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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[**X**] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended January 31, 2008

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 1-6089

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

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

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

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

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

Yes Ö No ___

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

Large accelerated filer Ö	Accelerated filer ___	Non-accelerated filer ___ (Do not check if a smaller reporting company)	Smaller Reporting company ___

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

Yes ___ No Ö

The number of shares outstanding of the registrant's Common Stock, without par value, at the close of business on February 29, 2008 was 325,369,713 shares.

Form 10-Q for the Period Ended January 31, 2008

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H&R BLOCK

CONDENSED CONSOLIDATED BALANCE SHEETS (amounts in 000s, except share and per share amounts)

	January 31, 2008	April 30, 2007
	(Unaudited)	
ASSETS		
Cash and cash equivalents	$ 1,410,009	$ 921,838
Cash and cash equivalents – restricted	326,289	332,646
Receivables from customers, brokers, dealers and clearing organizations, less allowance for doubtful accounts of $2,362 and $2,292	414,089	410,522
Receivables, less allowance for doubtful accounts of $82,465 and $99,259	2,711,295	556,255
Prepaid expenses and other current assets	258,666	208,564
Assets of discontinued operations, held for sale	3,010,999	1,746,959
Total current assets	8,131,347	4,176,784
Mortgage loans held for investment, less allowance for loan losses of $15,860 and $3,448	1,040,854	1,358,222
Property and equipment, at cost less accumulated depreciation and amortization of $651,576 and $647,151	391,265	379,066
Intangible assets, net	154,163	181,413
Goodwill	1,010,721	993,919
Other assets	846,861	454,646
Total assets	$ 11,575,211	$ 7,544,050
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Short-term borrowings	$ 1,711,485	$ 1,567,082
Customer banking deposits	1,958,490	1,129,263
Accounts payable to customers, brokers and dealers	593,732	633,189
Accounts payable, accrued expenses and other current liabilities	525,882	519,372
Accrued salaries, wages and payroll taxes	280,824	307,854
Accrued income taxes	78,547	439,472
Current portion of long-term debt	8,332	9,304
Liabilities of discontinued operations, held for sale	2,513,311	615,373
Total current liabilities	7,670,603	5,220,909
Long-term debt	2,917,411	519,807
Other noncurrent liabilities	523,265	388,835
Total liabilities	11,111,279	6,129,551
Commitments and contingencies		
Stockholders' equity:		
Common stock, no par, stated value $.01 per share, 800,000,000 shares authorized, 435,890,796 shares issued at January 31, 2008 and April 30, 2007	4,359	4,359
Additional paid-in capital	685,013	676,766
Accumulated other comprehensive income (loss)	(348)	(1,320)
Retained earnings	1,887,466	2,886,440
Less cost of 110,566,917 and 112,671,610 shares of common stock in treasury	(2,112,558)	(2,151,746)
Total stockholders' equity	463,932	1,414,499
Total liabilities and stockholders' equity	$ 11,575,211	$ 7,544,050

See Notes to Condensed Consolidated Financial Statements

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

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

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2007	2008	2007
Revenues:				
Service revenues	$ 776,411	$ 749,000	$ 1,471,891	$ 1,399,738
Other revenues:				
Interest income	58,655	35,961	140,092	91,646
Product and other revenues	137,545	146,218	176,661	178,648
	972,611	931,179	1,788,644	1,670,032
Operating expenses:				
Cost of services	604,153	576,935	1,416,286	1,339,714
Cost of other revenues	97,293	69,324	199,628	113,104
Selling, general and administrative	269,019	253,968	595,719	566,011
	970,465	900,227	2,211,633	2,018,829
Operating income (loss)	2,146	30,952	(422,989)	(348,797)
Interest expense	(624)	(12,066)	(1,871)	(36,292)
Other income, net	2,597	3,239	21,663	14,621
Income (loss) from continuing operations before taxes (benefit)	4,119	22,125	(403,197)	(370,468)
Income taxes (benefit)	(5,165)	181	(166,553)	(153,576)
Net income (loss) from continuing operations	9,284	21,944	(236,644)	(216,892)
Net loss from discontinued operations	(56,642)	(82,196)	(615,565)	(131,197)
Net loss	$ (47,358)	$ (60,252)	$ (852,209)	$ (348,089)
Basic earnings (loss) per share:				
Net income (loss) from continuing operations	$ 0.03	$ 0.07	$ (0.73)	$ (0.67)
Net loss from discontinued operations	(0.18)	(0.26)	(1.90)	(0.41)
Net loss	$ (0.15)	$ (0.19)	$ (2.63)	$ (1.08)
Basic shares	325,074	322,350	324,544	322,588
Diluted earnings (loss) per share:				
Net income (loss) from continuing operations	$ 0.03	$ 0.07	$ (0.73)	$ (0.67)
Net loss from discontinued operations	(0.17)	(0.25)	(1.90)	(0.41)
Net loss	$ (0.14)	$ (0.18)	$ (2.63)	$ (1.08)
Diluted shares	327,202	326,048	324,544	322,588
Dividends per share	$ 0.143	$ 0.135	$ 0.42	$ 0.40
Comprehensive income (loss):				
Net loss	$ (47,358)	$ (60,252)	$ (852,209)	$ (348,089)
Change in unrealized gain (loss) on available-for-sale securities, net	381	(14,350)	1,544	(15,194)
Change in foreign currency translation adjustments	(1,860)	(268)	(572)	221
Comprehensive loss	$ (48,837)	$ (74,870)	$ (851,237)	$ (363,062)

See Notes to Condensed Consolidated Financial Statements

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, amounts in 000s)

Nine Months Ended January 31,	2008	2007
Cash flows from operating activities:		
Net loss	$ (852,209)	$ (348,089)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	107,989	110,822
Stock-based compensation expense	32,988	28,826
Change in participation in tax client loans receivable	(1,693,506)	(1,691,351)
Changes in assets and liabilities of discontinued operations	(100,727)	593,989
Other, net of business acquisitions	(862,500)	(1,433,602)
Net cash used in operating activities	(3,367,965)	(2,739,405)
Cash flows from investing activities:		
Mortgage loans originated or purchased for investment, net	106,721	(1,073,012)
Purchases of property and equipment, net	(80,712)	(127,325)
Payments made for business acquisitions, net of cash acquired	(23,835)	(21,679)
Net cash provided by investing activities of discontinued operations	913	12,751
Other, net	8,280	(9,422)
Net cash provided by (used in) investing activities	11,367	(1,218,687)
Cash flows from financing activities:		
Repayments of commercial paper	(5,125,279)	(4,901,618)
Proceeds from issuance of commercial paper	4,133,197	6,397,656
Repayments of line of credit borrowings	(2,161,177)	(889,722)
Proceeds from line of credit borrowings	5,097,662	2,320,105
Proceeds from issuance of Senior Notes	599,376	-
Customer deposits, net	828,872	1,632,875
Dividends paid	(137,049)	(128,090)
Purchase of treasury shares	-	(180,897)
Proceeds from exercise of stock options	14,527	19,183
Net cash provided by financing activities of discontinued operations	644,173	172,201
Other, net	(49,533)	(79,244)
Net cash provided by financing activities	3,844,769	4,362,449
Net increase in cash and cash equivalents	488,171	404,357
Cash and cash equivalents at beginning of the period	921,838	673,827
Cash and cash equivalents at end of the period	$ 1,410,009	$ 1,078,184
Supplementary cash flow data:		
Income taxes paid, net of refunds received of $89,865 and $3,154	$ (55,975)	$ 378,377
Interest paid on borrowings	129,694	84,164
Interest paid on deposits	39,498	19,088

See Notes to Condensed Consolidated Financial Statements

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CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

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

	Common Stock		Convertible Preferred Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock		Total Equity
	Shares	Amount	Shares	Amount				Shares	Amount	
Balances at April 30, 2006	435,891	$ 4,359	-	$ -	$ 653,053	$ 21,948	$ 3,492,059	(107,378)	$ (2,023,620)	$ 2,147,799
Net loss	-	-	-	-	-	-	(348,089)	-	-	(348,089)
Unrealized translation gain (loss)	-	-	-	-	-	221	-	-	-	221
Change in net unrealized gain (loss) on available-for-sale securities	-	-	-	-	-	(15,194)	-	-	-	(15,194)
Stock-based compensation	-	-	-	-	35,669	-	-	-	-	35,669
Shares issued for:										
Option exercises	-	-	-	-	(7,010)	-	-	1,246	23,763	16,753
Nonvested shares	-	-	-	-	(20,332)	-	-	1,041	19,826	(506)
ESPP	-	-	-	-	863	-	-	465	8,860	9,723
Acquisitions	-	-	-	-	54	-	-	21	396	450
Acquisition of treasury shares	-	-	-	-	-	-	-	(8,466)	(188,562)	(188,562)
Cash dividends paid – $0.40 per share	-	-	-	-	-	-	(128,090)	-	-	(128,090)
Balances at January 31, 2007	435,891	$ 4,359	-	$ -	$ 662,297	$ 6,975	$ 3,015,880	(113,071)	$ (2,159,337)	$ 1,530,174
Balances at April 30, 2007	435,891	$ 4,359	-	$ -	$ 676,766	$ (1,320)	$ 2,886,440	(112,672)	$ (2,151,746)	$ 1,414,499
Remeasurement of uncertain tax positions upon adoption of FIN 48	-	-	-	-	-	-	(9,716)	-	-	(9,716)
Net loss	-	-	-	-	-	-	(852,209)	-	-	(852,209)
Unrealized translation gain (loss)	-	-	-	-	-	(572)	-	-	-	(572)
Change in net unrealized gain (loss) on available-for-sale securities	-	-	-	-	-	1,544	-	-	-	1,544
Stock-based compensation-	-	-	-	-	37,150	-	-	-	-	37,150
Shares issued for:										
Option exercises	-	-	-	-	(8,815)	-	-	1,072	20,478	11,663
Nonvested shares	-	-	-	-	(20,058)	-	-	938	17,917	(2,141)
ESPP	-	-	-	-	(65)	-	-	412	7,872	7,807
Acquisitions	-	-	-	-	35	-	-	8	158	193
Acquisition of treasury shares	-	-	-	-	-	-	-	(325)	(7,237)	(7,237)
Cash dividends paid – $0.42 per share	-	-	-	-	-	-	(137,049)	-	-	(137,049)
Balances at January 31, 2008	435,891	$ 4,359	-	$ -	$ 685,013	$ (348)	$ 1,887,466	(110,567)	$ (2,112,558)	$ 463,932

See Notes to Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

1. Basis of Presentation

The condensed consolidated balance sheet as of January 31, 2008, the condensed consolidated statements of income and comprehensive income for the three and nine months ended January 31, 2008 and 2007, the condensed consolidated statements of cash flows for the nine months ended January 31, 2008 and 2007, and the condensed consolidated statement of stockholders' equity for the nine months ended January 31, 2008 and 2007 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, cash flows and changes in stockholders' equity at January 31, 2008 and for all periods presented have been made. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

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

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in our April 30, 2007 Annual Report to Shareholders on Form 10-K. All amounts presented herein as of April 30, 2007 or for the year then ended, are derived from our April 30, 2007 Annual Report to Shareholders on Form 10-K.

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

Discontinued Operations – Recent Developments

On April 19, 2007, we entered into an agreement to sell Option One Mortgage Corporation (OOMC) to Cerberus Capital Management (Cerberus). In conjunction with this plan, we also announced we would terminate the operations of H&R Block Mortgage Corporation (HRBMC), a wholly-owned subsidiary of OOMC.

On December 4, 2007, we agreed to terminate the agreement with Cerberus. We also announced that we would immediately terminate all remaining origination activities and pursue the sale of OOMC's loan servicing activities. During January 2008, OOMC funded the last loan in its pipeline.

We have estimated the fair values of our servicing and other assets held for sale, and have recorded a valuation allowance of $304.9 million at January 31, 2008, which resulted in impairments of $116.3 million for the nine months ended January 31, 2008.

During fiscal year 2007, we also committed to a plan to sell two smaller lines of business and completed the wind-down of one other line of business, all of which were previously reported in our Business Services segment. One of these businesses was sold during the nine months ended January 31, 2008. Additionally, during fiscal year 2007, we completed the wind-down of our tax operations in the United Kingdom, which were previously reported in Tax Services.

As of January 31, 2008, these businesses are presented as discontinued operations and the assets and liabilities of the businesses being sold are presented as held-for-sale in the condensed consolidated financial statements. All periods presented have been reclassified to reflect our discontinued operations. See additional information in note 12.

2. Earnings (Loss) Per Share

Basic and diluted 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 per share except in those periods with a loss from continuing operations. The computations of basic and diluted earnings (loss) per share from continuing operations are as follows:

(in 000s, except per share amounts)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2007	2008	2007
Net income (loss) from continuing operations	$ 9,284	$ 21,944	$ (236,644)	$ (216,892)
Basic weighted average common shares	325,074	322,350	324,544	322,588
Potential dilutive shares from stock options and restricted stock	2,126	3,696	-	-
Convertible preferred stock	2	2	-	-
Dilutive weighted average common shares	327,202	326,048	324,544	322,588
Earnings (loss) per share from continuing operations:				
Basic	$ 0.03	$ 0.07	$ (0.73)	$ (0.67)
Diluted	0.03	0.07	(0.73)	(0.67)

Diluted earnings per share excludes the impact of nonvested common shares or the exercise of options to purchase 18.0 million shares and 14.4 million shares for the three months ended January 31, 2008 and 2007, respectively, as the effect would be antidilutive. Diluted earnings per share excludes the impact of nonvested common shares or the exercise of options to purchase 24.8 million shares and 28.0 million shares for the nine months ended January 31, 2008 and 2007, respectively, as the effect would be antidilutive due to the net loss from continuing operations during each period.

The weighted average shares outstanding for the nine months ended January 31, 2008 increased to 324.5 million from 322.6 million for the nine months ended January 31, 2007, primarily due the issuance of treasury shares related to our stock-based compensation plans.

During the nine months ended January 31, 2008 and 2007, we issued 2.4 million and 2.8 million shares of common stock, respectively, pursuant to the exercise of stock options, employee stock purchases and awards of nonvested shares, in accordance with our stock-based compensation plans.

During the nine months ended January 31, 2008, we acquired 0.3 million shares of our common stock, which represent shares swapped or surrendered to us in connection with the vesting of nonvested shares and the exercise of stock options, at an aggregate cost of $7.2 million. During the nine months ended January 31, 2007, we acquired 8.5 million shares of our common stock, of which 8.1 million shares were purchased from third parties with the remaining shares swapped or surrendered to us, at an aggregate cost of $188.6 million.

During the nine months ended January 31, 2008, we granted 5.1 million stock options and 1.0 million nonvested shares and units in accordance with our stock-based compensation plans. The weighted average fair value of options granted was $4.48 for manager and director options and $3.07 for options granted to our seasonal associates. At January 31, 2008, the total unrecognized compensation cost for options and nonvested shares and units was $19.1 million and $45.1 million, respectively.

3. Receivables

Receivables of continuing operations consist of the following:

(in 000s)

	January 31, 2008	January 31, 2007	April 30, 2007
Participation in tax client loans	$ 1,763,030	$ 1,733,155	$ 69,524
Emerald Advance lines of credit	361,263	-	-
Business Services accounts receivable	257,010	324,399	342,387
Receivables for tax-related fees	117,328	135,467	40,164
Loans to franchisees	71,349	62,962	48,530
Royalties from franchisees	68,573	68,153	2,890
Other	155,207	118,223	152,019
	2,793,760	2,442,359	655,514
Allowance for doubtful accounts	(82,465)	(70,621)	(99,259)
	$ 2,711,295	$ 2,371,738	$ 556,255

4. Goodwill and Intangible Assets

Changes in the carrying amount of goodwill of continuing operations for the nine months ended January 31, 2008 consist of the following:

(in 000s)

	April 30, 2007	Additions	Other	January 31, 2008
Tax Services	$ 415,077	$ 14,515	$ 6,529	$ 436,121
Business Services	404,888	1,497	(5,739)	400,646
Consumer Financial Services	173,954	-	-	173,954
Total	$ 993,919	$ 16,012	$ 790	$ 1,010,721

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 impairments of goodwill were identified within any of our operating segments during the nine months ended January 31, 2008.

Intangible assets of continuing operations consist of the following:

(in 000s)

	January 31, 2008			April 30, 2007		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Tax Services:						
Customer relationships	$ 46,654	$ (20,756)	$ 25,898	$ 39,347	$ (14,654)	$ 24,693
Noncompete agreements	23,027	(19,691)	3,336	21,237	(18,279)	2,958
Purchased technology	12,500	(1,794)	10,706	12,500	-	12,500
Trade name	1,025	(92)	933	1,025	-	1,025
Business Services:						
Customer relationships	144,107	(97,215)	46,892	142,315	(90,900)	51,415
Noncompete agreements	32,253	(16,891)	15,362	31,352	(15,524)	15,828
Trade name – amortizing	3,290	(3,023)	267	3,290	(2,430)	860
Trade name – non-amortizing	55,637	(4,868)	50,769	55,637	(4,868)	50,769
Consumer Financial Services:						
Customer relationships	293,000	(293,000)	-	293,000	(271,635)	21,365
Total intangible assets	$ 611,493	$ (457,330)	$ 154,163	$ 599,703	$ (418,290)	$ 181,413

Amortization of intangible assets of continuing operations for the three and nine months ended January 31, 2008 was $8.6 million and $39.1 million, respectively. Amortization of intangible assets of continuing operations for the three and nine months ended January 31, 2007 was $14.0 million and $42.6 million, respectively. Estimated amortization of intangible assets for fiscal years 2008 through 2012 is $48.4 million, $21.9 million, $19.3 million, $17.5 million and $14.8 million, respectively.

5. Borrowings

Borrowings of continuing operations consist of the following:

(in 000s)

	January 31, 2008	January 31, 2007	April 30, 2007
Short-term borrowings:			
HSBC credit facility	$ 1,683,317	$ 1,430,383	$ -
Other credit facilities	28,168	-	500,000
Commercial paper	-	1,496,038	992,082
FHLB advances	-	-	75,000
	$ 1,711,485	$ 2,926,421	$ 1,567,082
Long-term debt:			
CLOC borrowings, due August 2010	$ 1,800,000	$ -	$ -
Senior Notes, 7.875%, due January 2013	599,383	-	-
Senior Notes, 5.125%, due October 2014	398,412	398,177	398,236
FHLB borrowings, due April 2009	104,000	-	104,000
Senior Notes, 8½%, due April 2007	-	499,875	-
Other	23,948	27,861	26,875
	2,925,743	925,913	529,111
Less: Current portion	8,332	509,730	9,304
	$ 2,917,411	$ 416,183	$ 519,807

At January 31, 2008, we maintained $2.0 billion in revolving credit facilities to support commercial paper issuance and for general corporate purposes. These unsecured committed lines of credit (CLOCs), and outstanding borrowings thereunder, have a maturity date of August 2010 and an annual facility fee in a range of six to fifteen basis points per annum, based on our credit ratings. We had a combined $1.8 billion outstanding as of January 31, 2008. These borrowings are included in long-term debt on our condensed consolidated balance sheet due to their contractual maturity date. The CLOCs, among other things, require we maintain at least $650.0 million of adjusted net worth, as defined in the agreement, on the last day of any fiscal quarter. On November 19, 2007, the CLOCs were amended to, among other things, require $450.0 million of adjusted net worth, for the fiscal quarters ending October 31, 2007 and January 31, 2008. We had adjusted net worth of $463.9 million at January 31, 2008.

In April 2007, we obtained a $500.0 million credit facility to provide funding for $500.0 million of 8½% Senior Notes which were due April 16, 2007. This facility matured on December 20, 2007, but was amended to extend the term of the facility. Under the amended facility, $250.0 million will mature on February 29, 2008 and $250.0 million will mature on April 30, 2008. The facility is subject to various covenants that are similar to our primary CLOCs. At January 31, 2008, the balance under this facility was $28.2 million, having been substantially repaid with the proceeds of our Senior Notes as discussed below. This facility was completely repaid as of February 15, 2008.

On January 11, 2008, we issued $600.0 million of 7.875% Senior Notes under our shelf registration. The Senior Notes are due January 15, 2013, and are not redeemable by the bondholders prior to maturity. The net proceeds of this transaction were used to repay $471.8 million of the $500.0 million facility discussed above, with the remaining proceeds used for working capital and general corporate purposes. As of January 31, 2008, we had $250.0 million remaining under our shelf registration for additional debt issuances.

We entered into a committed line of credit agreement with HSBC Finance Corporation effective January 10, 2008 for use as a funding source for the purchase of refund anticipation loan (RAL) participations. This line will make available funding totaling $3.0 billion through March 30, 2008 and $120.0 million thereafter through June 30, 2008. This line is subject to various covenants that are similar to our amended CLOCs, and is secured by our RAL participations. At January 31, 2008, there was $1.7 billion outstanding on this facility.

H&R Block Bank (HRB Bank) is a member of the Federal Home Loan Bank (FHLB) of Des Moines, which extends credit to member banks based on eligible collateral. At January 31, 2008, HRB Bank had FHLB advance capacity of $523.6 million, and there was $104.0 million outstanding on this facility. Mortgage loans held for investment of $940.0 million were pledged as collateral on these advances.

6. Income Taxes

In June 2006, FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48) was issued. The interpretation clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes." The interpretation prescribes a recognition threshold and measurement attribute criteria for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

We adopted the provisions of FIN 48 on May 1, 2007 and, as a result, recognized a $9.7 million decrease to retained earnings as of May 1, 2007. Total unrecognized tax benefits as of May 1, 2007 were $133.3 million, of which $89.0 million, on a gross basis, were tax positions that, if recognized, would impact the effective tax rate. Net unrecognized tax benefits that would impact the effective tax rate totaled $50.0 million as of May 1, 2007.

We recognize interest and, if applicable, penalties related to unrecognized tax benefits as a component of income tax expense. As of May 1, 2007 we accrued $36.6 million for the potential payment of interest and penalties. Interest was estimated by applying the applicable statutory rate of interest of each of the jurisdictions identified on uncertain tax positions.

During the nine months ended January 31, 2008, we accrued an additional $2.1 million of interest & penalties related to our uncertain tax positions. As of January 31, 2008 we had unrecognized tax benefits of $135.5 million. The primary change during the quarter was related to the expiration of statutes of limitations for various jurisdictions during the quarter. We have classified the liability for unrecognized tax benefits, including corresponding accrued interest, as long-term at January 31, 2008, which is included in other noncurrent liabilities on the condensed consolidated balance sheet. Amounts that we expect to pay within the next twelve months have been included in accounts payable, accrued expenses and other current liabilities on the condensed consolidated balance sheet.

Based upon the expiration of statutes of limitations, payments of tax and other factors in several jurisdictions, we believe it is reasonably possible that the total amount of previously unrecognized tax benefits may decrease by approximately $15 million to $16 million within twelve months of January 31, 2008.

We file a consolidated federal tax return in the United States and income tax returns in various state and foreign jurisdictions. We are no longer subject to U.S. federal income tax audits for years before 1999. The U.S. federal audit for years 1999 through 2003 is in its final stages. The Internal Revenue Service (IRS) has commenced an audit for the years 2004 and 2005. With respect to our Canadian operations, audits for tax years 1996 through 2001 have been completed and are in the final stages, and tax years 2002 and 2003 are currently under audit. With respect to state and local jurisdictions, with limited exceptions, H&R Block, Inc. and its subsidiaries are no longer subject to income tax audits for years before 1999.

7. Regulatory Requirements

Registered Broker-Dealer

H&R Block Financial Advisors, Inc. (HRBFA) is subject to regulatory requirements intended to ensure the general financial soundness and liquidity of broker-dealers. At January 31, 2008, HRBFA's net capital of $80.1 million, which was 18.2% of aggregate debit items, exceeded its minimum required net capital of $8.8 million by $71.3 million. During the nine months ended January 31, 2008, HRBFA paid dividends of $44.5 million to Block Financial LLC (BFC), its direct corporate parent.

