendment to Appendix of Defined Terms. The Appendix of Defined Terms is hereby amended to include the following additional defined terms:

"BEST IN MARKET PRICE" means [***].

"BLOCK AGENTS" shall mean H&R Block Enterprises, Inc., a Missouri corporation ("Block Enterprises"), H&R Block Eastern Enterprises, Inc., a Missouri corporation ("Block Eastern Enterprises") and H&R Block Associates, L.P., a Delaware limited partnership ("Block Associates") and their permitted successors and assigns.

"CLIENT" means a customer of any Block Office, as applicable, that is rendered tax preparation, transmission, filing or other similar services at such office.

"HSBC BANK" shall mean HSBC Bank USA, National Association, a national banking association, and its permitted successors and assigns.

"HSBC DATAHOUSE" means the database structure developed, maintained and updated by the HSBC Companies for the purpose of maintaining credit and noncredit information pertaining to customers and prospects of the HSBC Companies.

"HSBC PREMIER CUSTOMERS" shall mean:

(i) those customers of HSBC Bank or any of its Affiliates who:

(A) are designated by HSBC Bank or any such Affiliate as a "Private Banking Customer" or a "Premier Customer," and

(B) have (1) deposits and investments aggregating at least $100,000 with HSBC Bank or any such Affiliate, or (2) deposits, investments, loans and lines of credit aggregating at least $500,000 with HSBC Bank or any of its Affiliates, which loans and lines of credit include credit cards, mortgages, home equity loans or lines of credit, and personal and business loans and lines of credit, and

(ii) individuals who are principals, officers, directors or senior management employees of corporations, partnerships or similar entities, which entities are customers of HSBC Bank or any of its Affiliates, and such customer and entity have, in the aggregate, (A) deposits and investments aggregating at least $100,000 with HSBC Bank or any of its Affiliates, or (B) deposits, investments, loans and lines of credit aggregating at least $500,000 with HSBC Bank or any of its Affiliates, which loans and lines of credit include credit cards, mortgages, home equity loans and lines of credit, and personal and business loans and lines of credit.

"HSBC TAX CLIENTS" shall mean (i) those customers of Wealth and Tax Advisory Services, Inc., a Delaware corporation ("WTAS"), who are corporations, partnerships, entities similar to a corporation or partnership, and high net worth individuals for whom WTAS prepares federal, state, estate, gift, or other tax returns solely in connection with the provision of wealth management services, (ii) HSBC Premier Customers, and (iii) those customers of HSBC Bank for whom HSBC prepares federal, state, estate, gift, or other tax returns solely in connection with the exercise of HSBC Bank's trust powers.

[***]

[***]

[***]

"NATIONALLY RECOGNIZED TAX PREPARER" shall mean [***]

"REFUND ACCOUNT FEE" shall mean the amount payable to the RAL Originator by a RAL Customer for setting up and administering the deposit account for any RAL or RAC.

2. Reference to and Effect Upon the Existing Agreement.

(a) Except as specifically amended in this Second Amendment, the Existing Agreement shall remain in full force and effect and is hereby ratified and confirmed.

(b) Except as specifically provided 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 Existing Agreement, nor constitute a waiver of any provision of the Existing Agreement.

(c) Upon the effectiveness of this Second Amendment, each reference in the Existing Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of similar import shall mean and be a reference to the Agreement as amended hereby.

(d) GOVERNING LAW. THIS SECOND AMENDMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAWS PROVISIONS) OF THE STATE OF DELAWARE.

(e) Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purposes.

IN WITNESS WHEREOF, the parties hereto have caused their authorized representatives to execute this Second Amendment to Second Amended and Restated Refund Anticipation Loan Operations Agreement as of the effective date set forth above.

HSBC TAXPAYER FINANCIAL SERVICES, INC.

By: /s/ Paul J. Creatura

Name:
Title:

HSBC BANK USA, NATIONAL ASSOCIATION

By: /s/ Kathleen R. Whelehan

Name: Kathleen R. Whelehan
Title: EVP

BENEFICIAL FRANCHISE COMPANY, INC.

By: /s/ Paul J. Creatura

Name: Paul J. Creatura
Title: Vice President

H&R BLOCK SERVICES, INC.

By: /s/ Betsy Stephens

Name: Betsy L. Stephens
Title: Sr. Vice President

H&R BLOCK TAX SERVICES, INC.

By: /s/ Betsy Stephens

Name: Betsy L. Stephens
Title: Sr. Vice President

HRB ROYALTY, INC.

By: /s/ HRB Royalty, Inc.

Name: Bret G. Wilson
Title Secretary

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: December 12, 2005

/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: December 12, 2005

/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 October 31, 2005 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. Section 1350, as adopted pursuant to Section 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.
December 12, 2005

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 October 31, 2005 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. Section 1350, as adopted pursuant to Section 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.
December 12, 2005