HRBFA had pledged customer-owned securities with a fair value of $47.1 million at January 31, 2008 with a clearing organization to satisfy margin deposit requirements of $38.5 million.

Banking

HRB Bank and the Company are subject to various regulatory capital guidelines and requirements administered by federal banking agencies. Failure to meet minimum capital requirements can trigger certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on HRB Bank and the consolidated financial statements. All savings associations are subject to the capital adequacy guidelines and the regulatory framework for prompt corrective action. HRB Bank must meet specific capital guidelines that involve quantitative measures of HRB Bank's assets, liabilities and certain off-balance sheet items, as calculated under regulatory accounting practices. HRB Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. HRB Bank files its regulatory Thrift Financial Report (TFR) on a calendar quarter basis.

Quantitative measures established by regulation to ensure capital adequacy require HRB Bank to maintain minimum amounts and ratios of tangible equity, total risk-based capital and Tier 1 capital, as set forth in the table below. In addition to these minimum ratio requirements, HRB Bank is required to continually maintain a 12.0% minimum leverage ratio as a condition of its charter-approval order through fiscal year 2009. This condition was extended through fiscal year 2012 as a result of a Supervisory Directive issued on May 29, 2007. See further discussion of the Supervisory Directive below. As of January 31, 2008, HRB Bank's leverage ratio was 12.0%.

As of December 31, 2007, our most recent TFR filing with the Office of Thrift Supervision (OTS), HRB Bank was a "well capitalized" institution under the prompt corrective action provisions of the Federal Deposit Insurance Corporation (FDIC). The five capital categories are: (1) "well capitalized" (total risk-based capital ratio of 10%, Tier 1 Risk-based capital ratio of 6% and leverage ratio of 5%); (2) "adequately capitalized"; (3) "undercapitalized"; (4) "significantly undercapitalized"; and (5) "critically undercapitalized." There are no conditions or events since December 31, 2007 that management believes have changed HRB Bank's category.

The following table sets forth HRB Bank's regulatory capital requirements at December 31, 2007, as calculated in the most recently filed TFR:

(dollars in 000s)

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total risk-based capital ratio(1)	$ 194,188	21.6%	$ 71,881	8.0%	$ 89,851	10.0%
Tier 1 risk-based capital ratio(2)	$ 182,943	20.4%	n/a	n/a	$ 53,910	6.0%
Tier 1 capital ratio (leverage)(3)	$ 182,943	12.2%	$ 179,555	12.0%	$ 74,814	5.0%
Tangible equity ratio(4)	$ 182,943	12.2%	$ 22,444	1.5%	n/a	n/a

(1) Total risk-based capital divided by risk-weighted assets.
(2) Tier 1 (core) capital less deduction for low-level recourse and residual interest divided by risk-weighted assets.
(3) Tier 1 (core) capital divided by adjusted total assets.
(4) Tangible capital divided by tangible assets.

BFC made an additional capital contribution to HRB Bank of $107.1 million during the three months ended January 31, 2008. This contribution was necessary for HRB Bank to meet its capital requirements due to seasonal fluctuations in its balance sheet. Also during the three months ended January 31, 2008, we submitted an application to the OTS requesting that HRB Bank be allowed to pay dividends to BFC in an amount that will not exceed the capital necessary to continuously maintain HRB Bank's required 12.0% leverage ratio. The OTS approved our application on February 29, 2008.

In conjunction with H&R Block, Inc.'s application with the OTS for HRB Bank, H&R Block, Inc. made commitments as part of our charter approval order (Master Commitment) which included, but were not limited to: (1) H&R Block, Inc. to maintain a three percent minimum ratio of adjusted tangible capital to adjusted total assets, as defined by the OTS; (2) maintain all HRB Bank capital within HRB Bank in accordance with the submitted three-year business plan; and (3) follow federal regulations surrounding

intercompany transactions and approvals. H&R Block, Inc. fell below the three percent minimum ratio at April 30, 2007 and the OTS issued a Supervisory Directive.

The Supervisory Directive included additional conditions that we will be required to meet in addition to the Master Commitment. The significant additional conditions included in the Supervisory Directive are as follows: (1) requires HRB Bank to extend its compliance with a minimum 12.0% leverage ratio through fiscal year 2012; (2) requires H&R Block, Inc. to comply with the Master Commitment at all times, except for the projected capital levels and compliance with the three percent minimum ratio, as provided in the fiscal year 2008 and 2009 capital adequacy projections presented to the OTS on July 19, 2007; (3) institutes reporting requirements to the OTS quarterly and monthly by the Board of Directors and management, respectively; and (4) requires HRB Bank's Board of Directors to have an independent chairperson and at least the same number of outside directors as inside directors.

H&R Block, Inc. continued to be below the three percent minimum ratio during our third quarter, and had adjusted tangible capital of negative $713.9 million, and a requirement of $311.9 million to be in compliance at January 31, 2008. We are currently seeking the elimination or modification of the three percent minimum capital requirement as a result of cessation of our mortgage business. At this time, we do not expect to be in compliance with the three percent minimum ratio at April 30, 2008. We currently believe that upon disposition of our mortgage business the OTS will reconsider the three percent minimum capital requirement, although there is no assurance that an elimination or modification will occur.

Failure to meet the conditions under the Master Commitment and the Supervisory Directive, including capital levels of H&R Block, Inc., could result in the OTS taking further regulatory actions, such as a supervisory agreement, cease-and-desist orders and civil monetary penalties. The OTS could also require us to sell assets, which could negatively impact our financial results. At this time, the financial impact, if any, of additional regulatory actions cannot be determined.

8. Commitments and Contingencies

Changes in the deferred revenue liability related to our Peace of Mind (POM) program, the current portion of which is included in accounts payable, accrued expenses and other current liabilities and the long-term portion of which is included in other noncurrent liabilities in the condensed consolidated balance sheets, are as follows:

(in 000s)

Nine Months Ended January 31,	2008	2007
Balance, beginning of period	$ 142,173	$ 141,684
Amounts deferred for new guarantees issued	19,672	20,971
Revenue recognized on previous deferrals	(56,881)	(59,085)
Balance, end of period	$ 104,964	$ 103,570

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

(in 000s)

As of	January 31, 2008	April 30, 2007
Commitment to fund Franchise Equity Lines of Credit	$ 80,471	$ 79,628
Media advertising purchase obligation	28,353	37,749
Contingent business acquisition obligations	31,415	19,891

On November 1, 2006 we entered into an agreement to purchase $57.2 million in media advertising between November 1, 2006 and June 30, 2009. We expect to make payments totaling $20.6 million and $17.2 million during fiscal years 2008 and 2009, respectively.

Commitments exist to loan McGladrey & Pullen, LLP (M&P) the lower of the value of their accounts receivable, work-in-process and fixed assets or $125.0 million, on a revolving basis through January 31, 2011, subject to certain termination clauses. This revolving facility bears interest at prime rate plus two percent on the outstanding amount. The loan is fully secured by the accounts receivable, work-in-process and fixed assets of M&P. At January 31, 2008, we had a receivable from M&P totaling $95.1 million, $80.0 million of which was assigned to the trust that administers our deferred compensation plans, as allowed by the underlying trust arrangement, to fund the estimated liability.

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) litigation involving our directors and officers; and (d) third-party claims relating to various arrangements in the normal course of business. Typically, there is no stated maximum payment related to these indemnifications, and the term of indemnities may vary and in many cases is limited only by the applicable statute of limitations. The likelihood of any claims being asserted against us and the ultimate liability related to any such claims, if any, is difficult to predict. While we cannot provide assurance that such claims will not be successfully asserted, we believe the fair value of these guarantees and indemnifications is not material as of January 31, 2008.

9. Litigation and Related Contingencies

RAL Litigation

We have been named as a defendant in numerous 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; untrue, misleading or deceptive statements in marketing RALs; breach of state laws on credit service organizations; breach of contract, unjust enrichment, unfair and deceptive acts or practices; violations of the federal Racketeer Influenced and Corrupt Organizations Act; violations of the federal Fair Debt Collection Practices Act and unfair competition regarding debt collection activities; and that we owe, and breached, a fiduciary duty to our customers in connection with the RAL program.

The amounts claimed in the RAL Cases have been very substantial in some instances, with one settlement resulting in a pretax expense of $43.5 million in fiscal year 2003 (the "Texas RAL Settlement") and other settlements resulting in a combined pretax expense in fiscal year 2006 of $70.2 million.

We believe we have meritorious defenses to the remaining RAL Cases and we intend to defend them vigorously. There can be no assurances, however, as to the outcome of the pending RAL Cases individually or in the aggregate. Likewise, there can be no assurances regarding the impact of the RAL Cases on our financial statements. There were no significant developments regarding the RAL Cases during the fiscal quarter ended January 31, 2008.

Peace of Mind Litigation

We are defendants in lawsuits regarding our Peace of Mind program (the "POM Cases"). The POM Cases are described below.

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 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 actions are without merit, and we intend to defend them vigorously. The amounts claimed in the POM actions are substantial, however, and there can be no assurances as to the outcome of these pending actions individually or in the aggregate.

Electronic Filing Litigation

We are a defendant to a class action filed on August 30, 2002 and entitled *Erin M. McNulty and Brian J. Erzar v. H&R Block, Inc., et al.*, Case No. 02-CIV-4654 in the Court of Common Pleas of Lackawanna County, Pennsylvania, in which the plaintiffs allege that the defendants deceptively portray electronic filing fees as a necessary and required component of standard tax preparation services and do not inform tax preparation clients that they may (i) file tax returns free of charge by mailing the returns, (ii) electronically file tax returns from personal computers either free of charge or at significantly lower fees and (iii) be eligible to electronically file tax returns free of charge via telephone. The plaintiffs seek unspecified damages and disgorgement of all electronic filing, tax preparation and related fees collected during the applicable class period. Class certification was granted in this case on September 5, 2007. We believe the claims in this case are without merit, and we intend to defend them vigorously, but there can be no assurances as to its outcome.

Express IRA Litigation

On March 15, 2006, the New York Attorney General filed a lawsuit in the Supreme Court of the State of New York, County of New York (Index No. 06/401110) entitled *The People of New York v. H&R Block, Inc. and H&R Block Financial Advisors, Inc.* The complaint alleged fraudulent business practices, deceptive acts and practices, common law fraud and breach of fiduciary duty with respect to the Express IRA product and sought equitable relief, disgorgement of profits, damages and restitution, civil penalties and punitive damages. On July 12, 2007, the Supreme Court of the State of New York issued a ruling that dismissed all defendants other than H&R Block Financial Advisors, Inc. and the claims of common law fraud. We believe the claims in this case are without merit, and we intend to defend this case vigorously, but there are no assurances as to its outcome.

On January 2, 2008, the Mississippi Attorney General filed a lawsuit in the Chancery Court of Hinds County, Mississippi First Judicial District (Case No. G 2008 6 S 2) entitled *Jim Hood, Attorney for the State of Mississippi v. H&R Block, Inc., et al.* The complaint alleged fraudulent business practices, deceptive acts and practices, common law fraud and breach of fiduciary duty with respect to the Express IRA product and sought equitable relief, disgorgement of profits, damages and restitution, civil penalties and punitive damages. We believe the claims in this case are without merit, and we intend to defend this case vigorously, but there are no assurances as to its outcome.

In addition to the New York and Mississippi Attorney General actions, a number of civil actions were filed against us concerning the Express IRA matter, the first of which was filed on March 17, 2006. Except for two cases pending in state court, all of the civil actions have been consolidated by the panel for Multi-District Litigation into a single action styled *In re H&R Block, Inc. Express IRA Marketing Litigation* in the United States District Court for the Western District of Missouri. We believe the claims in this case are without merit, and we intend to defend these cases vigorously, but there are no assurances as to their outcome.

Securities Litigation

On April 6, 2007, a putative class action styled *In re H&R Block Securities Litigation* was filed against the Company and certain of its officers in the United States District Court for the Western District of Missouri. The complaint alleged, among other things, deceptive, material and misleading financial statements, failure to prepare financial statements in accordance with generally accepted accounting principles and concealment of the potential for lawsuits stemming from the allegedly fraudulent nature of

the Company's operations. The complaint sought unspecified damages and equitable relief. On October 5, 2007, the court dismissed the complaint and granted the plaintiffs leave to re-file the portion of the complaint pertaining to the Company's financial statements. On November 19, 2007, the plaintiffs re-filed the complaint, alleging, among other things, deceptive, material and misleading financial statements and failure to prepare financial statements in accordance with generally accepted accounting principles. The court dismissed the re-filed complaint on February 19, 2008. We believe the claims in this case are without merit. If the dismissal is appealed, we intend to defend this litigation vigorously.

HRBFA Litigation

The NASD brought charges against HRBFA regarding the sale by HRBFA of Enron debentures in 2001. The hearing for this matter was concluded in August 2007, and post-hearing briefs were submitted in October 2007. We intend to defend the NASD charges vigorously, although there can be no assurances regarding the outcome and resolution of the matter.

RSM McGladrey Litigation

As part of an industry-wide review, the IRS is investigating tax-planning strategies that certain RSM McGladrey, Inc. (RSM) clients utilized during fiscal years 2000 through 2003. Specifically, the IRS is examining these strategies to determine whether RSM complied with tax shelter reporting and listing regulations and whether such strategies were abusive as defined by the IRS. The IRS has indicated that it will assess a fine against RSM for RSM's alleged failure to comply with the tax shelter reporting and listing regulations. RSM is in discussions with the IRS regarding this penalty. In addition, some clients that utilized the strategies are seeking recovery from RSM for penalties and interest for underpayment of taxes. We believe that the resolution of this matter will not have a material adverse effect on RSM's operations or on our consolidated financial statements.

RSM EquiCo, Inc., a subsidiary of RSM, is a party to a putative class action filed on July 11, 2006 and entitled *Do Right's Plant Growers v. RSM EquiCo, Inc., RSM McGladrey, Inc., H&R Block, Inc. and Does 1-100, inclusive*, Case No. 06 CC00137, in the California Superior Court, Orange County. The complaint contains allegations regarding business valuation services provided by RSM EquiCo, Inc., including fraud, negligent misrepresentation, breach of contract, breach of implied covenant of good faith and fair dealing, breach of fiduciary duty and unfair competition and seeks unspecified damages, restitution and equitable relief. We are in the early stages of discovery in this case and intend to defend this case vigorously, although there can be no assurance regarding the outcome and resolution of this matter.

Other Litigation

We have from time to time been party to investigations, claims and lawsuits not discussed herein arising out of our business operations. These investigations, claims and lawsuits include actions by state attorneys general, other state regulators, individual plaintiffs, and cases in which plaintiffs seek to represent a class of others similarly situated. The amounts claimed in these claims and lawsuits are substantial in some instances, and the ultimate liability with respect to such litigation and claims is difficult to predict. Some of these investigations, claims and lawsuits pertain to RALs, the origination and servicing of mortgage loans, the electronic filing of customers' income tax returns, the POM guarantee program, and our Express IRA program and other investment products and RSM EquiCo, Inc. business valuation services. In addition, it is possible that the number of these claims with respect to the origination or servicing of mortgage loans may increase in light of the current non-prime mortgage environment. 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 the event of an unfavorable outcome, the amounts we may be required to pay in the discharge of liabilities or settlements could have a material adverse effect on our consolidated financial statements.

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.

10. Segment Information

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

(in 000s)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2007	2008	2007
Revenues:				
Tax Services	$ 661,787	$ 627,846	$ 822,454	$ 775,488
Business Services	191,884	192,163	623,755	616,334
Consumer Financial Services	117,112	107,511	332,738	267,888
Corporate	1,828	3,659	9,697	10,322
	$ 972,611	$ 931,179	$ 1,788,644	$ 1,670,032
Pretax income (loss):				
Tax Services	$ 45,879	$ 59,973	$ (325,559)	$ (259,974)
Business Services	6,614	1,207	16,489	(4,736)
Consumer Financial Services	12,988	10,959	10,113	5,572
Corporate	(61,362)	(50,014)	(104,240)	(111,330)
Income (loss) of continuing operations before taxes (benefit)	$ 4,119	$ 22,125	$ (403,197)	$ (370,468)

As of January 31, 2008, the related financial results of OOMC, HRBMC and other smaller lines of business are presented as discontinued operations and the assets and liabilities of the businesses being sold are presented as held-for-sale in the condensed consolidated financial statements. All periods presented have been reclassified to reflect our discontinued operations. See note 12 for additional information.

11. Accounting Pronouncements

In December 2007, Statement of Financial Accounting Standards No. 141(R), “Business Combinations,” (SFAS 141R), and Statement of Financial Accounting Standards No. 160, “Non-Controlling Interests in Consolidated Financial Statements – An Amendment of ARB No. 51” (SFAS 160) were issued. These standards will require an acquiring entity to recognize all the assets acquired and liabilities assumed in a transaction, including non-controlling interests, at the acquisition-date fair value with limited exceptions. The provisions of these standards are effective as of the beginning of our fiscal year 2010. We are currently evaluating what effect the adoption of SFAS 141R and SFAS 160 will have on our consolidated financial statements.

In March 2006, Statement of Financial Accounting Standards No. 156, “Accounting for Servicing of Financial Assets – An Amendment of FASB Statement No. 140,” (SFAS 156), was issued. The provisions of this standard require mortgage servicing rights to be initially valued at fair value. SFAS 156 allows servicers to choose to subsequently measure their servicing rights at fair value or to continue using the “amortization method” under SFAS 140. We adopted SFAS 156 on May 1, 2007. Upon adoption we identified mortgage servicing rights (MSRs) relating to all existing residential mortgage loans as a class of servicing rights and elected to continue to use the “amortization method” for these MSRs. Presently, this class represents all of our MSRs. See note 12 for additional information on our MSRs. The adoption of SFAS 156 did not have a material impact on our condensed consolidated financial statements.

In February 2006, Statement of Financial Accounting Standards No. 155, “Accounting for Certain Hybrid Instruments – An Amendment of FASB Statements No. 133 and 140” (SFAS 155), was issued. The provisions of this standard establish a requirement to evaluate all newly acquired interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an

embedded derivative requiring bifurcation. The standard permits a hybrid financial instrument required to be bifurcated to be accounted for in its entirety if the holder irrevocably elects to measure the hybrid financial instrument at fair value, with changes in fair value recognized currently in earnings. We adopted SFAS 155 on May 1, 2007. Our residual interests typically have interests in derivative instruments embedded within the securitization trusts, which were previously excluded from evaluation. Concurrent with the adoption of SFAS 155, we elected to account for all newly-acquired residual interests on a fair value basis as trading securities, with changes in fair value recorded in earnings in the period in which the change occurs. Prior to adoption, we accounted for our residual interests as available-for-sale (AFS) securities with unrealized gains recorded in other comprehensive income. For residual interests recorded prior to the adoption of SFAS 155, we continue to record unrealized gains as a component of other comprehensive income. The adoption of SFAS 155 did not have a material impact on our condensed consolidated financial statements.

As discussed in note 6, we adopted the provisions of FIN 48 effective May 1, 2007.

12. Discontinued Operations

On April 19, 2007, we entered into an agreement to sell OOMC to Cerberus. In conjunction with this plan, we also announced we would terminate the operations of HRBMC, a wholly-owned subsidiary of OOMC. On December 4, 2007, we agreed to terminate the agreement. We also announced that we would immediately terminate all remaining origination activities and pursue the sale of OOMC's loan servicing activities. During January 2008, OOMC funded the last loan in its pipeline. See additional discussion of recent developments in note 1.

During fiscal year 2007, we also committed to a plan to sell two smaller lines of business and completed the wind-down of one other line of business, all of which were previously reported in our Business Services segment. One of these businesses was sold during the nine months ended January 31, 2008. Additionally, during fiscal year 2007, we completed the wind-down of our tax operations in the United Kingdom, which were previously reported in Tax Services.

As of January 31, 2008, these businesses are presented as discontinued operations and the assets and liabilities of the businesses being sold are presented as held-for-sale in the condensed consolidated financial statements. All periods presented have been reclassified to reflect our discontinued operations.

Financial Statement Presentation

At January 31, 2008, we had fully impaired the carrying value of goodwill and long-lived assets of our mortgage businesses. Cumulative impairments in excess of amounts related to the write-off of goodwill and other long-lived assets totaled $304.9 million at January 31, 2008 and are reflected as a valuation allowance relating to remaining assets held-for-sale. At April 30, 2007, this amount totaled $193.4 million, and was reflected as a liability under the April 2007 agreement with Cerberus. We recorded impairments of $116.3 million during the nine months ended January 31, 2008 and $345.8 million in fiscal year 2007 relating to the disposition of our mortgage businesses.

Overhead costs which would have previously been allocated to discontinued businesses totaled $1.1 million and $3.6 million for the three and nine months ended January 31, 2008, respectively, and $3.1 million and $9.4 million for the three and nine months ended January 31, 2007, respectively. These amounts are included in continuing operations.

As provided by in EITF No. 87-24, "Allocation of Interest to Discontinued Operations," our losses from discontinued operations include interest on debt that will be repaid as a result of the disposal transaction and the allocation of other consolidated interest. Interest to be repaid as a result of the disposal transaction primarily relates to interest on our Servicing Advance Facility. The allocation of other consolidated interest is based on borrowings specifically attributable to these operations at a rate of LIBOR plus 250 basis points. Losses of our discontinued operations include interest expense of $36.9 million and $83.0 million for the three and nine months ended January 31, 2008, respectively, including other consolidated interest expense of $23.1 million and $65.9 million that was allocated to discontinued operations, respectively. Interest expense of $12.0 million and $20.7 million was allocated to discontinued operations for the three and nine months ended January 31, 2007, respectively. The increase in allocated interest expense over the prior year is due to the significant operating losses and other working capital needs of our mortgage operations during the last nine months. Concurrent with the completion of the sale of our loan servicing activities, we will cease allocating other consolidated interest expense to mortgage

operations. Remaining interest costs associated with debt that is not repaid as a result of the sale will be reported in continuing operations.

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

(in 000s)

	January 31, 2008	April 30,2007
Cash and cash equivalents	$ 30,641	$ 65,019
Cash and cash equivalents – restricted	277	43,754
Residual interests in securitizations – trading	558	72,691
Mortgage loans:		
Held for sale, net	21,870	101,567
Repurchase option	1,630,664	121,243
Servicing and related assets	1,157,016	445,354
Beneficial interest in Trusts	-	41,057
Residual interests in securitizations – AFS	25,371	90,283
Mortgage servicing rights	165,490	253,067
Deferred tax assets, net	200,142	299,559
Prepaid expenses and other assets	83,837	213,365
Valuation allowance	(304,867)	-
Assets held for sale	$ 3,010,999	$ 1,746,959
Accounts payable, accrued expenses and deposits	$ 155,407	$ 248,983
Servicing advance facility, net(1)	696,871	-
Mortgage loan repurchase liability	1,630,664	121,243
Other liabilities	30,369	245,147
Liabilities directly associated with assets held for sale	$ 2,513,311	$ 615,373

(1) Includes outstanding borrowings of $857.1 million, net of collections and reserves of $160.2 million.

The financial results of discontinued operations are as follows:

(in 000s)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2007	2008	2007
Revenue:				
Gains (losses) on sales of mortgage assets, net	$ (67,061)	$ (65,671)	$ (623,082)	$ 36,843
Interest income	8,015	12,184	34,642	42,108
Loan servicing revenue	85,677	109,833	276,092	332,336
Other	4,925	23,737	16,441	33,963
	$ 31,556	$ 80,083	$ (295,907)	$ 445,250
Loss from operations before impairment and income tax benefit	$ (127,069)	$ (165,254)	$ (867,406)	$ (254,112)
Change in valuation allowance	29,926	-	(116,303)	-
Pretax loss	(97,143)	(165,254)	(983,709)	(254,112)
Income tax benefit	(40,501)	(83,058)	(368,144)	(122,915)
Net loss from discontinued operations	$ (56,642)	$ (82,196)	$ (615,565)	$ (131,197)

Mortgage Loans

We have entered into servicing agreements for loans we have securitized which include a "removal of accounts provision" that gives us the right, but not the obligation, to repurchase mortgage loans from the securitization trust. Rights under this provision can generally be exercised for loans that are 90 to 119 days delinquent. At the time this right becomes exercisable by us, Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" (SFAS 140) requires that we record both the mortgage loans on our balance sheet and an offsetting mortgage loan repurchase liability. Mortgage loans, and the corresponding liability, recorded pursuant to this accounting requirement totaled $1.6 billion at January 31, 2008 and $121.2 million at April 30, 2007. We do not intend to exercise our right under these provisions and, therefore, these do not represent mortgage loans that we are required to sell or repurchase obligations we are required to fulfill.

The gross principal amount of mortgage loans we are holding for sale at January 31, 2008, totaled $57.7 million. We have recorded valuation adjustments relating to these loans totaling $35.8 million, resulting in net loans held for sale of $21.9 million.

Mortgage Banking Activities

We ceased origination activities during the three months ended January 31, 2008. Historically, we originated mortgage loans and sold most non-prime loans the same day the loans were funded to qualifying special purpose entities (QSPEs or Trusts). The Trusts are not consolidated. The sale was recorded in accordance with SFAS 140. The Trusts purchased the loans from us using warehouse facilities. As origination activities had ceased, the off-balance sheet Trusts held no loans as of January 31, 2008, compared to $1.5 billion at April 30, 2007. The beneficial interest in Trusts was written down to zero at January 31, 2008 compared to a balance of $41.1 million at April 30, 2007.

Trading residual interests totaled $0.6 million at January 31, 2008. During the nine months ended January 31, 2008, we recorded impairments of $45.9 million, while no such impairments were recorded during the nine months ended January 31, 2007.

We adopted SFAS 155 on May 1, 2007 and concurrently elected to account for all newly-acquired residual interests on a fair value basis, with changes in fair value recorded in earnings in the period in which the change occurs. Residual interests existing prior to the adoption of SFAS 155 will continue to be accounted for with unrealized gains recorded in other comprehensive income.

AFS residual interests in securitizations totaled $25.4 million and $90.3 million at January 31, 2008 and April 30, 2007, respectively. We recorded impairments of fair value of $80.0 million and $73.1 million during the nine months ended January 31, 2008 and 2007, respectively.

We did not securitize any mortgage loans during the third quarter of fiscal year 2008. Cash flows from AFS residual interests of $1.6 million and $13.1 million were received from the securitization trusts for the nine months ended January 31, 2008 and 2007, respectively, and are included in investing activities of discontinued operations in the condensed consolidated statements of cash flows.

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

(in 000s)

Nine Months Ended January 31,	2008	2007
Residual interest mark-to-market	$ 3,446	$ 2,861
Additions to residual interests	-	39,379
Transfer of loans from held for investment to held for sale	193,648	-

Activity related to MSRs, which are initially measured at fair value and subsequently amortized and assessed for impairment, consists of the following:

(in 000s)

Nine Months Ended January 31,	2008	2007
Balance, beginning of period	$ 253,067	$ 272,472
Additions	29,082	134,216
Amortization	(115,203)	(143,548)
Impairment of fair value	(1,456)	-
Balance, end of period	$ 165,490	$ 263,140

Estimated amortization of MSRs for fiscal years 2008 through 2012 is $27.9 million, $74.4 million, $34.7 million, $14.1 million and $5.8 million, respectively.

In conjunction with our adoption of SFAS 156, we identified all of our residential mortgage loans as a class of servicing rights and elected to continue the amortization method. See additional discussion of our adoption of SFAS 156 in note 11. Servicing fees earned during the nine months ended January 31, 2008 and 2007 totaled $279.8 million and $317.4 million, respectively, and are included in discontinued operations on our condensed consolidated income statements.

As part of our loan servicing responsibilities, we are required to advance funds to cover delinquent scheduled principal and interest payments to security holders, as well as to cover delinquent tax and insurance payments and other costs required to protect the investors' interest in the collateral securing the loans. Generally, servicing advances are recoverable from either the mortgagor, the insurer of the loan or the investor through the non-recourse provision of the loan servicing contract. During the nine months ended January 31, 2008 we entered into a facility to fund servicing advances. See additional discussion under "Financing."

The key weighted average assumptions we used to estimate the cash flows and values of the residual interests initially recorded during the nine months ended January 31, 2008 and 2007 are as follows:

Nine months ended January 31,	2008	2007
Estimated credit losses	6.36%	3.24%
Discount rate	28.00%	21.91%
Variable returns to third-party beneficial interest holders	LIBOR forward curve at closing date	

The key weighted average assumptions we used to estimate the cash flows and values of residual interests and MSRs at January 31, 2008 and April 30, 2007 are as follows:

	January 31, 2008	April 30, 2007
Estimated credit losses – residual interests	17.24%	5.04%
Discount rate – residual interests	30.00%	24.82%
Discount rate – MSRs	20.00%	20.00%
Variable returns to third-party beneficial interest holders	LIBOR forward curve at valuation date	

Estimated credit losses in the table above includes residual interests from all fiscal years with outstanding underlying loan balances using unpaid principal balances as part of the weighted average calculation. See credit losses table below for detailed information by fiscal year.

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

	Prior to Initial Rate Reset Date	Months Outstanding After Initial Rate Reset Date: Zero - 3	Months Outstanding After Initial Rate Reset Date: Remaining Life
Adjustable-rate mortgage loans:			
With prepayment penalties	11%	24%	15%
Without prepayment penalties	11%	24%	15%
Fixed-rate mortgage loans:			
With prepayment penalties	9%	11%	11%

For fixed-rate mortgages without prepayment penalties, we use an average prepayment rate of 22% 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	2003	2004	2005	2006	2007	2008
As of:							
January 31, 2008	-%	-%	-%	-%	-%	17.15%	17.49%
April 30, 2007	5.11%	2.57%	3.45%	5.48%	6.79%	6.41%	-
April 30, 2006	4.22%	2.13%	2.18%	2.48%	3.05%	-	-
April 30, 2005	4.01%	2.08%	2.30%	2.83%	-	-	-

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

At January 31, 2008, the sensitivities of the current fair value of residual interests and MSRs to 10% and 20% adverse changes in the above key assumptions are as presented in the following table. These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on a 10% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also in this table, the effect of a variation of a particular assumption on the fair value of the retained interest is calculated without changing any other assumptions; in reality, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities.

(dollars in 000s)

	Residual Interests Securitizations	MSRs
Carrying amount/fair value	$ 25,929	$ 165,490
Weighted average remaining life (in years)	14.5	1.5
Dollar impact on fair value:		
Prepayments (including defaults):		
Adverse 10%	$ (3,797)	$ (8,873)
Adverse 20%	(5,546)	(17,201)
Credit losses:		
Adverse 10%	$ (8,036)	Not applicable
Adverse 20%	(11,112)	Not applicable
Discount rate:		
Adverse 10%	$ (4,116)	$ (8,159)
Adverse 20%	(7,142)	(15,644)
Variable interest rates:		
Adverse 10%	$ (1,170)	Not applicable
Adverse 20%	(1,164)	Not applicable

Mortgage loans that have been securitized and mortgage loans held for sale at January 31, 2008 and April 30, 2007, 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) Three Months Ended	
	January 31, 2008	April 30, 2007	January 31, 2008	April 30, 2007	January 31, 2008	April 30, 2007
Securitized mortgage loans	$ 18,730,052	$ 18,434,940	$ 3,929,653	$ 1,383,832	$ 90,491	$ 41,235
Mortgage loans in warehouse Trusts	-	1,456,078	-	-	-	-
Mortgage loans held for sale(1)	57,698	295,208	30,985	202,941	77,697	104,972
Total loans	$ 18,787,750	$ 20,186,226	$ 3,960,638	$ 1,586,773	$ 168,188	$ 146,207

(1) Does not include loans recorded pursuant to “removal of accounts provisions” as we do not intend to exercise our right under these provisions and, therefore, we are not subject to market risk with respect to these loans.

Derivative Instruments

A summary of our derivative instruments as of January 31, 2008 and April 30, 2007, and gains or losses incurred during the three and nine months ended January 31, 2008 and 2007 is as follows:

(in 000s)

	Asset (Liability) Balance at		Gain (Loss) For the Three Months Ended		Gain (Loss) For the Nine Months Ended	
	January 31, 2008	April 30, 2007	January 31, 2008	2007	2008	2007
Rate-lock equivalents	$ -	$ (987)	$ 516	$ (9,237)	$ 987	$ (5,207)
Interest rate swaps	-	10,774	(59)	46,640	(738)	26,372
Put options on Eurodollar futures	-	1,212	-	400	942	(1,657)
Prime short sales	-	75	(162)	(131)	49	864
Forward loan sale commitments	-	-	-	(2,493)	-	-
	$ -	$ 11,074	$ 295	$ 35,179	$ 1,240	$ 20,372

We discontinued our hedging activities during our second quarter of fiscal year 2008, and therefore had no derivative instruments to which we were a party at January 31, 2008.

Commitments and Contingencies

As of December 4, 2007, OOMC and HRBMC stopped accepting mortgage loan applications, and in January 2008, OOMC funded its last loan. As a result, we have no commitments to fund mortgage loans at January 31, 2008, compared to commitments of $2.4 billion at April 30, 2007.

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

(dollars in 000s)

	Three Months Ended January 31,		Nine Months Ended January 31,		Fiscal Year Ended April 30,
	2008	2007	2008	2007	2007
Loans repurchased from third parties	$ 99,501	$403,502	$480,943	$812,293	$978,756
Repurchase reserves added during the period	$ 49,474	$111,122	$379,440	$251,083	$388,733
Repurchase reserves added as a percent of originations	115.07%	1.77%	9.37%	1.18%	1.44%

A liability has been established related to the potential loss on repurchase of loans previously sold of $69.0 million and $38.4 million at January 31, 2008 and April 30, 2007, respectively. This reserve relates to potential losses that could be incurred as a result of loan repurchases arising from either early payment defaults or breaches of representations and warranties customary to the mortgage banking industry. On an ongoing basis, we monitor the adequacy of our repurchase liability, which is included in liabilities held-for-sale in the condensed consolidated balance sheets. During the nine months ended January 31, 2008, we increased our reserve for losses on loan repurchases primarily due to expected repurchases under representation and warranty provisions. The portion of our reserve balance related to losses on representation and warranty repurchases totaled $66.8 million and $5.6 million at January 31, 2008 and April 30, 2007, respectively. Expected repurchases arising from early payment defaults has declined significantly, as our contractual obligation to repurchase loans relating to delinquency has lapsed on many of our previous loan sales. In establishing our reserve for early payment defaults, we've assumed all loans that are currently delinquent and subject to contractual repurchase terms will be repurchased. Based on historical experience, we assumed an average 50% loss severity at January 31, 2008, compared to 42% at October 31, 2007 and 26% at April 30, 2007, on all loans repurchased and expected to be repurchased. At January 31, 2008, our repurchase reserve of $69.0 million covered estimated future losses on the repurchase of loans with an outstanding principal balance of $137.8 million.

Financing

In connection with our decision to cease all loan origination activities, we terminated all remaining on- and off-balance sheet warehouse facilities during the three months ended January 31, 2008. OOMC held $57.7 million in gross principle of mortgage loans for sale as of January 31, 2008.

On October 1, 2007, OOMC entered into a facility to fund servicing advances (the "Servicing Advance Facility"), in which the servicing advances are collateral for the facility. The Servicing Advance Facility originally provided funding of up to $400.0 million to fund servicing advances through October 1, 2008. During the three months ended January 31, 2008, the facility was amended, increasing the available funding to $1.2 billion. This facility is subject to various triggers, events or occurrences that could result in earlier termination, and bears interest at one-month LIBOR plus an additional margin rate. The Servicing Advance Facility terminates upon a "change in control" of OOMC, in which (i) a party or parties acting in concert acquire a 20% or more equity interest in OOMC or (ii) the Company does not own more than a 50% equity interest in OOMC. This on-balance sheet facility had a balance of $857.1 million at January 31, 2008, which is reported in liabilities held-for-sale. If and when our loan servicing activities are sold, this facility will be paid off with the proceeds from that sale.

Restructuring Charge

During fiscal year 2007, we initiated a restructuring plan to reduce costs within our mortgage operations. Restructuring activities continued through fiscal year 2008, including our previously announced closure of all mortgage origination activities. Charges incurred during the nine months ended January 31, 2008 totaled $105.0 million, which included $33.9 million in fixed asset write-offs, with the remainder included in "other adjustments" in the table below. These charges are included in the net loss from discontinued

operations on our condensed consolidated income statements. Changes in our restructuring charge liability during the nine months ended January 31, 2008 are as follows:

(in 000s)

	Accrual Balance as of April 30, 2007	Cash Payments	Other Adjustments	Accrual Balance as of January 31, 2008
Employee severance costs	$ 3,688	$ (37,462)	$ 50,232	$ 16,458
Contract termination costs	10,919	(7,298)	17,023	20,644
	$ 14,607	$ (44,760)	$ 67,255	$ 37,102

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

13. Condensed Consolidating Financial Statements

BFC, formerly Block Financial Corporation, is an indirect, wholly owned consolidated subsidiary of the Company. BFC was converted to a Delaware limited liability company effective January 1, 2008. BFC is the Issuer and the Company is the Guarantor of the $500.0 million credit facility entered into in April 2007, the Senior Notes issued on January 11, 2008 and October 26, 2004, the CLOCs and other indebtedness issued from time to time. 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 stockholders' equity and other intercompany balances and transactions.

Condensed Consolidating Income Statements (in 000s)

Three Months Ended January 31, 2008	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Total revenues	$ -	$ 211,150	$ 774,765	$ (13,304)	$ 972,611
Cost of services	-	70,088	534,018	47	604,153
Cost of other revenues	-	78,126	19,167	-	97,293
Selling, general and administrative	-	137,674	144,566	(13,221)	269,019
Total expenses	-	285,888	697,751	(13,174)	970,465
Operating income (loss)	-	(74,738)	77,014	(130)	2,146
Interest expense	-	-	(624)	-	(624)
Other income, net	4,119	9	2,588	(4,119)	2,597
Income (loss) from continuing operations before taxes (benefit)	4,119	(74,729)	78,978	(4,249)	4,119
Income taxes (benefit)	(5,165)	(32,407)	27,299	5,108	(5,165)
Net income (loss) from continuing operations	9,284	(42,322)	51,679	(9,357)	9,284
Net loss from discontinued operations	(56,642)	(55,707)	(2,622)	58,329	(56,642)
Net income (loss)	$ (47,358)	$ (98,029)	$ 49,057	$ 48,972	$ (47,358)

Three Months Ended January 31, 2007	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Total revenues	$ -	$ 255,407	$ 679,261	$ (3,489)	$ 931,179
Cost of services	-	54,818	522,149	(32)	576,935
Cost of other revenues	-	60,453	8,871	-	69,324
Selling, general and administrative	-	86,017	169,829	(1,878)	253,968
Total expenses	-	201,288	700,849	(1,910)	900,227
Operating income (loss)	-	54,119	(21,588)	(1,579)	30,952
Interest expense	-	(11,811)	(255)	-	(12,066)
Other income, net	22,125	(3,958)	7,197	(22,125)	3,239
Income (loss) from continuing operations before tax (benefit)	22,125	38,350	(14,646)	(23,704)	22,125
Income taxes (benefit)	181	28,043	(27,849)	(194)	181
Net income from continuing operations	21,944	10,307	13,203	(23,510)	21,944
Net income (loss) from discontinued operations	(82,196)	(87,293)	2,257	85,036	(82,196)
Net income (loss)	$ (60,252)	$ (76,986)	$ 15,460	$ 61,526	$ (60,252)

Nine Months Ended January 31, 2008	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Total revenues	$ -	$ 504,001	$ 1,301,716	$ (17,073)	$ 1,788,644
Cost of services	-	185,058	1,231,236	(8)	1,416,286
Cost of other revenues	-	165,402	34,226	-	199,628
Selling, general and administrative	-	234,503	377,934	(16,718)	595,719
Total expenses	-	584,963	1,643,396	(16,726)	2,211,633
Operating loss	-	(80,962)	(341,680)	(347)	(422,989)
Interest expense	-	-	(1,871)	-	(1,871)
Other income, net	(403,197)	(12)	21,675	403,197	21,663
Loss from continuing operations before tax benefit	(403,197)	(80,974)	(321,876)	402,850	(403,197)
Income tax benefit	(166,553)	(36,012)	(130,398)	166,410	(166,553)
Net loss from continuing operations	(236,644)	(44,962)	(191,478)	236,440	(236,644)
Net loss from discontinued operations	(615,565)	(609,717)	(6,212)	615,929	(615,565)
Net loss	$ (852,209)	$ (654,679)	$ (197,690)	$ 852,369	$ (852,209)

Nine Months Ended January 31, 2007	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Total revenues	$ -	$ 540,530	$ 1,138,702	$ (9,200)	$ 1,670,032
Cost of services	-	147,698	1,192,015	1	1,339,714
Cost of other revenues	-	99,040	14,064	-	113,104
Selling, general and administrative	-	184,345	386,363	(4,697)	566,011
Total expenses	-	431,083	1,592,442	(4,696)	2,018,829
Operating income (loss)	-	109,447	(453,740)	(4,504)	(348,797)
Interest expense	-	(35,429)	(863)	-	(36,292)
Other income, net	(370,468)	5	14,616	370,468	14,621
Income (loss) from continuing operations before tax (benefit)	(370,468)	74,023	(439,987)	365,964	(370,468)
Income tax (benefit)	(153,576)	45,114	(196,823)	151,709	(153,576)
Net income (loss) from continuing operations	(216,892)	28,909	(243,164)	214,255	(216,892)
Net loss from discontinued operations	(131,197)	(124,067)	(12,200)	136,267	(131,197)
Net loss	$ (348,089)	$ (95,158)	$ (255,364)	$ 350,522	$ (348,089)

Condensed Consolidating Balance Sheets					(in 000s)
January 31, 2008	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Cash & cash equivalents	$ -	$ 994,400	$ 415,609	$ -	$ 1,410,009
Cash & cash equivalents – restricted	-	324,934	1,355	-	326,289
Receivables from customers, brokers and dealers, net	-	414,089	-	-	414,089
Receivables, net	348	2,241,112	469,835	-	2,711,295
Mortgage loans held for investment	-	1,040,854	-	-	1,040,854
Intangible assets and goodwill, net	-	176,409	988,475	-	1,164,884
Investments in subsidiaries	3,572,710	-	493	(3,572,710)	493
Assets held for sale	-	2,996,798	14,201	-	3,010,999
Other assets	-	264,171	1,232,125	3	1,496,299
Total assets	$ 3,573,058	$ 8,452,767	$ 3,122,093	$ (3,572,707)	$ 11,575,211
Short-term borrowings	$ -	$ 1,711,485	$ -	$ -	$ 1,711,485
Customer deposits	-	1,958,490	-	-	1,958,490
Accts. payable to customers, brokers and dealers	-	593,732	-	-	593,732
Long-term debt	-	2,901,795	15,616	-	2,917,411
Liabilities held for sale	-	2,512,904	407	-	2,513,311
Other liabilities	2	251,256	1,165,592	-	1,416,850
Net intercompany advances	3,109,124	(1,930,498)	(1,178,976)	350	-
Stockholders' equity	463,932	453,603	3,119,454	(3,573,057)	463,932
Total liabilities and stockholders' equity	$ 3,573,058	$ 8,452,767	$ 3,122,093	$ (3,572,707)	$ 11,575,211

April 30, 2007	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Cash & cash equivalents	$ -	$ 165,118	$ 756,720	$ -	$ 921,838
Cash & cash equivalents – restricted	-	329,000	3,646	-	332,646
Receivables from customers, brokers and dealers, net	-	410,522	-	-	410,522
Receivables, net	233	154,060	401,962	-	556,255
Mortgage loans held for investment	-	1,358,222	-	-	1,358,222
Intangible assets and goodwill, net	-	197,914	977,418	-	1,175,332
Investments in subsidiaries	4,586,474	-	414	(4,586,474)	414
Assets held for sale	-	1,720,984	25,975	-	1,746,959
Other assets	-	129,879	911,976	7	1,041,862
Total assets	$ 4,586,707	$ 4,465,699	$ 3,078,111	$ (4,586,467)	$ 7,544,050
Short-term borrowings	$ -	$ 1,567,082	$ -	$ -	$ 1,567,082
Customer deposits	-	1,129,263	-	-	1,129,263
Accts. payable to customers, brokers and dealers	-	633,189	-	-	633,189
Long-term debt	-	502,236	17,571	-	519,807
Liabilities held for sale	-	610,391	4,982	-	615,373
Other liabilities	2	254,906	1,409,929	-	1,664,837
Net intercompany advances	3,172,206	(1,341,912)	(1,830,294)	-	-
Stockholders' equity	1,414,499	1,110,544	3,475,923	(4,586,467)	1,414,499
Total liabilities and stockholders' equity	$ 4,586,707	$ 4,465,699	$ 3,078,111	$ (4,586,467)	$ 7,544,050

Condensed Consolidating Statements of Cash Flows					(in 000s)
Nine Months Ended January 31, 2008	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Net cash provided by (used in) operating activities:	$ 35,374	$ (2,814,643)	$ (588,696)	$ -	$ (3,367,965)
Cash flows from investing:					
Mortgage loans originated for investment, net	-	106,721	-	-	106,721
Purchase property & equipment	-	(479)	(80,233)	-	(80,712)
Payments for business acquisitions	-	-	(23,835)	-	(23,835)
Net intercompany advances	89,728	-	-	(89,728)	-
Investing cash flows from discontinued operations	-	(2,836)	3,749	-	913
Other, net	-	7,944	336	-	8,280
Net cash provided by (used in) investing activities	89,728	111,350	(99,983)	(89,728)	11,367
Cash flows from financing:					
Repayments of commercial paper	-	(5,125,279)	-	-	(5,125,279)
Proceeds from commercial paper	-	4,133,197	-	-	4,133,197
Repayments of other borrowings	-	(2,161,177)	-	-	(2,161,177)
Proceeds from other borrowings	-	5,097,662	-	-	5,097,662
Proceeds from issuance of LT debt	-	599,376	-	-	599,376
Customer deposits	-	828,872	-	-	828,872
Dividends paid	(137,049)	-	-	-	(137,049)
Proceeds from issuance of common stock	14,527	-	-	-	14,527
Net intercompany advances	-	(469,856)	380,128	89,728	-
Financing cash flows from discontinued operations	-	644,173	-	-	644,173
Other, net	(2,580)	(14,393)	(32,560)	-	(49,533)
Net cash provided by (used in) financing activities	(125,102)	3,532,575	347,568	89,728	3,844,769
Net increase (decrease) in cash	-	829,282	(341,111)	-	488,171
Cash – beginning of period	-	165,118	756,720	-	921,838
Cash – end of period	$ -	$ 994,400	$ 415,609	$ -	$ 1,410,009

Nine Months Ended January 31, 2007	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Net cash provided by (used in) operating activities:	$ 32,882	$ (1,549,046)	$ (1,223,241)	$ -	$ (2,739,405)
Cash flows from investing:					
Mortgage loans originated for investment, net	-	(1,073,012)	-	-	(1,073,012)
Purchase property & equipment	-	(3,407)	(123,918)	-	(127,325)
Payments for business acquisitions	-	-	(21,679)	-	(21,679)
Net intercompany advances	247,754	-	-	(247,754)	-
Investing cash flows from discontinued operations	-	18,322	(5,571)	-	12,751
Other, net	-	(36,009)	26,587	-	(9,422)
Net cash provided by (used in) investing activities	247,754	(1,094,106)	(124,581)	(247,754)	(1,218,687)
Cash flows from financing:					
Repayments of commercial paper	-	(4,893,093)	(8,525)	-	(4,901,618)
Proceeds from commercial paper	-	6,372,135	25,521	-	6,397,656
Repayments of short-term borrowings	-	(889,722)	-	-	(889,722)
Proceeds from short-term borrowings	-	2,320,105	-	-	2,320,105
Customer deposits	-	1,632,875	-	-	1,632,875
Dividends paid	(128,090)	-	-	-	(128,090)
Acquisition of treasury shares	(180,897)	-	-	-	(180,897)
Proceeds from stock options	19,183	-	-	-	19,183
Net intercompany advances	-	(1,413,234)	1,165,480	247,754	-
Financing cash flows from discontinued operations	-	172,301	(100)	-	172,201
Other, net	9,168	(14,425)	(73,987)	-	(79,244)
Net cash provided by (used in) financing activities	(280,636)	3,286,942	1,108,389	247,754	4,362,449
Net increase (decrease) in cash	-	643,790	(239,433)	-	404,357
Cash – beginning of period	-	134,407	539,420	-	673,827
Cash – end of period	$ -	$ 778,197	$ 299,987	$ -	$ 1,078,184

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

RESULTS OF OPERATIONS

H&R Block is a diversified company delivering tax services and financial advice, investment, and banking services, and business and consulting services. Our Tax Services segment provides income tax return preparation services, electronic filing services and other services and products related to income tax return preparation to the general public primarily in the United States, Canada and Australia. RSM McGladrey, Inc. (RSM) is a national accounting, tax and business consulting firm primarily serving midsized businesses. Our Consumer Financial Services segment offers investment services through H&R Block Financial Advisors, Inc. (HRBFA) and full-service banking through H&R Block Bank (HRB Bank).

Corporate Cost Reduction Program. During the third quarter we announced the implementation of a program to reduce corporate staff and overhead expenses by approximately $110 million per year. As a result of this initiative, we eliminated approximately 325 filled and 180 open positions, representing approximately 23% of corporate support staffing, and recorded a pretax charge for severance-related benefits of $17.1 million during the quarter ended January 31, 2008. Of the total severance charge, $11.3 million was recorded in our corporate operations, while $3.1 million and $2.7 million was recorded in our Tax Services and Consumer Financial Services segments, respectively. We expect these actions will result in reduced compensation expense of approximately $50 million per year. In addition, we are seeking to eliminate approximately $60 million of non-compensation overhead expenses such as consulting, marketing, travel and entertainment.

Discontinued Operations – Recent Developments. On April 19, 2007, we entered into an agreement to sell Option One Mortgage Corporation (OOMC) to Cerberus Capital Management (Cerberus). In conjunction with this plan, we also announced we would terminate the operations of H&R Block Mortgage Corporation (HRBMC), a wholly-owned subsidiary of OOMC.

On December 4, 2007, we agreed to terminate the agreement with Cerberus. We also announced that we would immediately terminate all remaining origination activities and pursue the sale of OOMC's loan servicing activities. During January 2008, OOMC funded the last loan in its pipeline.

We have estimated the fair values of our servicing and other assets held for sale, and have recorded a valuation allowance of $304.9 million at January 31, 2008, which resulted in impairments of $116.3 million for the nine months ended January 31, 2008.

During fiscal year 2007, we also committed to a plan to sell two smaller lines of business and completed the wind-down of one other line of business, all of which were previously reported in our Business Services segment. One of these businesses was sold during the nine months ended January 31, 2008. Additionally, during fiscal year 2007, we completed the wind-down of our tax operations in the United Kingdom, which were previously reported in Tax Services.

As of January 31, 2008, these businesses are presented as discontinued operations and the assets and liabilities of the businesses being sold are presented as held-for-sale in the condensed consolidated financial statements. All periods presented have been reclassified to reflect our discontinued operations.

See discussion of operating results under "Discontinued Operations."

TAX SERVICES

This segment primarily consists of our income tax preparation businesses – retail, online and software. Additionally, this segment includes commercial tax businesses, which provide tax preparation software and educational materials to CPAs and other tax preparers.

Tax Services – Operating Statistics (U.S. only)		
Period November 1 through January 31,	2008	2007
Clients served (in 000s):		
Company-owned operations	2,430	2,512
Franchise operations	1,427	1,485
Early season loans(1)	245	344
Total retail operations	4,102	4,341
Digital tax solutions	1,136	1,274
	5,238	5,615
Net average fee per retail client:(2)		
Company-owned operations	$ 181.19	$ 169.47
Franchise operations	157.91	147.42
	$ 172.58	$ 161.27
Offices:		
Company-owned	6,835	6,669
Company-owned shared locations(3)	1,478	1,488
Total company-owned offices	8,313	8,157
Franchise	3,812	3,784
Franchise shared locations(3)	913	843
Total franchise offices	4,725	4,627
	13,038	12,784

(1) Clients who received an Emerald Advance in 2008 or an Instant Money Advance Loan (IMAL) in 2007 but had not yet returned for tax preparation and/or e-filing services.
(2) Calculated as net tax preparation fees divided by retail clients served, excluding early season loan clients.
(3) Shared locations include offices located within Wal-Mart, Sears and other third-party businesses.

Tax Services – Operating Results				(in 000s)
	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2007	2008	2007
Service revenues:				
Tax preparation fees	$ 455,036	$ 437,296	$ 529,423	$ 506,868
Other services	65,766	55,913	134,693	122,124
	520,802	493,209	664,116	628,992
Royalties	61,350	59,631	69,111	67,012
Loan participation and related fees	40,584	55,409	41,737	55,709
Other	39,051	19,597	47,490	23,775
Total revenues	661,787	627,846	822,454	775,488
Cost of services:				
Compensation and benefits	236,048	224,181	343,661	328,628
Occupancy	90,818	88,726	245,886	226,408
Depreciation	9,399	10,774	26,009	29,731
Other	74,943	71,090	176,410	161,401
	411,208	394,771	791,966	746,168
Cost of other revenues, selling, general and administrative	204,700	173,102	356,047	289,294
Total expenses	615,908	567,873	1,148,013	1,035,462
Pretax income (loss)	$ 45,879	$ 59,973	$ (325,559)	$ (259,974)

Three months ended January 31, 2008 compared to January 31, 2007

Tax Services' revenues increased $33.9 million, or 5.4%, for the three months ended January 31, 2008 compared to the prior year.

Tax preparation fees increased $17.7 million, or 4.1%, primarily due to an increase of 6.9% in the net average fee per U.S. retail client served, partially offset by a 3.3% decline in tax returns prepared and/or e-filed in U.S. company-owned offices. The decline in clients served is due to a delay in the start of the tax season, which we believe is primarily a result of the late changes to the Alternative Minimum Tax (AMT) program. See additional discussion of AMT changes in "Regulatory Environment." Results for our third quarter represent only a small portion of the tax season and are not indicative of the results we expect for the entire fiscal year. Clients served in company-owned offices through February 29, 2008 were up 2.8%, as the changes in the AMT program shifted clients normally served in our third quarter into the fourth quarter. We continue to expect retail client growth of zero to two percent for the full fiscal year.

Other service revenues increased $9.9 million, or 17.6%, primarily due to customer fees earned in connection with an agreement with HRB Bank for the H&R Block Emerald Prepaid MasterCard®, under which, this segment shares in the revenues and expenses associated with this program. We also realized a smaller increase in license fees earned from bank products during the quarter.

Loan participation and related fees decreased $14.8 million, or 26.8%, primarily due to participation fees earned on IMALs in the prior year.

Other revenues increased $19.5 million primarily due to fees earned in connection with the Emerald Advance loan program, also under a revenue and expense sharing agreement with HRB Bank.

Total expenses increased $48.0 million, or 8.5%, for the three months ended January 31, 2008. Cost of services increased $16.4 million, or 4.2%, from the prior year, due to higher compensation and benefits. Compensation and benefits expenses increased $11.9 million, or 5.3%, primarily as a result of a 3.2% increase in commission-based wages.

Cost of other revenues, selling, general and administrative expenses increased $31.6 million, or 18.3%. This increase was primarily due to incremental bad debt expense related to our refund anticipation loan (RAL) and new Emerald Advance programs. Approximately $14.2 million of the increase was a one-time charge due to the elimination of cross-collect practices. As a result, banks no longer collect amounts due from clients on our behalf. The remaining increase is primarily due to an incremental $15.8 million in bad debt expense related to our new Emerald Advance loan program, which replaced last year's IMAL. This expected increase is primarily due to the participation rate on IMALs, which was 26%, while Emerald Advances are funded by HRB Bank. Corporate wages also increased $6.9 million over the prior year due primarily to commercial tax acquisitions. These increases were partially offset by declines in servicing and collection expenses and marketing expenses.

Pretax income for the three months ended January 31, 2008 was $45.9 million, compared to $60.0 million in the prior year.

Nine months ended January 31, 2008 compared to January 31, 2007

Tax Services' revenues increased $47.0 million, or 6.1%, for the nine months ended January 31, 2008 compared to the prior year.

Tax preparation fees increased $22.6 million, or 4.4%, primarily due to an increase of 6.9% in the net average fee per U.S. retail client served, partially offset by a 3.3% decline in tax returns prepared and/or e-filed in company-owned offices in the current tax season. Our Australian operations contributed $8.1 million to this increase, due to an increase in clients served and favorable changes in foreign currency exchange rates.

Other service revenues increased $12.6 million, or 10.3%, primarily due to customer fees earned in connection with an agreement with HRB Bank for the H&R Block Emerald Prepaid MasterCard®, under which this segment shares in the revenues and expenses associated with this program. This increase was partially offset by a decline in revenues from our Peace of Mind (POM) guarantee, resulting from lower claims in the current year.

Loan participation and related fees decreased $14.0 million, or 25.1%, primarily due to participation fees earned on IMALs in the prior year.

Other revenues increased $23.7 million primarily due to fees earned in connection with the Emerald Advance loan program, also under a revenue and expense sharing agreement with HRB Bank.

Total expenses increased $112.6 million, or 10.9%, for the nine months ended January 31, 2008. Cost of services increased $45.8 million, or 6.1%, from the prior year. Occupancy expenses increased $19.5 million, or

8.6%, primarily as a result of higher rent and utilities expenses due to a 2.7% increase in company-owned offices under lease and a 3.4% increase in the average rent.

Compensation and benefits expenses increased $15.0 million, or 4.6%, primarily as a result of a 3.7% increase in commission-based wages. Other cost of services increased $15.0 million, or 9.3%, due to $7.7 million in additional corporate shared services, primarily related to information technology projects, and additional costs associated with the H&R Block Emerald Prepaid MasterCard®.

Cost of other revenues, selling, general and administrative expenses increased $66.8 million, or 23.1%. This increase was primarily due to $48.4 million of incremental bad debt expense related to our RAL program, which resulted from the change in cross-collect practices mentioned above and a larger number of refund claims denied by the IRS for the 2007 tax season. The IRS made changes to its taxpayer fraud detection system and penalty collection practices, both of which contributed to the increased expense. In addition, we recorded an incremental $15.8 million in incremental bad debt expense related to our new Emerald Advance loan program, which replaced last year's IMAL. Corporate wages also increased $17.1 million over the prior year due primarily to commercial tax acquisitions. Amortization of intangible assets increased $4.0 million over the prior year, while servicing and collection expenses declined due to changes in the early season loan product and changes in RAL collection expectations.

The pretax loss for the nine months ended January 31, 2008 was $325.6 million, compared to a loss of $260.0 million in the prior year.

BUSINESS SERVICES

This segment offers accounting, tax and consulting services to middle-market companies.

Business Services – Operating Statistics

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2007	2008	2007
Accounting, tax and consulting:				
Chargeable hours	984,851	1,024,572	3,297,153	3,245,598
Chargeable hours per person	319	305	918	894
Net billed rate per hour	$ 144	$ 147	$ 145	$ 146
Average margin per person	$ 27,659	$ 23,216	$ 76,708	$ 67,997

Business Services – Operating Results (in 000s)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2007	2008	2007
Service revenues:				
Accounting, tax and consulting	$ 160,884	$ 165,652	$ 527,284	$ 523,801
Other services	18,690	13,912	58,959	58,639
	179,574	179,564	586,243	582,440
Other	12,310	12,599	37,512	33,894
Total revenues	191,884	192,163	623,755	616,334
Cost of services:				
Compensation and benefits	98,698	100,309	345,021	349,056
Occupancy	19,138	16,001	54,814	50,623
Other	17,640	21,318	60,871	62,708
	135,476	137,628	460,706	462,387
Amortization of intangible assets	3,372	3,692	10,572	11,969
Cost of other revenues, selling, general and administrative	46,422	49,636	135,988	146,714
Total expenses	185,270	190,956	607,266	621,070
Pretax income (loss)	$ 6,614	$ 1,207	$ 16,489	$ (4,736)

Three months ended January 31, 2008 compared to January 31, 2007

Business Services' revenues for the three months ended January 31, 2008 were essentially flat compared to the prior year, as improvements in our tax and consulting businesses were offset by a decrease in leased employee revenues, as discussed below.

Accounting, tax and consulting service revenues declined $4.8 million, or 2.9%, from the prior year primarily due to a change in organizational structure between the businesses we acquired from American Express Tax and Business Services, Inc. (AmexTBS) and the attest firms that, while not affiliates of our company, also serve our clients. Employees we previously leased to the attest firms have now been transferred to the separate attest practices. As a result, we no longer record the revenues and expenses associated with leasing these employees, which resulted in a reduction of $12.4 million to current quarter revenues. This decline was partially offset by increases of 7.1% and 8.7% in our tax and consulting service revenues, respectively.

Other service revenues increased $4.8 million, or 3.4%, due primarily to a higher number of capital market transactions during the current quarter.

Total expenses were down $5.7 million, or 3.0%, for the three months ended January 31, 2008 compared to the prior year. Cost of services decreased $2.2 million, due primarily to the elimination of employee leasing arrangements with AmexTBS as discussed above, and lower bad debt expense for the current quarter. These decreases were offset by increases in the number of employees and the average wage per employee.

Cost of other revenues, selling, general and administrative expenses decreased $3.2 million, or 6.5%, primarily due to a decrease of $3.1 million in external consulting fees.

Pretax income for the three months ended January 31, 2008 was $6.6 million compared to income of $1.2 million in the prior year.

Nine months ended January 31, 2008 compared to January 31, 2007

Business Services' revenues for the nine months ended January 31, 2008 increased $7.4 million, or 1.2%, over the prior year, as increases in our tax and consulting businesses were partially offset by a decrease in leased employee revenue.

Accounting, tax and consulting service revenues increased $3.5 million, or 6.6%, over the prior year primarily due to increases of 9.7% and 11.0% in our tax and consulting service revenues, respectively. These increases were partially offset by the change in organizational structure with AmexTBS discussed above, which resulted in a reduction of $31.1 million to current year revenues.

Other revenues increased $3.6 million, or 10.7%, due to increased sales of computer hardware and software products and additional fees received from our accounting network.

Total expenses decreased $13.8 million, or 2.2%, for the nine months ended January 31, 2008 compared to the prior year. Cost of services was down slightly from the prior year, as a decrease in compensation and benefits was offset by increases in occupancy expenses. The decrease in compensation and benefits was primarily due to the change in organizational structure with AmexTBS as discussed above.

Cost of other revenues, selling, general and administrative expenses decreased $10.7 million, or 7.3%, primarily due to decreases of $9.6 million and $4.0 million in external consulting and legal fees, respectively. Additional consulting fees were incurred in the prior year related to our marketing initiatives, and additional legal expenses were incurred in the prior year related to international acquisitions that were ultimately not completed. These decreases were partially offset by increased costs associated with our business development initiatives.

Pretax income for the nine months ended January 31, 2008 was $16.5 million compared to a pretax loss of $4.7 million in the prior year.

CONSUMER FINANCIAL SERVICES

This segment is primarily engaged in offering brokerage services, along with investment planning and related financial advice through HRBFA and full-service banking through HRB Bank. HRBFA offers traditional brokerage services, as well as annuities, insurance, fee-based accounts, online account access, equity research and focus lists, model portfolios, asset allocation strategies, and other investment tools and information. HRB Bank offers traditional banking services including checking and savings accounts, home equity lines of credit, individual retirement accounts, certificates of deposit and prepaid debit card accounts. HRBFA utilizes HRB Bank for certain FDIC-insured deposits for its clients. HRB Bank has also historically purchased loans from OOMC and HRBMC, in addition to prime loan purchases from third-party sellers. During the first quarter of fiscal year 2008, HRB Bank stopped purchasing loans from OOMC and HRBMC.

Consumer Financial Services – Operating Statistics

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2007	2008	2007
Broker-dealer:				
Traditional brokerage accounts(1)	378,399	394,767	378,399	394,767
New traditional brokerage accounts funded by tax clients	2,486	2,270	8,694	7,425
Cross-service revenue as a percent of total production revenue(2)	16.6%	14.8%	17.7%	16.1%
Average assets per traditional brokerage account	$ 84,133	$ 81,774	$ 84,133	$ 81,774
Average margin balances (millions)	$ 398	$ 390	$ 373	$ 414
Average customer payable balances (millions)	$ 522	$ 630	$ 537	$ 626
Number of advisors	971	911	971	911
Banking:				
Efficiency ratio(3)	63%	36%	54%	37%
Annualized net interest margin(4)	7.28%	2.62%	4.01%	2.88%
Annualized pretax return on average assets(5)	3.47%	2.63%	1.23%	1.96%
Total assets (thousands)	$ 2,395,156	$ 1,814,259	$ 2,395,156	$ 1,814,259
Mortgage loans held for investment:				
Average FICO score	717	715	717	715
Average loan-to-value	76.8%	79.2%	76.8%	79.2%
Average debt-to-income ratio	34.3%	39.3%	34.3%	39.3%
Delinquency rate	7.13%	2.66%	7.13%	2.66%
Loans purchased from affiliates (thousands):				
Purchased from affiliates	$ -	$ 311,883	$ 56,341	$ 1,035,007
Repurchased by affiliates	(1,990)	(11,235)	(193,648)	(11,235)
	$ (1,990)	$ 300,648	$ (137,307)	$ 1,023,772

(1) Includes only accounts with a positive balance.
(2) Defined as revenue generated from referred customers divided by total production revenue.
(3) Defined as non-interest expense divided by revenue net of interest expense. See “Reconciliation of Non-GAAP Financial Information” at the end of Part I, Item 2.
(4) Defined as annualized net interest revenue divided by average bank earning assets. See “Reconciliation of Non-GAAP Financial Information” at the end of Part I, Item 2.
(5) Defined as annualized pretax banking income divided by average bank assets. See “Reconciliation of Non-GAAP Financial Information” at the end of Part I, Item 2.

Consumer Financial Services – Operating Results	Three Months Ended January 31,		Nine Months Ended January 31,		(in 000s)
	2008	2007	2008	2007	
Service revenues:					
Financial advisor production revenue	$ 53,592	$ 52,843	$ 165,274	$ 145,306	
Other	22,795	22,710	54,249	40,290	
	76,387	75,553	219,523	185,596	
Net interest income:					
Margin lending	10,485	13,278	34,034	40,173	
Banking activities	16,266	6,188	31,416	14,309	
	26,751	19,466	65,450	54,482	
Provision for loan loss reserves	(419)	(1,684)	(12,345)	(3,386)	
Other	101	309	429	898	
Total revenues(1)	102,820	93,644	273,057	237,590	
Cost of services:					
Compensation and benefits	39,560	35,145	119,525	99,467	
Occupancy	6,321	5,112	16,390	15,020	
Other	12,926	4,494	22,826	14,852	
	58,807	44,751	158,741	129,339	
Amortization of intangible assets	3,053	9,157	21,365	27,469	
Selling, general and administrative	27,972	28,777	82,838	75,210	
Total expenses	89,832	82,685	262,944	232,018	
Pretax income	$ 12,988	$ 10,959	$ 10,113	$ 5,572	
Supplemental information Revenues:(1)					
Broker-dealer	$ 76,748	$ 82,617	$ 238,431	$ 219,801	
Bank	26,072	11,027	34,626	17,789	
	$ 102,820	$ 93,644	$ 273,057	$ 237,590	
Pretax income (loss):					
Broker-dealer	$ 670	$ 4,506	$ (2,638)	$ (4,470)	
Bank	12,318	6,453	12,751	10,042	
	$ 12,988	$ 10,959	$ 10,113	$ 5,572	

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

Three months ended January 31, 2008 compared to January 31, 2007

Consumer Financial Services' revenues, net of interest expense and provision for loan loss reserves, for the three months ended January 31, 2008 increased $9.2 million, or 9.8%, over the prior year. The increase was due to higher revenues at HRB Bank of $15.0 million, offset by a $5.9 million decrease at HRBFA.

Financial advisor production revenue, which consists primarily of fees earned on assets under administration and commissions on client trades, was essentially flat compared to the prior year as higher annuitized revenues were offset by lower closed-end fund revenues. The following table summarizes the key drivers of production revenue:

Three Months Ended January 31,	2008	2007
Client trades	253,554	234,417
Average revenue per trade	$ 110.47	$ 139.25
Ending balance of assets under administration (billions)	$ 31.8	$ 32.3
Annualized productivity per advisor	$ 228,000	$ 237,000

Net interest income on margin lending activities declined $2.8 million, or 21.0%, due to declining interest rates. In January 2008, the Federal Funds rate was reduced by a total of 125 basis points. As this rate is reduced, we reduce the rates on margin and other asset balances, and therefore, net interest income is reduced. The impact of the January rate reductions had a small impact on our third quarter results but will have a larger negative impact on net interest income in our fourth quarter.

Net interest income on banking activities increased $10.1 million from the prior year primarily due to interest income received on our new Emerald Advance loan products and an increase in mortgage loans held for investment, partially offset by an increase in deposits. The following table summarizes the key drivers of net interest revenue on banking activities:

(dollars in 000s)

	Average Balance		Average Rate Earned (Paid)	
Three Months Ended January 31,	2008	2007	2008	2007
Mortgage loans held for investment	$ 1,089,566	$ 817,578	6.31%	6.91%
Emerald Advance lines of credit	171,925	-	36.00%	-%
Other investments	154,498	136,999	4.20%	5.31%
Deposits	1,117,946	787,160	(4.07)%	(4.77%)

Although the target rate on Federal Funds decreased during the third quarter, the impact to the HRB Bank's net interest margin was minimal. On an annualized basis the rate decrease should have a positive impact to HRB Bank's net interest margin.

Total expenses rose $7.1 million, or 8.6%, from the prior year. Compensation and benefits increased $4.4 million, or 12.6%, primarily due to higher commission and bonus payouts related to an increased number of recently recruited advisors. Other cost of services increased $8.4 million primarily due to higher expenses associated with the H&R Block Prepaid Emerald MasterCard® program.

Amortization of intangible assets decreased $6.1 million, or 66.7%, as the related intangible assets were fully amortized in November 2007.

Pretax income for the three months ended January 31, 2008 was $13.0 million compared to prior year income of $11.0 million, as the decline at HRBFA was offset by improvements at HRB Bank.

Nine months ended January 31, 2008 compared to January 31, 2007

Consumer Financial Services' revenues, net of interest expense and provision for loan loss reserves, for the nine months ended January 31, 2008 increased $35.5 million, or 14.9%, over the prior year. The increase was due to increases at HRBFA of $18.6 million and HRB Bank of $16.8 million.

Financial advisor production revenue was up $20.0 million, or 13.7%, from the prior year primarily due to higher annualized production per advisor driven by an increase in fee-based account revenue and annuity transactions. The following table summarizes the key drivers of production revenue:

Nine Months Ended January 31,	2008	2007
Client trades	736,256	673,754
Average revenue per trade	$ 120.88	$ 124.86
Ending balance of assets under administration (billions)	$ 31.8	$ 32.3
Annualized productivity per advisor	$ 234,000	$ 207,000

Other service revenues increased $14.0 million due an increase in fees received on sweep products and the H&R Block Prepaid Emerald MasterCard® program.

Net interest income on margin lending activities declined $6.1 million, or 15.3%, due to declining balances and interest rates. In January 2008, the Federal Funds rate was reduced by a total of 125 basis points. As this rate is reduced, we reduce the rates on margin and other asset balances, and therefore, net interest income is reduced. The impact of the January rate reductions had a small impact on our third quarter results but will have a larger negative impact on net interest income in our fourth quarter.

Net interest income on banking activities increased $17.1 million from the prior year due to interest income received on our new Emerald Advance loan products and an increase in mortgage loans held for investment,

partially offset by an increase in deposits. The following table summarizes the key drivers of net interest revenue on banking activities:

(dollars in 000s)

Nine Months Ended January 31,	Average Balance 2008	Average Balance 2007	Average Rate Earned (Paid) 2008	Average Rate Earned (Paid) 2007
Mortgage loans held for investment	$ 1,207,583	$ 603,051	6.64%	6.92%
Emerald Advance lines of credit	57,930	-	36.00%	-%
Other investments	101,979	65,596	4.77%	5.24%
Deposits	1,063,370	509,394	(4.72)%	(5.01%)

Although the target rate on Federal Funds decreased during the third quarter, the impact to the HRB Bank's net interest margin was minimal. On an annualized basis the rate decrease should have a positive impact to HRB Bank's net interest margin.

We recorded a provision for loan losses on our mortgage loans held for investment of $12.3 million during the current year, compared to $3.4 million in the prior year. Our loan loss provision increased significantly during the current year as a result of declining collateral values due to declining residential home prices, and increasing delinquencies occurring in our portfolio. The residential mortgage industry has experienced similar trends. If adverse trends continue, we may be required to record additional loan loss provisions, and those losses may be significant.

Our loan loss reserve as a percent of mortgage loans was 1.49%, or $15.9 million, at January 31, 2008, compared to 0.27%, or $2.9 million, at January 31, 2007. Mortgage loans held for investment at January 31, 2008 totaled $1.0 billion, $778.0 million of which were purchased from OOMC and HRBMC. The delinquency rate of mortgage loans greater than thirty days past due was 7.13% compared to 2.66% at January 31, 2007.

Total expenses rose $30.9 million, or 13.3%, from the prior year. Compensation and benefits increased $20.1 million, or 20.2%, primarily due to higher commission and bonus payouts resulting from improved production revenue and a higher number of recently recruited advisors. Other cost of services increased primarily due to higher expenses from the H&R Block Prepaid Emerald MasterCard® program.

Amortization of intangible assets decreased $6.1 million, or 22.2%, as the related intangible assets were fully amortized in November 2007.

Selling, general and administrative expenses increased $7.6 million, or 10.1%, primarily due to gains on the disposition of certain assets recorded in the prior year.

Pretax income for the nine months ended January 31, 2008 was $10.1 million compared to prior year income of $5.6 million, as HRBFA and HRB Bank posted improvements of $1.8 million and $2.7 million, respectively.

CORPORATE OPERATIONS, INTEREST AND INCOME TAXES

Three months ended January 31, 2008 compared to January 31, 2007

The pretax loss recorded in our corporate operations for the three months ended January 31, 2008 was $61.4 million compared to $50.0 million in the prior year. The increased loss is primarily due to $11.3 million of severance costs related to our corporate cost reduction activities and $9.1 million in severance costs related to our former chief executive and financial officers. These incremental costs were partially offset by a $7.6 million decline in interest expense, which resulted from increased allocation of interest expense to our discontinued operations. See discussion in note 12 to the condensed consolidated financial statements.

We reported pretax income from continuing operations during the quarter of $4.1 million and, assuming a 35% federal tax rate, our expected tax expense for the quarter would be $1.4 million. We reported a tax benefit of $5.2 million, a difference of $6.6 million from our expected tax. During the current quarter, we recorded discrete tax benefits of $3.5 million, relating to the adjustment of estimated tax provisions in fiscal year 2007, partially offset by reserves for uncertain tax positions. The remaining difference related to an adjustment of estimated taxes provided during the six months ended October 31, 2007. Our estimated annual effective tax rate for continuing operations in fiscal year 2008 is approximately 40%.

Income taxes for continuing operations for the prior year includes one-time benefits of $8.6 million during the three months ended January 31, 2007. The benefit in the prior year related primarily to a permanent deduction for our investment in a foreign subsidiary and net adjustments of our prior year estimated tax provision and tax reserves.

Our effective tax rate for discontinued operations was 41.7% and 50.3% for the three months ended January 31, 2008 and 2007, respectively. Our effective tax rate for discontinued operations for the full fiscal year ended April 30, 2007, was 34.5%.

Nine months ended January 31, 2008 compared to January 31, 2007

The pretax loss recorded in our corporate operations for the nine months ended January 31, 2008 was $104.2 million compared to $111.3 million in the prior year. The lower loss is primarily due to a $23.6 million decline in interest expense, which resulted from increased allocation of interest expense to our discontinued operations. See discussion in note 12 to the condensed consolidated financial statements. We also recorded $5.8 million in additional investment income in the current year. These improvements were partially offset by $11.3 million of severance costs related to our corporate cost reduction activities and $9.1 million in severance costs related to our former chief executive and financial officers.

Our effective tax rate for continuing operations was 41.3% and 41.5% for the nine months ended January 31, 2008 and 2007, respectively. Our effective tax rate for continuing operations in both periods was higher than expected primarily due to net discrete tax benefits discussed above. Our effective tax rate for discontinued operations was 37.4% and 48.4% for the nine months ended January 31, 2008 and 2007, respectively.

DISCONTINUED OPERATIONS

Discontinued operations includes OOMC and HRBMC, mortgage businesses historically engaged in the origination and acquisition of non-prime and prime mortgage loans, the sale and securitization of mortgage loans and residual interests, and the servicing of non-prime loans. During the quarter ended January 31, 2008, we terminated all origination activities. Also included are the results of three smaller lines of business previously reported in our Business Services segment, as well as our tax operations in the United Kingdom previously reported in our Tax Services segment. Income statement data presented below is net of eliminations of intercompany activities.

Discontinued Operations – Operating Statistics (in 000s)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2007	2008	2007
Volume of loans originated:				
Wholesale (non-prime)	$ 14,214	$ 5,666,513	$ 3,568,822	$ 19,023,438
Retail:				
Prime	28,780	268,866	382,737	826,917
Non-prime	-	325,020	97,471	1,380,627
	$ 42,994	$ 6,260,399	$ 4,049,030	$ 21,230,982
Loan delivery:				
Loan sales:				
Third-party buyers, net of repurchases	$ 122,063	$ 6,030,094	$ 4,166,051	$ 20,470,751
HRB Bank, net of repurchases	(1,990)	300,648	(137,307)	1,023,772
	$ 120,073	$ 6,330,742	$ 4,028,744	$ 21,494,523

Discontinued Operations – Operating Results				(in 000s)
	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2007	2008	2007
Components of gains on sales:				
Gain (loss) on mortgage loans	$ (3,230)	$ 46,533	$ (118,934)	$ 333,317
Gain (loss) on derivatives	295	35,179	1,240	20,372
Loan sale repurchase reserves	(49,474)	(111,122)	(379,440)	(251,083)
Gain on sale of residual interests	-	7,296	-	7,296
Impairment of residual interests	(14,652)	(43,557)	(125,948)	(73,059)
	(67,061)	(65,671)	(623,082)	36,843
Interest income	8,015	12,184	34,642	42,108
Loan servicing revenue	85,677	109,833	276,092	332,336
Other	4,925	23,737	16,441	33,963
Total revenues	31,556	80,083	(295,907)	445,250
Cost of services	64,213	101,383	202,859	281,249
Cost of other revenues	56,673	79,700	173,975	223,908
Change in valuation allowance	(29,926)	—	116,303	—
Selling, general and administrative	37,739	64,254	194,665	194,205
Total expenses	128,699	245,337	687,802	699,362
Pretax loss	(97,143)	(165,254)	(983,709)	(254,112)
Income tax benefit	(40,501)	(83,058)	(368,144)	(122,915)
Net loss	$ (56,642)	$ (82,196)	$ (615,565)	$ (131,197)

The non-prime residential mortgage loan market has been adversely affected by a weakening housing market and increasing rates of delinquencies and defaults. We have been significantly and negatively impacted by the events and conditions impacting the broader non-prime residential mortgage loan market, resulting in significant impairments and operating losses during fiscal 2007 and 2008.

Three months ended January 31, 2008 compared to January 31, 2007

On December 4, 2007, we announced we would terminate all origination activities, although we would fulfill loan commitments in our pipeline. In January 2008, OOMC funded its last loan.

The pretax loss of $97.1 million for the three months ended January 31, 2008 includes $49.5 million for loss provisions and repurchase reserves, impairments of residual interests of $14.7 million and expenses related to the closing of origination and corporate activities. Restructuring costs recorded during the quarter totaled $27.9 million. All other non-cost of service expenses are declining as the business winds down. We have estimated the fair values of the servicing business and other assets, which resulted in a reduction in asset impairment for the third quarter ending January 31, 2008 of $29.9 million.

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

(dollars in 000s)

Three Months Ended January 31,	2008	2007
Average servicing portfolio:		
With related MSRs	$ 56,046,269	$ 63,809,435
Without related MSRs	2,089,728	6,412,788
	$ 58,135,997	$ 70,222,223
Ending servicing portfolio:		
With related MSRs	$ 54,039,841	$ 63,942,819
Without related MSRs	1,453,186	3,589,355
	$ 55,493,027	$ 67,532,174
Number of loans serviced	309,521	395,390
Average delinquency rate	24.38%	11.22%
Weighted average FICO score	621	621
Weighted average interest rate (WAC) of portfolio	8.57%	8.14%
Carrying value of MSRs	$ 165,490	$ 263,140

Loan servicing revenues decreased $24.2 million, or 22.0%, compared to the prior year. The decrease reflects a decline in our average servicing portfolio, which decreased 17.2%, to $58.1 billion. The decline in our average servicing portfolio is the result of a decline in the subservicing portfolio and the absence of new originations. As a result of our decision to terminate remaining loan origination activities, loan servicing revenues are expected to continue to decline.

Cost of services decreased $37.2 million primarily due to lower amortization of MSRs.

The pretax loss of our discontinued operations for the three months ended January 31, 2008 was $97.1 million compared to a loss of $165.3 million in the prior year. The loss from discontinued operations for the current period of $56.6 million is net of tax benefits of $40.5 million, and primarily includes income tax benefits related to OOMC.

Nine months ended January 31, 2008 compared to January 31, 2007

The pretax loss of $983.7 million for the nine months ended January 31, 2008 includes losses of $7.2 million from our Business Services discontinued operations, with the remainder from our mortgage business. As discussed more fully below, mortgage results include $379.4 million in loss provisions and repurchase reserves, impairments of residual interests of $125.9 million and impairments of other assets totaling $116.3 million.

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

(dollars in 000s)

Nine Months Ended January 31,	2008	2007
Application process:		
Total number of applications	35,170	203,198
Originations:		
Total number of loans originated	16,347	102,544
WAC	8.75%	8.64%
Average loan size	$ 248	$ 207
Total volume of loans originated	$ 4,049,030	$ 21,230,982
Direct origination and acquisition expenses, net	$ 23,535	$ 135,442
Revenue (loan value):		
Net gain on sale — gross margin(1)	(12.28)%	0.48%

(1) 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.

We recorded losses on sales of mortgage assets of $623.1 million during the current year, compared to gains of $36.8 million in the prior year. This decrease resulted primarily from significantly lower origination volumes and loan sale premiums, and increases in loan repurchase reserves and impairments of residual interests.

During the current year, concerns about credit quality in the non-prime industry resulted in lower demand for non-prime loans and a higher yield requirement by investors that purchase the loans. As a result, during the current year we originated mortgage loans that, by the time we sold them in the secondary market, were valued at less than par. Our net gain on sale gross margin for the nine months ended January 31, 2008 was a negative 12.28%. Additionally, our loan sale premium declined 467 basis points to a negative 3.51% in the current year, from 1.16% in the prior year.

We recorded total loss provisions relating to the repurchase and disposition of loans previously sold of $379.4 million during the current year compared to $251.1 million in the prior year. The provision recorded in the current year consists of $189.1 million recorded on loans sold during the current year and $190.3 million related to loans sold in the prior year. After we repurchased the loans, we have experienced higher severity of losses on those loans. Based on historical experience, we assumed an average 50% loss severity at January 31, 2008, compared to 26% at April 30, 2007, on loans repurchased and expected to be repurchased due to early payment defaults and violations of representations and warranties. See additional discussion of our reserves and repurchase obligations in “Critical Accounting Policies” and in note 12 to our condensed consolidated financial statements.

During the current year, the disruption in the secondary market also impacted our residual interests. We recorded impairments of residual interests of $125.9 million due to higher expected credit losses resulting from the decline in performance of the underlying collateral and an increase in our discount rate assumption from 25% to 30%. As of January 31, 2008, substantially all residual interests from originations prior to January 2007 were written down to zero value. Residual interests at January 31, 2008 have a current carrying value of $25.9 million.

During the current year, we recorded a net $1.2 million in gains, compared to $20.4 million in the prior year, related to our various derivative instruments. We ceased all derivative activities during the second quarter. See note 12 to the condensed consolidated financial statements.

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

(dollars in 000s)

Nine Months Ended January 31,	2008	2007
Average servicing portfolio:		
With related MSRs	$ 59,461,814	$ 63,794,781
Without related MSRs	2,601,676	8,728,890
	$ 62,063,490	$ 72,523,671
Ending servicing portfolio:		
With related MSRs	$ 54,039,841	$ 63,942,819
Without related MSRs	1,453,186	3,589,355
	$ 55,493,027	$ 67,532,174
Number of loans serviced	309,521	395,390
Average delinquency rate	19.61%	9.03%
Weighted average FICO score	622	621
Weighted average interest rate (WAC) of portfolio	8.46%	8.04%
Carrying value of MSRs	$ 165,490	$ 263,140

Loan servicing revenues decreased $56.2 million, or 16.9%, compared to the prior year. The decrease reflects a decline in our average servicing portfolio, which decreased 14.4%, to $62.1 billion. The decline in our average servicing portfolio is the result of a decline in the subservicing portfolio and significantly lower origination volumes, as discussed above. As a result of our decision to terminate remaining loan origination activities, loan servicing revenues are expected to continue to decline.

Total expenses for the nine months ended January 31, 2008 decreased $11.6 million, or 1.7%, from the prior year. Cost of services decreased $78.4 million primarily due to lower amortization of MSRs.

Cost of other revenues decreased $49.9 million, primarily due to our ongoing restructuring plans. As a result, compensation and benefits declined due to lower staffing levels, although this reduction was partially offset by increased occupancy expenses as a result of early termination costs on leases.

We also recorded $116.3 million in asset impairments related to the pending sale and closure of our mortgage operations and other discontinued operations. See discussion of the termination of our agreement to sell

OOMC in note 1 to the condensed consolidated financial statements and Part II, Item 1A, under “Potential Sale Transaction.”

Selling, general and administrative expenses were flat compared to the prior year, as restructuring charges recorded in the current year were offset by lower operating expenses resulting from prior year restructuring activities.

The pretax loss for the nine months ended January 31, 2008 was $983.7 million compared to a loss of $254.1 million in the prior year.

The loss from discontinued operations for the current period of $615.6 million is net of tax benefits of $368.1 million, and primarily includes income tax benefits related to OOMC. Losses from discontinued operations for all of fiscal year 2007 totaled $808.0 million, net of tax benefits of $425.0 million, including tax benefits related to OOMC of $374.6 million. Although the tax position associated with deferred tax benefits of discontinued businesses will more likely than not be sustained, there is a level of uncertainty associated with the amount of benefit. We believe the net deferred tax asset at January 31, 2008 is, more likely than not, realizable.

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 primarily include cash from operations, issuances of common stock and debt. We use capital primarily to fund working capital requirements, pay dividends and acquire businesses. Our Tax Services and Business Services segments are highly seasonal and therefore generally require the use of cash to fund operating losses during the period May through December. Our mortgage operations have incurred significant operating losses in recent quarters, also requiring the use of cash and working capital.

Given the likely availability of a number of liquidity options, we believe, that in the absence of any unexpected developments, our existing sources of capital at January 31, 2008 are sufficient to meet our operating needs.

Cash From Operations. Cash used in operating activities for the first nine months of fiscal 2008 totaled $3.4 billion, compared with $2.7 billion for the same period of the prior fiscal year. The change was due primarily to increased losses and working capital requirements of our discontinued mortgage businesses, partially offset by lower net income tax payments, which declined $434.4 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 $17.4 million and $26.0 million for the nine months ended January 31, 2008 and 2007, respectively.

Dividends. Dividends paid totaled $137.0 million and $128.1 million for the nine months ended January 31, 2008 and 2007, respectively.

Share Repurchases. There are 22.4 million shares remaining under share repurchase authorizations at January 31, 2008. We purchase shares on the open market in accordance with existing authorizations, subject to various factors including the price of the stock, our ability to maintain liquidity and financial flexibility, securities laws restrictions, internally and regulatory targeted capital levels and other investment opportunities.

The OTS requires us to maintain a three percent minimum ratio of adjusted tangible capital to adjusted total assets. Due to significant losses in our mortgage operations, we did not meet this minimum capital requirement at April 30, 2007 and at January 31, 2008. We are currently seeking the elimination or modification of the three percent minimum capital requirement as a result of cessation of our mortgage business. To the extent the minimum capital requirement remains applicable or is not modified by the OTS, our ability to repurchase shares of our common stock may be restricted.

Debt. In April 2007, we obtained a $500.0 million credit facility to provide funding for the $500.0 million of 8½% Senior Notes which were due April 16, 2007. This facility was amended on December 20, 2007 to extend the term of the facility. Under the amended facility, $250.0 million will mature on February 29, 2008 and $250.0 million will mature on April 30, 2008. The facility is subject to various covenants that are similar to our

primary unsecured committed lines of credit (CLOCs). At January 31, 2008, the balance under this facility was $28.2 million, having been substantially repaid with the proceeds of Senior Notes as discussed below.

On January 11, 2008, we issued $600.0 million of 7.875% Senior Notes under our shelf registration. The Senior Notes are due January 15, 2013, and are not redeemable by the bondholders prior to maturity. The net proceeds of this transaction were used to repay $471.8 million of the $500.0 million facility discussed above, with the remaining proceeds used for working capital and general corporate purposes. As of January 31, 2008, we had $250.0 million remaining under our shelf registration for additional debt issuances.

We had no commercial paper outstanding at January 31, 2008, compared to $1.5 billion at January 31, 2007. As an alternative to commercial paper issuance, we have been borrowing under our CLOCs to support working capital requirements primarily arising from off-season operating losses in our Tax Services and Business Services segments and operating losses from our mortgage businesses. We had $1.8 billion outstanding under our CLOCs at January 31, 2008. See additional discussion in "Commercial Paper Issuance and Other Borrowings" and note 5 to the condensed consolidated financial statements.

We entered into a committed line of credit agreement with HSBC Finance Corporation (HSBC Finance) effective January 10, 2008 for use as a funding source for the purchase of RAL participations. This line will make available funding totaling $3.0 billion through March 30, 2008 and $120.0 million thereafter through June 30, 2008. This line is subject to various covenants that are similar to our amended CLOCs, and is secured by our RAL participations. At January 31, 2008, there was $1.7 billion outstanding on this facility.

Restricted Cash. We hold certain cash balances that are restricted as to use. Cash and cash equivalents – restricted totaled $326.3 million at January 31, 2008 compared to $332.6 million at April 30, 2007. Consumer Financial Services held $256.0 million of this total segregated in a special reserve account for the exclusive benefit of its broker-dealer clients. Our corporate operations also held $60.0 million in restricted cash related to our $3.0 billion line of credit with HSBC Finance.

Segment Cash Flows. A condensed consolidating statement of cash flows by segment for the nine months ended January 31, 2008 is as follows:

(in 000s)

	Tax Services	Business Services	Consumer Financial Services	Corporate[1]	Discontinued Operations	Consolidated H&R Block
Cash provided by (used in):						
Operations	$ (2,052,613)	$ 97,257	$ (282,686)	$ (413,631)	$ (716,292)	$ (3,367,965)
Investing	(55,624)	(14,818)	111,348	(30,452)	913	11,367
Financing	(25,380)	(5,208)	743,907	2,487,277	644,173	3,844,769
Net intercompany	2,195,616	(94,702)	255,480	(2,427,600)	71,206	-

(1) Income tax payments, net of refunds of $89.9 million received during the nine months ended January 31, 2008, are included in Corporate.

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

Tax Services. Tax Services has historically been our largest provider of annual operating cash flows. The seasonal nature of Tax Services generally results in a large positive operating cash flow in the fourth quarter. Tax Services used $2.1 billion in its current nine-month operations to cover off-season costs and working capital requirements. This segment used $55.6 million in investing activities primarily related to capital expenditures and acquisitions, and used $25.4 million in financing activities related to book overdrafts.

Business Services. Business Services funding requirements are largely related to receivables for completed work and "work in process." We provide funding sufficient to cover their working capital needs. This segment provided $97.3 million in operating cash flows during the first nine months of the year, primarily due to collections on receivables. Business Services used $14.8 million in investing activities primarily related to capital expenditures.

Consumer Financial Services. In the first nine months of fiscal year 2008, Consumer Financial Services used $282.7 million in cash from its operating activities primarily due to the timing of cash deposits that are

restricted for the benefit of its broker-dealer clients. The segment provided $111.3 million in investing activities primarily from principal payments received on mortgage loans held for investment and provided $743.9 million in financing activities due primarily to FDIC-insured deposits held at HRB Bank.

HRB Bank is a member of the Federal Home Loan Bank (FHLB) of Des Moines, which extends credit to member banks based on eligible collateral. At January 31, 2008, HRB Bank had FHLB advance capacity of $523.6 million, and there was $104.0 million outstanding on this facility. Mortgage loans held for investment of $940.0 million were pledged as collateral on these advances.

BFC made an additional capital contribution to HRB Bank of $107.1 million during the three months ended January 31, 2008. This contribution was necessary for HRB Bank to meet its capital requirements due to seasonal fluctuations in its balance sheet. Also during the three months ended January 31, 2008, we submitted an application to the OTS requesting that HRB Bank be allowed to pay dividends to BFC in an amount that will not exceed the capital necessary to continuously maintain HRB Bank's required 12.0% leverage ratio. The OTS approved our application on February 29, 2008.

Discontinued Operations. These operations have historically generated cash as a result of the sale and securitization of mortgage loans and residual interests, and as residual interests begin to cash flow. Our discontinued operations used $716.3 million in cash from operating activities primarily due to losses during the nine months ended January 31, 2008. Operating cash flows of discontinued operations in the table above includes the net loss from discontinued operations of $615.6 million. Cash provided by financing activities of $644.2 million reflects the proceeds from a servicing advance facility, as discussed below, less the repayment of an on-balance sheet warehouse line.

On October 1, 2007, OOMC entered into a facility to fund servicing advances (the "Servicing Advance Facility"), in which the servicing advances are collateral for the facility. The Servicing Advance Facility originally provided funding of up to $400.0 million to fund servicing advances through October 1, 2008. During the three months ended January 31, 2008, the facility was amended, increasing the available funding to $1.2 billion as of January 31, 2008. This facility is subject to various triggers, events or occurrences that could result in earlier termination, and bears interest at one-month LIBOR plus an additional margin rate. The Servicing Advance Facility terminates upon a "change in control" of OOMC, in which (i) a party or parties acting in concert acquire a 20% or more equity interest in OOMC or (ii) the Company does not own more than a 50% equity interest in OOMC. This on-balance sheet facility had a balance of $857.1 million at January 31, 2008, with the related liability reported in liabilities held-for-sale.

Due to market conditions, OOMC had significant borrowings on its line of credit from Block Financial LLC (BFC), its direct corporate parent. BFC provides a line of credit of at least $150 million for working capital needs. There is no commitment to fund any further operations of OOMC.

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

OFF-BALANCE SHEET FINANCING ARRANGEMENTS

In connection with our decision to cease all loan origination activities, we terminated all remaining on- and off-balance sheet warehouse facilities during the three months ended January 31, 2008.

Other than the changes outlined above, there have been no material changes in our off-balance sheet financing arrangements from those reported at April 30, 2007 in our Annual Report on Form 10-K.

COMMERCIAL PAPER ISSUANCE AND OTHER BORROWINGS

The following chart provides the debt ratings for BFC as of January 31, 2008 and April 30, 2007:

	January 31, 2008			April 30, 2007		
	Short-term	Long-term	Outlook	Short-term	Long-term	Outlook
Fitch	F3	BBB	Negative	F1	A	Stable
Moody's	P2	Baa1	Negative	P2	A3	Negative
S&P	A3	BBB-	Negative	A2	BBB+	Negative
DBRS	R-2(high)	BBB(high)	Negative	R-1(low)	A	Stable

Market conditions and credit-rating downgrades have negatively impacted our ability to issue commercial paper. As a result, we had no commercial paper outstanding at January 31, 2008. As an alternative to commercial paper issuance, we have been borrowing under our CLOCs to support working capital requirements arising from

off-season operating losses in our Tax Services and Business Services segments and operating losses from our mortgage businesses.

At January 31, 2008, we maintained $2.0 billion in revolving credit facilities to support issuance of commercial paper and for general corporate purposes. These CLOCs, and borrowings thereunder, have a maturity date of August 2010 and an annual facility fee in a range of six to fifteen basis points per annum, based on our credit ratings. We had a combined $1.8 billion outstanding as of January 31, 2008, and $950.0 million as of March 5, 2008. These borrowings are included in long-term debt on our condensed consolidated balance sheet due to their contractual maturity date. The CLOCs, among other things, require we maintain at least $650.0 million of adjusted net worth, as defined in the agreement, on the last day of any fiscal quarter. On November 19, 2007, the CLOCs were amended to, among other things, require $450.0 million of adjusted net worth, for the fiscal quarters ending October 31, 2007 and January 31, 2008. We had adjusted net worth of $463.9 million at January 31, 2008, primarily due to operating losses of our discontinued operations.

On January 11, 2008, we issued $600.0 million of 7.875% Senior Notes under our shelf registration. The Senior Notes are due January 15, 2013, and are not redeemable by the bondholders prior to maturity. The net proceeds of this transaction were used to repay $471.8 million of the $500.0 million facility discussed above, with the remaining proceeds used for working capital and general corporate purposes. As of January 31, 2008, we had $250.0 million remaining under our shelf registration for additional debt issuances.

We entered into a line of credit agreement with HSBC Finance Corporation effective January 10, 2008 for use as a funding source for the purchase of RAL participations. This line will make available funding totaling $3.0 billion through March 30, 2008 and $120.0 million thereafter through June 30, 2008. This line is subject to various covenants that were similar to our amended CLOCs, and was secured by our RAL participations. At January 31, 2008, there was $1.7 billion outstanding on this facility.

Other than the changes outlined above, there have been no material changes in our commercial paper program and other borrowings from those reported at April 30, 2007 in our Annual Report on Form 10-K.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

We adopted the provisions of FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (FIN 48) on May 1, 2007. Total unrecognized tax benefits as of May 1, 2007 were $133.3 million, of which $89.0 million, on a gross basis, were tax positions that, if recognized, would impact the effective tax rate. We have classified the liability for unrecognized tax benefits as long term in the condensed consolidated balance sheet. We are unable to determine when, and if, unrecognized tax positions will result in obligations requiring future cash payments. See note 6 to the condensed consolidated financial statements for additional information.

Other than the change outlined above, there have been no material changes in our contractual obligations and commercial commitments from those reported at April 30, 2007 in our Annual Report on Form 10-K.

REGULATORY ENVIRONMENT

In March 2006, the OTS approved the federal savings bank charter of HRB Bank. HRB Bank commenced operations on May 1, 2006, at which time H&R Block, Inc. became a savings and loan holding company. As a savings and loan holding company, H&R Block, Inc. is subject to regulation by the OTS. Federal savings banks are subject to extensive regulation and examination by the OTS, their primary federal regulator, as well as the FDIC. In conjunction with H&R Block, Inc.’s application with the OTS for HRB Bank, H&R Block, Inc. made commitments as part of our charter approval order (Master Commitment) which included, but were not limited to: (1) H&R Block, Inc. to maintain a three percent minimum ratio of adjusted tangible capital to adjusted total assets, as defined by the OTS; (2) maintain all HRB Bank capital within HRB Bank in accordance with the submitted three-year business plan; and (3) follow federal regulations surrounding intercompany transactions and approvals. H&R Block, Inc. fell below the three percent minimum ratio at April 30, 2007 and the OTS issued a Supervisory Directive.

The Supervisory Directive included additional conditions that we will be required to meet in addition to the Master Commitment. The significant additional conditions included in the Supervisory Directive are as follows: (1) requires HRB Bank to extend its compliance with a minimum 12.0% leverage ratio through fiscal year 2012; (2) requires H&R Block, Inc. to comply with the Master Commitment at all times, except for the projected capital levels and compliance with the three percent minimum ratio, as provided in the fiscal year 2008 and

2009 capital adequacy projections presented to the OTS on July 19, 2007; (3) institutes reporting requirements to the OTS quarterly and monthly by the Board of Directors and management, respectively; and (4) requires HRB Bank's Board of Directors to have an independent chairperson and at least the same number of outside directors as inside directors.

H&R Block, Inc. continued to be below the three percent minimum ratio during our third quarter, and had adjusted tangible capital of negative $713.9 million, and a requirement of $311.9 million to be in compliance at January 31, 2008. We are currently seeking the elimination or modification of the three percent minimum capital requirement as a result of cessation of our mortgage business. At this time, we do not expect to be in compliance with the three percent minimum ratio at April 30, 2008. We currently believe that upon disposition of our mortgage business the OTS will reconsider the three percent minimum capital requirement, although there is no assurance that an elimination or modification will occur.

Failure to meet the conditions under the Master Commitment and the Supervisory Directive, including capital levels of H&R Block, Inc., could result in the OTS taking further regulatory actions, such as a supervisory agreement, cease-and-desist orders and civil monetary penalties. The OTS could also require us to sell assets, which could negatively impact our financial results. At this time, the financial impact, if any, of additional regulatory actions cannot be determined.

HRBFA is subject to regulatory requirements intended to ensure the general financial soundness and liquidity of broker-dealers. At January 31, 2008, HRBFA's net capital of $80.1 million, which was 18.2% of aggregate debit items, exceeded its minimum required net capital of $8.8 million by $71.3 million. During the nine months ended January 31, 2008, HRBFA paid dividends of $44.5 million to BFC, its direct corporate parent.

The Alternative Minimum Tax (AMT) was enacted in 1969 to ensure that a small number of high-income taxpayers could not use special tax deductions to substantially eliminate their tax. Because this initial legislation was not indexed for inflation, an increasing number of taxpayers are becoming subject to AMT. We believe the current tax season was delayed as a result of late enactment by the IRS of the AMT "patch." The IRS began processing returns for the vast majority of taxpayers in mid-January. However, as many as 13.5 million taxpayers using five forms related to the AMT legislation postponed filing tax returns until February 11, 2008. Delays by the IRS in return-processing resulted in a shifting of Tax Services' revenues from our fiscal third quarter to our fourth quarter.

On January 3, 2008, the IRS issued an Advanced Notice of Proposed Rulemaking (ANPR) concerning RALs. In this ANPR, the IRS states that it is considering proposing a rule that would prohibit the sharing of taxpayer information for the purpose of marketing RALs in connection with the preparation of a tax return. Until such time as final regulations are issued on this matter, we are unable to determine what impact, if any, this proposal would have on our operating results.

Other than the items discussed above, there have been no material changes in our regulatory environment from those reported at April 30, 2007 in our Annual Report on Form 10-K.

CRITICAL ACCOUNTING POLICIES

The following discussion is an update to previous disclosure regarding certain of our critical accounting policies and should be read in conjunction with the complete critical accounting policies disclosures included in our Annual Report on Form 10-K for the year ended April 30, 2007. For all of our critical accounting policies, we caution that future events rarely develop precisely as forecasted, and estimates routinely require adjustment and may require material adjustment.

Valuation of Mortgage Loans Held for Investment

Determining the allowance for credit losses for loans held for investment requires us to make estimates of losses that are highly uncertain and requires a high degree of judgment.

We record an allowance representing our estimate of credit losses inherent in our portfolio of loans held for investment at the balance sheet date. The majority of our estimated credit loss is evaluated for mortgage loans on a pooled basis. We stratify the loan portfolio based on our view of risk associated with various elements of the pool and assign estimated loss rates based on those risks. Loss rates are based on historical experience, our assessment of economic and market conditions and loss rates of comparable financial institutions. We review non-performing loans, including loans meeting the definition of troubled debt restructurings, individually and

record loss estimates typically based on the value of the underlying collateral. Changes in our estimates can affect our operating results.

Our loan loss provision increased significantly during the current year as a result of declining collateral values due to declining residential home prices, and increasing delinquencies occurring in our portfolio during October and November of 2007. The residential mortgage industry has experienced similar trends. If adverse trends continue, we may be required to record additional loan loss provisions, and those losses may be significant.

Our loan loss reserve as a percent of mortgage loans was 1.49% at January 31, 2008, compared to 0.35% at April 30, 2007. Mortgage loans held for investment at January 31, 2008 totaled $1.0 billion, $778.0 million of which were purchased from OOMC and HRBMC.

Sales of Mortgage Assets – Loan Repurchase Liability

Our repurchase reserves relate to potential losses that could be incurred related to the repurchase of sold loans or indemnification of losses as a result of early payment defaults or breaches of other representations and warranties customary to the mortgage banking industry. Loans are repurchased due to a combination of factors, including delinquency and other violations of representations and warranties. In whole loan sale transactions, we guarantee the first payment to the purchaser. If this payment is not collected, it is referred to as an early payment default.

For early payment default-related losses, the amount of losses we expect to incur depends primarily on the frequency of early payment defaults, the rate at which defaulted loans subsequently become current on payments (“cure rate”), the propensity of the buyer of the loans to demand recourse under the loan sale agreement and the severity of loss incurred on loans which have been repurchased. The frequency of early payment defaults, cure rates and loss severity may vary depending on the creditworthiness of the borrower and economic factors such as home price appreciation and interest rates. To the extent actual losses related to repurchase activity are different from our estimates, the value of our repurchase reserves will increase or decrease. See note 12 to our condensed consolidated financial statements under “Commitments and Contingencies.”

Declining credit quality coupled with increasing early payment defaults, caused investors in our loans to become increasingly more likely to execute on first payment default provisions available to them in loan sale agreements. Investors have also begun performing additional due diligence on loan pools, causing unprecedented numbers of loans to be excluded from loan pools before the sale. During the nine months ended January 31, 2008, we increased our reserve for losses on representations and warranties repurchases as a result of rising repurchase trends. The portion of our reserve balance related to losses on representation and warranty repurchases totaled $66.8 million and $5.6 million at January 31, 2008 and April 30, 2007, respectively. We also experienced high levels of early payment defaults, resulting in significant loan repurchase activity. We recorded total loss provisions of $379.4 million during the current year compared to $251.1 million in the prior year. The provision recorded in the current year consists of $189.1 million recorded on loans sold during the current period and $190.3 million related to loans sold in the prior year. At January 31, 2008, we assumed that substantially all loans that failed to make timely payments according to contractual early payment default provisions will be repurchased. Based on historical experience, we assumed an average 50% loss severity, up from 26% at April 30, 2007, on all loans repurchased and expected to be repurchased as of January 31, 2008. The increase in our loan repurchase liability was primarily due to the increase in our loss severity assumption.

Based on our analysis as of January 31, 2008, we estimated our liability for recourse obligations to be $69.0 million. The sensitivity of the recourse liability to 10% and 20% adverse changes in loss assumptions is $6.9 million and $13.8 million, respectively.

Valuation of Residual Interests

We use discounted cash flow models to determine the estimated fair values of our residual interests. We develop our assumptions for expected credit losses, prepayment speeds, discount rates and interest rates based on historical experience. Variations in our assumptions could materially affect the estimated fair values, which may require us to record impairments. In addition, variations will also affect the amount of residual interest accretion recorded on a monthly basis.

We recorded impairments totaling $125.9 million in our condensed consolidated income statements for the nine months ended January 31, 2008. During the current year, we increased our discount rate assumption from 25% to 30% as a result of continued uncertainty and volatility in the market and higher investor yield requirements. The fair value of our residual interests was $25.9 million at January 31, 2008. See note 12 to our condensed consolidated financial statements and Part I, Item 3 for additional discussion.

FORWARD-LOOKING INFORMATION

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

RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION

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

Banking Ratios (dollars in 000s)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2008	2007	2008	2007
Efficiency Ratio:				
Total Consumer Financial Services expenses	$ 104,124	$ 96,552	$ 322,625	$ 262,316
Less: Interest and non-banking expenses	81,516	91,983	292,222	254,572
Non-interest banking expense	$ 22,608	$ 4,569	$ 30,403	$ 7,744
Total Consumer Financial Services revenues	$ 117,112	$ 107,511	$ 332,738	$ 267,888
Less: Non-banking revenues and interest expense	81,355	94,800	276,296	246,714
Banking revenue – net of interest expense	$ 35,757	$ 12,711	$ 56,442	$ 21,174
	63%	36%	54%	37%
Net Interest Margin (annualized):				
Net banking interest revenue(1)	$ 25,531	$ 6,188	$ 40,681	$ 14,309
Net banking interest revenue (annualized)	$ 101,870	$ 25,027	$ 54,438	$ 19,271
Divided by average bank earning assets	$ 1,398,583	$ 954,577	$ 1,357,562	$ 668,277
	7.28%	2.62%	4.01%	2.88%
Return on Average Assets (annualized):				
Pretax banking income	$ 12,318	$ 6,453	$ 12,751	$ 10,042
Pretax banking income (annualized)	$ 49,272	$ 25,812	$ 17,001	$ 13,389
Divided by average bank assets	$ 1,420,599	$ 982,633	$ 1,379,865	$ 682,798
	3.47%	2.63%	1.23%	1.96%

(1) Excludes revenue sharing with Tax Services on Emerald Advance activities.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Item 7A of our Annual Report on Form 10-K for fiscal year 2007 presents discussions of market risks that may impact our future results. The following risk factors should be read in conjunction with that discussion.

Interest Rate Risk and Credit Spreads − Discontinued Mortgage Operations. Interest rate changes and credit spreads impact the value of the loans on our balance sheet, as well as residual interests in securitizations and MSRs.

At January 31, 2008, we had $1.7 billion of mortgage loans held for sale on our balance sheet. Substantially all of these loans were recorded pursuant to "removal of accounts provisions" whereby we are required to record both the mortgage loan and an offsetting mortgage loan repurchase liability on our balance sheet. We do not intend to exercise our right under these provisions and, therefore, these do not represent mortgage loans that we are required to sell or repurchase obligations we are required to fulfill. Accordingly, we are not subject to market risk with respect to these loans. Remaining mortgage loans totaling $57.7 million were repurchased from whole loan investors or the Trusts, and are recorded net of a $35.8 million allowance for loan losses. We are subject to market risk with respect to these remaining loans, including market risk arising from changes in interest rates, loan sale prices, collateral performance and other market factors including credit spreads.

Residual Interests. Relative to modeled assumptions, an increase or decrease in interest rates would impact the value of our residual interests. Residual interests bear the interest rate risk embedded within the securitization due to an initial fixed-rate period on the loans versus a floating-rate funding cost. Residual interests also bear the ongoing risk that the floating interest rate earned after the fixed period on the mortgage loans is different from the floating interest rate on the bonds sold in the securitization.

Foreign Currency Risk. During the third quarter of fiscal year 2008, borrowing needs in our Canadian operations were funded by corporate borrowings in the U.S. To mitigate the foreign currency exchange rate risk, we are using forward foreign exchange contracts. We do not enter into forward contracts for trading purposes. In estimating the fair value of derivative positions, we utilize quoted market prices, if available, or quotes obtained from external sources.

When foreign currency financial instruments are outstanding, exposure to market risk on these instruments results from fluctuations in currency rates during the periods in which the contracts are outstanding. The counterparties to our currency exchange contracts consist of major financial institutions, each of which is rated investment grade. We are exposed to credit risk to the extent of potential nonperformance by counterparties on financial instruments. Any potential credit exposure does not exceed the fair value. We believe the risk of incurring losses due to credit risk is remote. At January 31, 2008 forward exchange contracts outstanding had a notional value of $29.8 million and a market value of $29.7 million. We estimate a 10% change in exchange rates would result in a $3.0 million loss on our forward foreign exchange contract, presumably offset by a change in the value of loans to our Canadian operations.

Interest Rate Risk − Broker-Dealer. HRBFA holds interest bearing receivables from customers, brokers, dealers and clearing organizations, which consist primarily of amounts due on margin transactions and also earns a spread on customer balances held in FDIC-insured bank accounts. We fund short-term margin balances with short-term variable rate liabilities from customers, brokers and dealers, including stock loan activity. Our fixed income portfolio is affected by changes in market rates and prices. We value the trading portfolio at quoted market prices and the market value at January 31, 2008 was approximately $12.7 million. See the table below for sensitivities to changes in interest rates.

Sensitivity Analysis. The sensitivities of certain financial instruments to changes in interest rates as of January 31, 2008 are presented below. The following table represents hypothetical instantaneous and sustained parallel shifts in interest rates and should not be relied on as an indicator of future expected results.

(in 000s)

	Carrying Value at January 31, 2008	Basis Point Change -300	-200	-100	+100	+200	+300
Mortgage loans held for investment	$ 1,040,854	$ 18,470	$ 14,086	$ 9,045	$ (19,600)	$ (41,596)	$ (63,225)
Mortgage loans held for sale(1)	21,870	2,379	1,569	774	(738)	(1,366)	(1,891)
Residual interests in securitizations	25,929	(2,125)	(2,223)	(1,979)	123	1,696	2,313
Broker -dealer activities:							
Customer sweep balances(2)	1,354,687	(20,862)	(11,774)	(3,515)	3,782	5,847	11,246
Restricted cash	256,000	(7,424)	(5,120)	(2,560)	2,560	5,120	7,680
Receivables from customers, brokers and dealers	365,253	(10,958)	(7,305)	(3,653)	3,653	7,305	10,958
Payables to customers, brokers and dealers	(501,657)	1,254	752	502	(2,509)	(5,017)	(7,525)

(1) Does not include loans recorded pursuant to "removal of accounts provisions" as we do not intend to exercise our right under these provisions and, therefore, we are not subject to market risk with respect to these loans.
(2) Represents balances not recorded on HRBFA's balance sheet. These amounts are held by banks participating in the FDIC sweep program.

The table above addresses changes in interest rates only. See additional discussion of the impact of changes in the markets on mortgage-related assets and the impact to our financial condition and results of operations in note 12 to the condensed consolidated financial statements.

There have been no other material changes in our market risks from those reported at April 30, 2007 in our Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

As of the end of the period covered by this Form 10-Q, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures. The controls evaluation was done under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Based on this evaluation, we have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

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

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information below should be read in conjunction with the information included in note 9 to our condensed consolidated financial statements.

RAL Litigation. We reported in our annual report on Form 10-K for the year ended April 30, 2007, certain events and information regarding lawsuits regarding the RAL Cases. The RAL Cases have involved a variety of legal theories asserted by plaintiffs. These theories include allegations that, among other things, disclosures in the RAL applications were inadequate, misleading and untimely; the RAL interest rates were usurious and unconscionable; we did not disclose that we would receive part of the finance charges paid by the customer for such loans; untrue, misleading or deceptive statements in marketing RALs; breach of state laws on credit service organizations; breach of contract, unjust enrichment, unfair and deceptive acts or practices; violations of the federal Racketeer Influenced and Corrupt Organizations Act; violations of the federal Fair Debt Collection Practices Act and unfair competition regarding debt collection activities; and that we owe, and breached, a fiduciary duty to our customers in connection with the RAL program.

The amounts claimed in the RAL Cases have been very substantial in some instances, with one settlement resulting in a pretax expense of $43.5 million in fiscal year 2003 (the "Texas RAL Settlement") and other settlements resulting in a combined pretax expense in fiscal year 2006 of $70.2 million. We believe we have meritorious defenses to the remaining RAL Cases and we intend to defend them vigorously. There can be no assurances, however, as to the outcome of the pending RAL Cases individually or in the aggregate. Likewise, there can be no assurances regarding the impact of the RAL Cases on our financial results. There were no significant developments regarding the RAL Cases during the fiscal quarter ended January 31, 2008.

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 actions are without merit, and we intend to defend them vigorously. The amounts claimed in the POM actions are substantial, however, and there can be no assurances as to the outcome of these pending actions individually or in the aggregate.

Electronic Filing Litigation. We are a defendant to a class action filed on August 30, 2002 and entitled *Erin M. McNulty and Brian J. Erzar v. H&R Block, Inc., et al.*, Case No. 02-CIV-4654 in the Court of Common Pleas of Lackawanna County, Pennsylvania, in which the plaintiffs allege that the defendants deceptively portray electronic filing fees as a necessary and required component of standard tax preparation services and do not inform tax preparation clients that they may (i) file tax returns free of charge by mailing the returns,

(ii) electronically file tax returns from personal computers either free of charge or at significantly lower fees and (iii) be eligible to electronically file tax returns free of charge via telephone. The plaintiffs seek unspecified damages and disgorgement of all electronic filing, tax preparation and related fees collected during the applicable class period. Class certification was granted in this case on September 5, 2007. We believe the claims in this case are without merit, and we intend to defend them vigorously, but there can be no assurances as to its outcome.

Express IRA Litigation. On March 15, 2006, the New York Attorney General filed a lawsuit in the Supreme Court of the State of New York, County of New York (Index No. 06/401110) entitled *The People of New York v. H&R Block, Inc. and H&R Block Financial Advisors, Inc.* The complaint alleged fraudulent business practices, deceptive acts and practices, common law fraud and breach of fiduciary duty with respect to the Express IRA product and sought equitable relief, disgorgement of profits, damages and restitution, civil penalties and punitive damages. On July 12, 2007, the Supreme Court of the State of New York issued a ruling that dismissed all defendants other than H&R Block Financial Advisors, Inc. and the claims of common law fraud. We believe the claims in this case are without merit, and we intend to defend this case vigorously, but there are no assurances as to its outcome.

On January 2, 2008, the Mississippi Attorney General filed a lawsuit in the Chancery Court of Hinds County, Mississippi First Judicial District (Case No. G 2008 6 S 2) entitled *Jim Hood, Attorney for the State of Mississippi v. H&R Block, Inc., et al.* The complaint alleged fraudulent business practices, deceptive acts and practices, common law fraud and breach of fiduciary duty with respect to the Express IRA product and sought equitable relief, disgorgement of profits, damages and restitution, civil penalties and punitive damages. We believe the claims in this case are without merit, and we intend to defend this case vigorously, but there are no assurances as to its outcome.

In addition to the New York and Mississippi Attorney General actions, a number of civil actions were filed against us concerning the Express IRA matter, the first of which was filed on March 17, 2006. Except for two cases pending in state court, all of the civil actions have been consolidated by the panel for Multi-District Litigation into a single action styled *In re H&R Block, Inc. Express IRA Marketing Litigation* in the United States District Court for the Western District of Missouri. We believe the claims in this case are without merit, and we intend to defend these cases vigorously, but there are no assurances as to their outcome.

Securities Litigation. On April 6, 2007, a putative class action styled *In re H&R Block Securities Litigation* was filed against the Company and certain of its officers in the United States District Court for the Western District of Missouri. The complaint alleged, among other things, deceptive, material and misleading financial statements, failure to prepare financial statements in accordance with generally accepted accounting principles and concealment of the potential for lawsuits stemming from the allegedly fraudulent nature of the Company's operations. The complaint sought unspecified damages and equitable relief. On October 5, 2007, the court dismissed the complaint and granted the plaintiffs leave to re-file the portion of the complaint pertaining to the Company's financial statements. On November 19, 2007, the plaintiffs re-filed the complaint, alleging, among other things, deceptive, material and misleading financial statements and failure to prepare financial statements in accordance with generally accepted accounting principles. The court dismissed the re-filed complaint on February 19, 2008. We believe the claims in this case are without merit. If the dismissal is appealed, we intend to defend this litigation vigorously.

Other Claims and Litigation. The NASD brought charges against HRBFA regarding the sale by HRBFA of Enron debentures in 2001. The hearing for this matter was concluded in August 2007, and post-hearing briefs were submitted in October 2007. We intend to defend the NASD charges vigorously, although there can be no assurances regarding the outcome and resolution of the matter.

As part of an industry-wide review, the IRS is investigating tax-planning strategies that certain RSM McGladrey, Inc. (RSM) clients utilized during fiscal years 2000 through 2003. Specifically, the IRS is examining these strategies to determine whether RSM complied with tax shelter reporting and listing regulations and whether such strategies were abusive as defined by the IRS. The IRS has indicated that it will assess a fine against RSM for RSM's alleged failure to comply with the tax shelter reporting and listing regulations. RSM is in discussions with the IRS regarding this penalty. In addition, some clients that utilized the strategies are seeking recovery from RSM for penalties and interest for underpayment of taxes. We believe the resolution of this matter will not have a material adverse effect on RSM's operations or on our financial results.

RSM EquiCo, Inc., a subsidiary of RSM, is a party to a putative class action filed on July 11, 2006 and entitled *Do Right's Plant Growers v. RSM EquiCo, Inc., RSM McGladrey, Inc., H&R Block, Inc. and Does 1-100, inclusive*, Case No. 06 CC00137, in the California Superior Court, Orange County. The complaint contains allegations regarding business valuation services provided by RSM EquiCo, Inc. including fraud, negligent misrepresentation, breach of contract, breach of implied covenant of good faith and fair dealing, breach of fiduciary duty and unfair competition and seeks unspecified damages, restitution and equitable relief. We are in the early stages of discovery in this case and intend to defend this case vigorously, although there can be no assurance regarding the outcome and resolution of this matter.

We have from time to time been party to investigations, claims and lawsuits not discussed herein arising out of our business operations. These investigations, claims and lawsuits include actions by state attorneys general, other state regulators, individual plaintiffs, and cases in which plaintiffs seek to represent a class of similarly situated customers. The amounts claimed in these claims and lawsuits are substantial in some instances, and the ultimate liability with respect to such litigation and claims is difficult to predict. Some of these investigations, claims and lawsuits pertain to RALs, the origination and servicing of mortgage loans, the electronic filing of customers' income tax returns, the POM guarantee program, and our Express IRA program and other investment products and RSM EquiCo, Inc. business valuation services. In addition, it is possible that the number of these claims with respect to the origination or servicing of mortgage loans may increase in light of the current non-prime mortgage environment. 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 the event of an unfavorable outcome, the amounts we may be required to pay in the discharge of liabilities or settlements could have a material adverse effect on our financial results.

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 financial results.

ITEM 1A. RISK FACTORS

Item 1A of our Annual Report on Form 10-K for fiscal year 2007 presents risk factors that may impact our future results. In light of recent developments in the mortgage, housing and secondary markets, the following risk factors should be read in conjunction with that discussion.

Potential Sale Transaction. In fiscal year 2007, we entered into an agreement to sell OOMC. On December 4, 2007, we agreed to terminate the agreement. We also announced that we would immediately terminate all remaining origination activities and pursue the sale of OOMC's loan servicing activities. During January 2008, OOMC funded the last loan in its pipeline.

OOMC will continue to carry out its servicing activities and collect servicing revenues. Because of the cessation of new originations, the volume of mortgage loans serviced will gradually decline as the aggregate principal amount of existing loans being serviced declines without replacement. The majority of servicing activities are carried out with respect to loans owned by third parties.

We have estimated the fair values of the servicing business and other assets, which resulted in impairments recorded in discontinued operations of $116.3 million for the nine months ended January 31, 2008. Although we are actively pursuing the sale of our remaining loan servicing activities, it is possible that we will be unsuccessful in selling or selling at a price that does not result in further impairment.

Liquidity and Capital. We use capital primarily to fund working capital requirements, pay dividends and acquire businesses.

Market conditions and credit-rating downgrades have negatively impacted our ability to issue commercial paper. As a result, we had no commercial paper outstanding at January 31, 2008. As an alternative to commercial paper issuance, we have been borrowing under our unsecured revolving committed lines of credit

(CLOCs) to support working capital requirements arising from off-season operating losses in our Tax Services and Business Services segments and operating losses from our mortgage businesses. We had borrowings totaling $1.8 billion outstanding under our CLOCs at January 31, 2008, of a total borrowing capacity of $2.0 billion.

The CLOCs, among other things, require we maintain at least $650.0 million of adjusted net worth, as defined in the agreement, on the last day of any fiscal quarter. On November 19, 2007, the CLOCs were amended to, among other things, require $450.0 million of adjusted net worth, for the fiscal quarters ending October 31, 2007 and January 31, 2008. We had adjusted net worth of $463.9 million at January 31, 2008, primarily due to operating losses of our discontinued operations.

A further disruption in credit markets, or a violation of covenants under our CLOCs, could adversely affect our access to these funds. To meet our future financing needs we may issue additional debt or equity securities.

As part of our loan servicing responsibilities, we are required to advance funds to cover delinquent scheduled principal and interest payments to security holders, as well as to cover delinquent tax and insurance payments and other costs required to protect the investors' interest in the collateral securing the loans. Generally, servicing advances are recoverable from either the mortgagor, the insurer of the loan or the investor through the non-recourse provision of the loan servicing contract. In light of increased delinquencies of mortgage loans that we service, the amount of funds we are required to advance on a monthly basis has been increasing. Servicing advances and related assets totaled $1.2 billion and $445.4 million at January 31, 2008 and April 30, 2007, respectively. We expect the volume of servicing advances to increase, although we cannot know the volume of servicing advances that are likely to be required in any given period.

On October 1, 2007, OOMC entered into a facility to fund servicing advances (the "Servicing Advance Facility"), in which the servicing advances are collateral for the facility. The Servicing Advance Facility originally provided funding of up to $400.0 million to fund servicing advances through October 1, 2008. During the three months ended January 31, 2008, the facility was amended, increasing the available funding to $1.2 billion as of January 31, 2008. This facility is subject to various triggers, events or occurrences that could result in earlier termination, and bears interest at one-month LIBOR plus an additional margin rate. The Servicing Advance Facility terminates upon a "change in control" of OOMC, in which (i) a party or parties acting in concert acquire a 20% or more equity interest in OOMC or (ii) the Company does not own more than a 50% equity interest in OOMC. This on-balance sheet facility had a balance of $857.1 million at January 31, 2008, with the related liability reported in liabilities held-for-sale. We expect the volume of servicing advances to increase and, as a result, may need to increase the funding capacity of this facility or obtain other servicing advance financing.

Delinquencies and corresponding servicing advances increase significantly when adjustable rate mortgages (ARMs) initially reset. HRB Bank and OOMC are actively working with borrowers to minimize delinquencies, including modifying loans and notifying borrowers of upcoming rate changes prior to their reset date.

Market and Credit Risks. The valuation of our retained residual interests and mortgage servicing rights includes many estimates and assumptions made by management surrounding interest rates, prepayment speeds and credit losses. Variation in interest rates or the factors underlying our assumptions could affect our results of operations.

Conditions in the non-prime mortgage industry resulted in significant losses in our mortgage operations during fiscal years 2007 and 2008. The mortgage industry continues to be extremely volatile, which could result in further impairments to our residual interests and loans held for sale, or further losses as a result of obligations to repurchase loans previously sold. To the extent that market conditions remain volatile, or fail to improve, our mortgage business may continue to incur operating losses and asset impairments. See additional discussion of the performance of our mortgage operations in Part I, Item 2, under "Discontinued Operations."

HRB Bank held mortgage loans for investment totaling $1.0 billion at January 31, 2008. The overall credit quality of mortgage loans held for investment is impacted by the strength of the U.S. economy and local economic conditions, including residential housing prices. Economic trends that negatively affect housing prices and the job market could result in deterioration in credit quality of our mortgage loan portfolio and a decline in the value of associated collateral. As discussed above, future ARM resets could also lead to increased delinquencies in our mortgage loans held for investment. Recent trends in the residential mortgage loan market reflect an increase in loan delinquencies and declining collateral values. As a result of similar trends in our loan portfolio, we recorded loan loss provisions totaling $12.3 million during the nine months ended

January 31, 2008. If adverse trends in the residential mortgage loan market continue, including adverse trends in our mortgage loan portfolio specifically, we could incur additional significant loan loss provisions.

Regulatory Environment – Banking. H&R Block, Inc. is subject to a three percent minimum ratio of adjusted tangible capital to adjusted total assets, as defined by the OTS. We fell below the three percent minimum ratio at April 30, 2007. We notified the OTS of our failure to meet this requirement, and on May 29, 2007, the OTS issued a Supervisory Directive. We submitted a revised capital plan to the OTS on July 19, 2007, in which we expected to meet the three percent minimum ratio at April 30, 2008. The OTS accepted our revised capital plan.

The Supervisory Directive included additional conditions that we will be required to meet in addition to the Master Commitment. The significant additional conditions included in the Supervisory Directive are as follows: (1) requires HRB Bank to extend its compliance with a minimum 12.0% leverage ratio through fiscal year 2012; (2) requires H&R Block, Inc. to comply with the Master Commitment at all times, except for the projected capital levels and compliance with the three percent minimum ratio, as provided in the fiscal year 2008 and 2009 capital adequacy projections presented to the OTS on July 19, 2007; (3) institutes reporting requirements to the OTS quarterly and monthly by the Board of Directors and management, respectively; and (4) requires HRB Bank's Board of Directors to have an independent chairperson and at least the same number of outside directors as inside directors.

Operating losses of our discontinued operations for the first nine months of fiscal year 2008 were higher than projected in our revised capital plan that was submitted to the OTS in July 2007. As a result, our capital levels are lower than those projections. H&R Block, Inc. continued to be below the three percent minimum ratio during our third quarter, and had adjusted tangible capital of negative $713.9 million, and a requirement of $311.9 million to be in compliance at January 31, 2008. We are currently seeking the elimination or modification of the three percent minimum capital requirement as a result of cessation of our mortgage business. At this time, we do not expect to be in compliance with the three percent minimum ratio at April 30, 2008. We currently believe that upon disposition of our mortgage business the OTS will reconsider the three percent minimum capital requirement, although there is no assurance that an elimination or modification will occur.

Failure to meet the conditions under the Master Commitment and the Supervisory Directive, including capital levels of H&R Block, Inc., could result in the OTS taking further regulatory actions, such as a supervisory agreement, cease-and-desist orders and civil monetary penalties. The OTS could also require us to sell assets, which could negatively impact our financial results. At this time, the financial impact, if any, of additional regulatory actions cannot be determined. See note 7 to the condensed consolidated financial statements for additional information.

Regulatory Environment – Tax Services. On January 3, 2008, the IRS issued an Advanced Notice of Proposed Rulemaking (ANPR) concerning RALs. In this ANPR, the IRS states that it is considering proposing a rule that would prohibit the sharing of taxpayer information for the purpose of marketing RALs in connection with the preparation of a tax return. Until such time as final regulations are issued on this matter, we are unable to determine what impact, if any, this proposal would have on our operating results.

Other than the items discussed above, there have been no material changes in our risk factors from those reported at April 30, 2007 in our annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES

A summary of our purchases of H&R Block common stock during the third quarter of fiscal year 2008 is as follows:

(shares in 000s)

	Total Number of Shares Purchased[1]		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[2]	Maximum Number of Shares that May Be Purchased Under the Plans or Programs[2]
November 1 – November 30	70	$	19.50	-	22,352
December 1 – December 31	1	$	19.74	-	22,352
January 1 – January 31	10	$	18.22	-	22,352

(1) We purchased 80,906 shares in connection with the funding of employee income tax withholding obligations arising upon the exercise of stock options or the lapse of restrictions on nonvested shares.
(2) On June 9, 2004, our Board of Directors approved the repurchase of 15.0 million shares of H&R Block, Inc. common stock. On June 7, 2006, our Board approved an additional authorization to repurchase 20.0 million shares. These authorizations have no expiration date.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SHAREHOLDERS

A special meeting of shareholders was held on December 14, 2007, at which a proposal to amend the Company's Restated Articles of Incorporation to eliminate the classified structure of the Company's Board of Directors was submitted to a vote of shareholders. The number of votes cast for or against and the number of abstentions were as follows:

Votes For	267,235,436
Votes Against	2,781,279
Abstain	2,438,685

ITEM 6. EXHIBITS

10.1 Amendment Number One dated as of November 16, 2007, to the Note Purchase Agreement dated as of October 1, 2007 among Option One Advance Trust 2007-ADV2 and Greenwich Capital Financial Products, Inc.
10.2 Amendment Number Two dated as of November 16, 2007, to the Indenture dated as of October 1, 2007, among Option One Advance Trust 2007-ADV2 and Wells Fargo Bank, National Association.
10.3 Second Amendment, dated as of November 19, 2007, to the Five-Year Credit and Guarantee Agreement dated as of August 10, 2005.
10.4 Second Amendment, dated as of November 19, 2007, to the Amended and Restated Five-Year Credit and Guarantee Agreement dated as of August 10, 2005.
10.5 Employment Agreement dated December 3, 2007, between HRB Management, Inc. and Alan M. Bennett.*
10.6 Amended and Restated Bridge Credit and Guarantee Agreement (HSBC) dated as of December 20, 2007, among Block Financial Corporation, H&R Block, Inc., the lenders party thereto and HSBC Bank USA, National Association.
10.7 Amended and Restated Bridge Credit and Guarantee Agreement (BNPP) dated as of December 20, 2007, among Block Financial Corporation, H&R Block, Inc., the lenders party thereto and BNP Paribas.
10.8 Amended and Restated Note Purchase Agreement dated as of December 24, 2007, among Option One Advance Trust 2007-ADV2, Greenwich Capital Financial Products, Inc. and The CIT Group/Business Credit, Inc.
10.9 Amendment Number One dated as of December 24, 2007, to the Receivables Purchase Agreement dated as of October 1, 2007, among Option One Mortgage Corporation, Option One Advance Corporation and Option One Advance Trust 2007-ADV2.
10.10 Amendment Number Four dated as of December 24, 2007, to the Indenture dated as of October 1, 2007, between Option One Advance Trust 2007-ADV2 and Wells Fargo Bank, National Association.
10.11 Separation and Release Agreement dated December 28, 2007, between HRB Management, Inc. and Mark A. Ernst.*
10.12 Separation and Release Agreement dated December 28, 2007, between HRB Management, Inc. and William L. Trubeck*

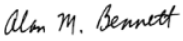
10.13	Credit and Guarantee Agreement dated January 10, 2008, among Block Financial LLC, H&R Block, Inc., and HSBC Finance Corporation.**
10.14	Second Amended and Restated Note Purchase Agreement dated as of January 18, 2008, among Option One Advance Trust 2007-ADV2, Greenwich Capital Financial Products, Inc., The CIT Group/Business Credit, Inc. and DB Structured Products, Inc.
10.15	Amended and Restated Receivables Purchase Agreement dated as of January 18, 2008, among Option One Mortgage Corporation, Option One Advance Corporation and Option One Advance Trust 2007-ADV2.
10.16	Amended and Restated Indenture dated as of January 18, 2008, between Option One Advance Trust 2007-ADV2 and Wells Fargo Bank, National Association.
10.17	Separation and Release Agreement dated as of January 28, 2008, between H&R Block Management, LLC and Marc West.*
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.

* Indicates management contracts, compensatory plans or arrangements.
** 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

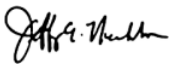
Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

H&R BLOCK, INC.



Alan M. Bennett
Interim Chief Executive Officer
March 5, 2008

Becky S. Shulman
Senior Vice President, Treasurer and
Interim Chief Financial Officer
March 5, 2008



Jeffrey E. Nachbor
Senior Vice President and
Corporate Controller
March 5, 2008

Exhibit 10.1

AMENDMENT NUMBER ONE

to the

NOTE PURCHASE AGREEMENT
dated as of October 1, 2007,

between

OPTION ONE ADVANCE TRUST 2007-ADV2,
as Issuer

and

GREENWICH CAPITAL FINANCIAL PRODUCTS, INC.
as Initial Purchaser and Agent

This AMENDMENT NUMBER ONE (this "Amendment") is made and is effective as of this 16th day of November, 2007, among Option One Advance Trust 2007-ADV2 (the "Issuer"), and Greenwich Capital Financial Products, Inc. (the "Initial Purchaser" and "Agent", as applicable), to that certain Note Purchase Agreement, dated as of October 1, 2007, between the Issuer and the Initial Purchaser (the "Agreement").

RECITALS

WHEREAS, on the terms and conditions set forth herein, the Issuer has requested that the Initial Purchaser and Agent agree to amend the Agreement as provided herein;

NOW THEREFORE, the parties hereto hereby agree as follows:

SECTION 1. Defined Terms. As used in this Amendment, capitalized terms have the same meanings assigned thereto in the Agreement.

SECTION 2. Amendments.

(a) Section 1.01 shall be amended by replacing the definition of "Maximum Note Balance" with the following definition;

"Maximum Note Balance" shall have the meaning set forth in the Indenture."

(b) Schedule A of the Agreement is hereby amended and restated in its entirety as set forth in Exhibit I.

SECTION 3. Limited Effect. Except as expressly amended and modified by this Amendment, the Agreement shall continue in full force and effect in accordance with its terms. Reference to this Amendment need not be made in the 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 Agreement, any reference in any of such items to the Agreement being sufficient to refer to the Agreement as amended hereby.

SECTION 4. 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 5. 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 6. 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 the Issuer 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 ADVANCE TRUST 2007-ADV2

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

By: /s/ Roseline K. Maney
Name: Roseline K. Maney
Title: Vice President

GREENWICH CAPITAL FINANCIAL
PRODUCTS, INC.,
as Initial Purchaser and Agent

By: _____
Name:
Title:

Consented to by:

GREENWICH CAPITAL FINANCIAL
PRODUCTS, INC.,
as 66 2/3% Noteholder

By: _____
Name:
Title:

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 ADVANCE TRUST 2007-ADV2

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

By: _____
Name:
Title:

GREENWICH CAPITAL FINANCIAL
PRODUCTS, INC.,
as Initial Purchaser and Agent

By: /s/ Dominic Obaditch
Name:
Title:

Consented to by:

GREENWICH CAPITAL FINANCIAL
PRODUCTS, INC.,
as 66 2/3% Noteholder

By: /s/ Dominic Obaditch
Name:
Title:

Exhibit I

Schedule A

Maximum Note Principal Balance

Greenwich Capital Financial Products, Inc.: $750,000,000

Exhibit 10.2

AMENDMENT NUMBER TWO
to the
INDENTURE
dated as of October 1, 2007,
between
OPTION ONE ADVANCE TRUST 2007-ADV2,
and
WELLS FARGO BANK, NATIONAL ASSOCIATION

This AMENDMENT NUMBER TWO (this "Amendment") is made and is effective as of this 16th day of November, 2007, between Option One Advance Trust 2007-ADV2 (the "Issuer"), and Wells Fargo Bank, National Association (the "Indenture Trustee") to the Indenture, dated as of October 1, 2007, (the "Indenture") between the Issuer and the Indenture Trustee and accepted and acknowledged by Greenwich Capital Financial Products, Inc., as Agent.

RECITALS

WHEREAS, on the terms and conditions set forth herein, the Issuer has requested that the Indenture Trustee amend the Indenture as provided herein;

NOW THEREFORE, the parties hereto hereby agree as follows:

SECTION 1. Defined Terms. As used in this Amendment, capitalized terms have the same meanings assigned thereto in the Indenture.

SECTION 2. Amendments.

(a) Section 1.01 of the Indenture is hereby amended by replacing the definition of "Facility Fee", "Maximum Note Balance" and "Pricing Side Letter" with the following definitions:

"Facility Fee": As defined in the Fee Side Letter.

"Maximum Note Balance": An amount equal to $750,000,000.

"Pricing Side Letter": The Amended and Restated Pricing Side Letter, dated November 16, 2007 entered into by the Issuer and the Indenture Trustee and consented to by the 66 2/3% Noteholder."

(b) Section 1.01 of the Indenture is hereby further amended by adding the following subsection to the definition of "Funding Termination Event":

"(k) Option One, by no later than January 31, 2008, fails to develop systems, reasonably acceptable to Agent, which monitor and track on a daily basis and at the loan level Advance Reimbursement Amounts relating to Loan Level Advances."

(c) Section 1.01 of the Indenture is hereby further amended by adding the following definition thereto:

""Fee Side Letter": That certain letter, identified as such, dated as of November 16, 2007 entered into by the Issuer and the Indenture Trustee."

(d) Schedule I of the Indenture is hereby amended and restated in its entirety as set forth in Exhibit A.

(e) Schedule II of the Indenture is hereby amended and restated in its entirety as set forth in Exhibit B.

(f) Schedule A-2 of the Indenture is hereby amended and restated in its entirety as set forth in Exhibit C.

SECTION 3. Waiver. The parties hereto hereby waive the provisions of Sections 8.02 and 8.04 of the Indenture requiring the delivery of Tax Opinions and Opinions of Counsel with respect to any amendments of the Indenture.

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

SECTION 5. 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 6. 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 7. 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 the Issuer 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 ADVANCE TRUST 2007-ADV2

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

By: /s/ Roseline K. Maney
Name: Roseline K. Maney
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Indenture Trustee

By: _____
Name:
Title:

Consented to by:

GREENWICH CAPITAL FINANCIAL PRODUCTS, INC.,
as Agent and 66 2/3% Noteholder

By: _____
Name:
Title:

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 ADVANCE TRUST 2007-ADV2

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

By: _____
Name:
Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Indenture Trustee

By: /s/ Jacqueline E. Kimball
Name: Jacqueline E. Kimball
Title: Vice President

Consented to by:

GREENWICH CAPITAL FINANCIAL PRODUCTS, INC.,
as Agent and 66 2/3% Noteholder

By: _____
Name:
Title:

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 ADVANCE TRUST 2007-ADV2

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

By: _____
Name:
Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Indenture Trustee

By: _____
Name:
Title:

Consented to by:

GREENWICH CAPITAL FINANCIAL PRODUCTS, INC.,
as Agent and 66 2/3% Noteholder

By: /s/ Dominic Obaditch
Name:
Title:

SCHEDULE I
LOAN LEVEL SECURITIZATION TRUSTS

Investor No.	Investor Name	Servicing Advances	Delinquency Advances	Requiring Amendment
250	OOMC Series 2003-5	Approved		
257	Merrill Lynch Series 2003-OPT1	Approved	Approved	
261	OOMC Loan Trust 2004-1	Approved		
267	ACE 2004-OP1 STEP SERV FEE	Approved		
269	SABR Trust 2004-OP1 — STEP SF	Approved	Approved	
274	OOMC Loan Trust Series 2004-2	Approved		
277	Lehman SAIL 2004-4	Approved		Yes
279	ABSC Series 2004-HE3	Approved	Approved	
284	ABFC 2004-OPT4	Approved	Approved	
287	OOMC Loan Trust Series 2004-3	Approved		
288	UBS MASTR Series 2004-OPT2	Approved	Approved	
289	ABFC 2004-OPT5	Approved	Approved	
292	OOMLT 2005-1 STEP SERV FEE	Approved		
294	Citigroup CMLTI 2005-OPT1	Approved	Approved	
297	MASTR 2005-OPT1 STEP SERV FEE	Approved	Approved	
299	CMLT 2005-OPT2 STEP SERV FEE	Approved	Approved	
324	Lehman SAIL 2003-BC10 — STEP INV	Approved		Yes
330	Lehman SAIL 2004-8 STEP	Approved		Yes
333	Citigroup Mort Loan Trust 2004-OPT1 step	Approved	Approved	
334	Barclays SABR Series 2004-OP2	Approved	Approved	
346	Morgan Stanley 2004-OP1	Approved	Approved	
360	Barclays SABR Series 2005-OP1	Approved	Approved	
361	Lehman SAIL 2005-3	Approved		Yes
369	OOMLT 2005-2 STEP SERV FEE	Approved		
370	SOUNDVIEW 2005-OPT1- PMI	Approved		
372	Lehman SAIL 2005-5	Approved		Yes
377	Citigroup CMLTI 2005-OPT3	Approved	Approved	
380	OOMLT 2005-3	Approved		
381	ABSC 2005-HE6	Approved	Approved	
384	JPMAC 2005-OPT1	Approved	Approved	
386	Soundview 2005-OPT2	Approved	Approved	
391	Citigroup CMLTI 2005-OPT4	Approved		
396	Soundview 2005-OPT3	Approved	Approved	
397	OOMLT 2005-4	Approved		
401	OOMLT 2005-5	Approved		

Investor No.	Investor Name	Servicing Advances	Delinquency Advances	Requiring Amendment
402	SGMS 2005-OPT1	Approved		
406	SOUNDVIEW 2005-OPT4	Approved	Approved	
412	OOMLT 2006-1	Approved		
413	SABR 2005-OP2	Approved	Approved	
414	JPMAC 2005-OPT2	Approved	Approved	
416	HSBC HASCO 2006-OPT1	Approved		Yes
417	Barclays SABR Series 2006-OP1	Approved	Approved	
420	HSBC HASCO 2006-OPT2	Approved		Yes
422	Soundview2006-OPT1	Approved	Approved	
423	Carrington 2006-OPT1	Approved		
425	HSBC HASCO 2006-OPT3	Approved		Yes
428	ABSC 2006-HE3	Approved	Approved	
429	Soundview 2006-OPT2	Approved	Approved	
430	Lehman SASCO 2006-OPT1	Approved		Yes
432	HSBC HASCO 2006-OPT4	Approved		Yes
434	ACE 2006-OP1	Approved		
435	Soundview 2006-OPT3	Approved	Approved	
437	Soundview 2006-OPT4	Approved	Approved	
440	Soundview 2006-OPT5	Approved	Approved	
441	OOMC Loan Trust Series 2006-2	Approved		
442	ABSC 2006-HE5	Approved	Approved	
445	ABFC 2006-OPT1	Approved	Approved	
449	ABFC 2006-OPT2	Approved	Approved	
450	OOMLT 2006-3	Approved		
551	ACE 2006-OP2	Approved		
554	ABFC 2006-OPT3	Approved	Approved	
559	SGMS 2006-OPT2- Dual Cutoff	Approved		
565	OOMLT 2007-01- Dual Cutoff	Approved		
566	OOMC Loan Trust Series 2007-FXD1	Approved		
567	HSBC HASCO 2007-OPT1	Approved		Yes
569	OOMC Loan Trust Series 2007-CP1	Approved		
571	OOMC Loan Trust Series 2007-2	Approved		
574	OOMC Loan Trust Series 2007-FXD2	Approved		
575	OOMC Loan Trust Series 2007-3	Approved		
576	OOMC Loan Trust Series 2007-HL1	Approved		
577	OOMC Loan Trust Series 2007-4	Approved		
578	OOMC Loan Trust Series 2007-5	Approved		
581	Soundview 2007-OPT1	Approved	Approved	
623	Lehman Bros SASCO 1999-BC4	Approved		Yes
626	OOMC Loan Trust 2000-A (FHLMC T023	Approved	Approved	Yes
630	OOMC Series 2000-B	Approved		

Investor No.	Investor Name	Servicing Advances	Delinquency Advances	Requiring Amendment
640	OOMC Loan Trust 2000-5	Approved		
642	OOMC Loan Trust 2000-D	Approved		
645	OOMC Loan Trust 2001-A (FHLMC T31)	Approved		
652	OOMC Loan Trust 2001-B (FHLMC T032)	Approved		
654	OOMC Loan Trust 2001-C (FHLMC TO)	Approved		
658	OOMC Loan Trust 2001-D (FHLMC T036)	Approved		
666	OOMC Loan Trust 2002-A -STEP SERV FEE	Approved		
669	OOMC Loan Trust 2002-3-STEP	Approved		Yes
687	OOMC Series 2003-1	Approved		
688	UBS — MASTR 2003-OPT1	Approved	Approved	
690	OOMC Loan Trust 2003-2	Approved		
691	OOMC Series 2003-3	Approved		
693	OOMC Series 2003-4 StepSvcFee	Approved		

SCHEDULE II
POOL LEVEL SECURITIZATION TRUSTS

Investor No.	Investor Name	Delinquency Advance	Requiring Amendment
250	OOMC Series 2003-5	Approved	
261	OOMC Loan Trust 2004-1	Approved	
267	ACE 2004-OP1 STEP SERV FEE	Approved	
274	OOMC Loan Trust Series 2004-2	Approved	
277	Lehman SAIL 2004-4	Approved	Yes
287	OOMC Loan Trust Series 2004-3	Approved	
292	OOMLT 2005-1 STEP SERV FEE	Approved	
324	Lehman SAIL 2003-BC10 — STEP INV	Approved	Yes
330	Lehman SAIL 2004-8 STEP	Approved	Yes
361	Lehman SAIL 2005-3	Approved	Yes
365	ABFC Series 2005-HE1 STEP SF	Approved	Yes
372	Lehman SAIL 2005-5	Approved	Yes
380	OOMLT 2005-3	Approved	
391	Citigroup CMLTI2005-OPT4	Approved	
397	OOMLT 2005-4	Approved	
401	OOMLT 2005-5	Approved	
402	SGMS 2005-OPT1	Approved	
412	OOMLT 2006-1	Approved	
416	HSBC HASCO 2006-OPT1	Approved	Yes
420	HSBC HASCO 2006-OPT2	Approved	Yes
423	Carrington 2006-OPT1	Approved	
425	HSBC HASCO 2006-OPT3	Approved	Yes
430	Lehman SASCO 2006-OPT1	Approved	Yes
432	HSBC HASCO 2006-OPT4	Approved	Yes
434	ACE 2006-OP1	Approved	
441	OOMC Loan Trust Series 2006-2	Approved	
448	Merrill Lynch Series 2006-OPT1	Approved	
450	OOMLT 2006-3	Approved	
551	ACE 2006-OP2	Approved	
559	SGMS 2006-OPT2- Dual Cutoff	Approved	
565	OOMLT 2007-01- Dual Cutoff	Approved	
566	OOMC Loan Trust Series 2007-FXD1	Approved	
567	HSBC HASCO 2007-OPT1	Approved	Yes
569	OOMC Loan Trust Series 2007-CP1	Approved	
571	OOMC Loan Trust Series 2007-2	Approved	

Investor No.	Investor Name	Delinquency Advance	Requiring Amendment
573	Merrill Lynch Series 2007-HE2	Approved	
574	OOMC Loan Trust Series 2007-FXD2	Approved	
575	OOMC Loan Trust Series 2007-3	Approved	
576	OOMC Loan Trust Series 2007-HL1	Approved	
577	OOMC Loan Trust Series 2007-4	Approved	
578	OOMC Loan Trust Series 2007-5	Approved	
623	Lehman Bros SASCO 1999-BC4	Approved	Yes
630	OOMC Series 2000-B	Approved	
640	OOMC Loan Trust 2000-5	Approved	
642	OOMC Loan Trust 2000-D	Approved	
645	OOMC Loan Trust 2001-A (FHLMC T31)	Approved	
652	OOMC Loan Trust 2001-B (FHLMC T032)	Approved	
654	OOMC Loan Trust 2001-C (FHLMC T0)	Approved	
658	OOMC Loan Trust 2001-D (FHLMC T036)	Approved	
666	OOMC Loan Trust 2002-A -STEP SERV FEE	Approved	
669	OOMC Loan Trust 2002-3 -STEP	Approved	Yes
687	OOMC Series 2003-1	Approved	
690	OOMC Loan Trust 2003-2	Approved	
691	OOMC Series 2003-3	Approved	
693	OOMC Series 2003-4 StepSvcFee	Approved	

SCHEDULE A-2

SCHEDULE OF ADDITIONAL RECEIVABLES

AVAILABLE UPON REQUEST

SECOND AMENDMENT

THIS SECOND AMENDMENT, dated as of November 19, 2007 (this "Amendment"), amends the Five-Year Credit and Guarantee Agreement dated as of August 10, 2005 (as amended, the "Credit Agreement"), among Block Financial Corporation (the "Borrower"), H&R Block, Inc. (the "Guarantor"), the lenders party thereto (the "Lenders") and JPMorgan Chase Bank, N.A., as administrative agent for the Lenders (in such capacity, the "Administrative Agent"). Capitalized terms used but not defined herein have the respective meanings set forth in the Credit Agreement.

WHEREAS, the Borrower, the Guarantor, the Lenders and the Administrative Agent are parties to the Credit Agreement; and

WHEREAS, the Borrower and the Guarantor have requested that the Lenders agree to amend certain provisions of the Credit Agreement as hereinafter set forth, and the Required Lenders are willing to agree to such requested amendments as set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1 Amendments. The Credit Agreement is hereby amended as follows:

1.1 Amendments to Section 1.1.

(a) Section 1.1 of the Credit Agreement is hereby amended by adding the following definitions in proper alphabetical sequence:

"Bridge Credit Agreement" means the Bridge and Guarantee Agreement, dated as of April 16, 2007, among the Guarantor, the Borrower, the lenders party thereto and HSBC Bank USA, National Association, as administrative agent.

"Bridge Credit Agreement Amendment Date" means the date on which the Maturity Date (as defined under the Bridge Credit Agreement) is extended to a date no earlier than March 14, 2008 and the Administrative Agent shall have received notice thereof.

"Bridge Credit Agreement Refinancing Date" means the date on which the Bridge Credit Agreement is refinanced and the Administrative Agent shall have received notice thereof; provided that any such refinancing shall be unsecured, have the same borrower as under the Bridge Credit Agreement, have no guarantors other than Persons that have guaranteed the Obligations and have covenants no more restrictive than in this Agreement.

"Modified Bridge Credit Agreement Date" means the earlier of the Bridge Credit Agreement Amendment Date and the Bridge Credit Agreement Refinancing Date.

"OOMC" means Option One Mortgage Corporation, a wholly owned subsidiary of the Borrower.

"OOMC Disposition" means the sale of all of the outstanding shares of capital stock of OOMC (excluding the sale of OOMC's wholly-owned subsidiary, H&R Block Mortgage Corporation).

"OOMC Disposition Date" means the date on which the OOMC Disposition is completed.

"Second Amendment Effective Date" means November 19, 2007.

(b) The definition of "Applicable Rate" in Section 1.1 of the Credit Agreement is hereby amended by inserting in clause (c) of said definition the following proviso immediately after the phrase "then the Ratings in category VI above shall be applicable for such day":

"; provided further, that the Applicable Rate for Utilization Fees shall be increased to (i) 0.40% on the Second Amendment Effective Date and (ii) 0.90% on December 31, 2007 if the OOMC Disposition Date has not occurred prior to such date; provided that, (x) the Applicable Rate for Utilization Fees shall be reduced to 0.40% on the earlier of the Modified Bridge Credit Agreement Date and the OOMC Disposition Date if the Applicable Rate for Utilization Fees is increased pursuant to clause (ii) above and (y) the Applicable Rate for Utilization Fees shall be reduced to the Applicable Rate under the relevant column heading above on the later of the Modified Bridge Credit Agreement Date and the OOMC Disposition Date."

(c) The definition of "Short-Term Debt" in Section 1.1 of the Credit Agreement is hereby amended by inserting the phrase "plus the aggregate amount of Indebtedness at such time under this Agreement and the Other Credit Agreement" immediately after the phrase "in accordance with GAAP" contained in said definition.

1.2 Amendment to Section 2.9. Section 2.9 is hereby amended by inserting a new clause "(c)" at the end thereof to read as follows:

"(c) If on or before January 31, 2008 the OOMC Disposition Date has not occurred, (i) the Borrower shall prepay the Loans on March 14, 2008 to the extent (if any) necessary to reduce the aggregate Revolving Credit Exposures of all Lenders to $875,000,000 and (ii) the total Revolving Credit Exposures of all Lenders shall not exceed $875,000,000 until the Credit Parties have complied with Section 5.9 for the calendar year 2008."

1.3 Amendment to Section 5.9. Section 5.9 is hereby amended in its entirety to read as follows:

"5.9. Cleandown. The Credit Parties shall reduce the aggregate outstanding principal amount of all Short-Term Debt to $200,000,000 or less for a minimum period of thirty consecutive days during the period from March 1 to June 30 of each fiscal year (other than for the period from March 1, 2008 to June 30, 2008 if the OOMC Disposition has not been consummated on or prior to April 30, 2008, in which case the Credit Parties shall reduce the aggregate outstanding principal

amount of all Short-Term Debt to $700,000,000 or less for a minimum period of thirty consecutive days during the period from March 1 to May 31, 2008).”

1.4 Amendment to Section 6.1. Section 6.1 is hereby amended in its entirety to read as follows:

“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 (a) for the fiscal quarters ending October 31, 2007 and January 31, 2008, $800,000,000 and (b) for each other fiscal quarter, $1,000,000,000”.

SECTION 2 Representations and Warranties. Each of the Borrower and the Guarantor represents and warrants to the Administrative Agent and the Lenders that, after giving effect to this Amendment, (a) each representation and warranty set forth in Article III of the Credit Agreement (other than the representations and warranties set forth in subsections 3.4(b), 3.6(a)(i) and 3.6(b)) is true and correct in all material respects as of the date hereof with the same effect as if made on the date hereof (except to the extent related to a specific earlier date) and (b) no Default or Event of Default shall have occurred and be continuing.

SECTION 3 Effectiveness. This Amendment shall become effective on the date on which all of the following conditions precedent have been satisfied or waived:

(a) The Administrative Agent (or its counsel) shall have received counterparts of this Amendment executed by the Borrower, the Guarantor and the Required Lenders.

(b) The Administrative Agent shall have received for the account of each Lender that executes and delivers a counterpart of this Amendment on or before 5:00 P.M. on November 19, 2007 an amendment fee equal to 0.05% of the outstanding principal amount of such Lender’s Loans.

(c) The Borrower shall have paid and reimbursed the Administrative Agent for all of its reasonable out-of-pocket expenses incurred to date in connection with this Amendment and the other Loan Documents, including, without limitation, the reasonable fees and disbursements of legal counsel to the Administrative Agent.

SECTION 4 Miscellaneous.

4.1 Continuing Effectiveness, etc. Except as expressly amended hereby, the provisions of the Credit Agreement are and shall remain in full force and effect. After the effectiveness of this Amendment, all references in the Credit Agreement and the other Loan Documents to “Credit Agreement” or similar terms shall refer to the Credit Agreement as amended hereby.

4.2 Counterparts. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original but all such counterparts shall together constitute one and the same Amendment. Delivery of a counterpart hereof, or an executed signature hereto, by facsimile or by e-mail (in pdf or similar format) shall be effective as delivery of a manually-executed counterpart hereof.

4.3 Governing Law. This Amendment shall be construed in accordance with and governed by the law of the State of New York.

Delivered as of the day and year first above written.

BLOCK FINANCIAL CORPORATION

By: /s/ Becky S . Shulman
Name: Becky S . Shulman
Title: Senior Vice President & Treasurer

H&R BLOCK, INC.

By: /s/ Becky S. Shulman
Name: Becky S. Shulman
Title: Senior Vice President and Treasurer

JPMORGAN CHASE BANK, N.A., as
Administrative Agent, as a Lender and as Swingline
Lender

By: /s/ Susan E. Atkins
Name: Susan E. Atkins
Title: Managing Director

BANK OF AMERICA, N.A.

By: /s/ Alexa B. Bradford
Name: Alexa B. Bradford
Title: Senior Vice President

HSBC BANK USA, NATIONAL ASSOCIATION

By: /s/ Vincent Clark
Name: VINCENT CLARK
Title: SENIOR VICE PRESIDENT

BNP PARIBAS

By: /s/ Curt Price
Name: Curt Price
Title: Managing Director

By: /s/ Fikret Durmus
Name: Fikret Durmus
Title: Vice President

CALYON NEW YORK BRANCH

By: /s/ Sebastian Rocco
Name: Sebastian Rocco
Title: Managing Director

By: /s/ Walter Jay Buckley
Name: Walter Jay Buckley
Title: Managing Director

MELLON BANK, N.A.

By: /s/ Anne M. Westbrook
Name: Anne M. Westbrook
Title: Vice President

THE BANK OF NEW YORK

By: /s/ Anne M. Westbrook
Name: Anne M. Westbrook
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U.S. BANK NATIONAL ASSOCIATION

By: /s/ Michael J. Reymann
Name: Michael J. Reymann
Title: Senior Vice President

COMMERZBANK AG, NEW YORK & GRAND CAYMAN BRANCHES

By: /s/ Michael Leibrock
Name: Michael Leibrock
Title: Senior Vice President

By: /s/ Michael Fruchter
Name: Michael Fruchter
Title: Vice President

FORTIS BANK SA NV
CAYMAN ISLANDS BRANCH

By: /s/ Marlene Purrier-Ellis
Name: Marlene Purrier-Ellis
Title: Director

/s/ GILL DICKSON
GILL DICKSON
DIRECTOR

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By: /s/ Heather A. Whiting
Name: Heather A. Whiting
Title: Vice President

LEHMAN BROTHERS BANK, FSB

By: /s/ Janice M. Shugan
Name: Janice M. Shugan
Title: Authorized Signatory

ROYAL BANK OF CANADA

By: /s/ Dustin Craven
Name: Dustin Craven
Title: Attorney-in-Fact

SUNTRUST BANK

By: /s/ Daniel S. Komitor
Name: Daniel S. Komitor
Title: Director

FIFTH THIRD BANK

By: /s/ Christopher Motley
Name: Christopher Motley
Title: VICE PRESIDENT

UBS LOAN FINANCE LLC

By: /s/ Irja R. Otsa
Name: Irja R. Otsa
Title: Associate Director

By: /s/ Richard L. Tavrow
Name: Richard L. Tavrow
Title: Director

BANK MIDWEST, N.A.

By: /s/ Brian Bower
Name: Brian Bower
Title: Vice President

COMMERCE BANK, N.A.

By: /s/ R. David Emley, Jr.
Name: R. David Emley, Jr.
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Marc C. Van Horn
Name: Marc C. Van Horn
Title: Credit Manager

UMB BANK, N.A.

By: /s/ Thomas S. Terry
Name: Thomas S. Terry
Title: Senior Vice President

SECOND AMENDMENT

THIS SECOND AMENDMENT, dated as of November 19, 2007 (this "Amendment"), amends the Amended and Restated Five-Year Credit and Guarantee Agreement dated as of August 10, 2005 (as amended, the "Credit Agreement"), among Block Financial Corporation (the "Borrower"), H&R Block, Inc. (the "Guarantor"), the lenders party thereto (the "Lenders") and JPMorgan Chase Bank, N.A., as administrative agent for the Lenders (in such capacity, the "Administrative Agent"). Capitalized terms used but not defined herein have the respective meanings set forth in the Credit Agreement.

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"provided further, that the Applicable Rate for Utilization Fees shall be increased to (i) 0.40% on the Second Amendment Effective Date and (ii) 0.90% on December 31, 2007 if the OOMC Disposition Date has not occurred prior to such date; provided that, (x) the Applicable Rate for Utilization Fees shall be reduced to 0.40% on the earlier of the Modified Bridge Credit Agreement Date and the OOMC Disposition Date if the Applicable Rate for Utilization Fees is increased pursuant to clause (ii) above and (y) the Applicable Rate for Utilization Fees shall be reduced to the Applicable Rate under the relevant column heading above on the later of the Modified Bridge Credit Agreement Date and the OOMC Disposition Date."

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"5.9. Cleandown. The Credit Parties shall reduce the aggregate outstanding principal amount of all Short-Term Debt to $200,000,000 or less for a minimum period of thirty consecutive days during the period from March 1 to June 30 of each fiscal year (other than for the period from March 1, 2008 to June 30, 2008 if the OOMC Disposition has not been consummated on or prior to April 30, 2008, in which case the Credit Parties shall reduce the aggregate outstanding principal

amount of all Short-Term Debt to $700,000,000 or less for a minimum period of thirty consecutive days during the period from March 1 to May 31, 2008).”

1.4 Amendment to Section 6.1. Section 6.1 is hereby amended in its entirety to read as follows:

“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 (a) for the fiscal quarters ending October 31, 2007 and January 31, 2008, $800,000,000 and (b) for each other fiscal quarter, $1,000,000,000”.

SECTION 2 Representations and Warranties. Each of the Borrower and the Guarantor represents and warrants to the Administrative Agent and the Lenders that, after giving effect to this Amendment, (a) each representation and warranty set forth in Article III of the Credit Agreement (other than the representations and warranties set forth in subsections 3.4(b), 3.6(a)(i) and 3.6(b)) is true and correct in all material respects as of the date hereof with the same effect as if made on the date hereof (except to the extent related to a specific earlier date) and (b) no Default or Event of Default shall have occurred and be continuing.

SECTION 3 Effectiveness. This Amendment shall become effective on the date on which all of the following conditions precedent have been satisfied or waived:

(a) The Administrative Agent (or its counsel) shall have received counterparts of this Amendment executed by the Borrower, the Guarantor and the Required Lenders.

(b) The Administrative Agent shall have received for the account of each Lender that executes and delivers a counterpart of this Amendment on or before 5:00 P.M. on November 19, 2007 an amendment fee equal to 0.05% of the outstanding principal amount of such Lender’s Loans.

(c) The Borrower shall have paid and reimbursed the Administrative Agent for all of its
reasonable out-of-pocket expenses incurred to date in connection with this Amendment and the other Loan Documents, including, without limitation, the reasonable fees and disbursements of legal counsel to the Administrative Agent.

SECTION 4 Miscellaneous.

4.1 Continuing Effectiveness, etc. Except as expressly amended hereby, the provisions of the Credit Agreement are and shall remain in full force and effect. After the effectiveness of this Amendment, all references in the Credit Agreement and the other Loan Documents to “Credit Agreement” or similar terms shall refer to the Credit Agreement as amended hereby.

4.2 Counterparts. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original but all such counterparts shall together constitute one and the same Amendment. Delivery of a counterpart hereof, or an executed signature hereto, by facsimile or by e-mail (in pdf or similar format) shall be effective as delivery of a manually-executed counterpart hereof.

4.3 Governing Law. This Amendment shall be construed in accordance with and governed by the law of the State of New York.

Delivered as of the day and year first above written.

BLOCK FINANCIAL CORPORATION

By: /s/ Becky S. Shulman
Name: Becky S. Shulman
Title: Senior Vice President & Treasurer

H&R BLOCK, INC.

By: /s/ Becky S. Shulman
Name: Becky S. Shulman
Title: Senior Vice President and Treasurer

JPMORGAN CHASE BANK, N.A., as
Administrative Agent, as a Lender and as Swingline Lender

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Name: Susan E. Atkins
Title: Managing Director

BANK OF AMERICA, N.A.

By: /s/ Alexa B. Bradford
Name: Alexa B. Bradford
Title: Senior Vice President

HSBC BANK USA, NATIONAL ASSOCIATION

By: /s/ VINCENT CLARK
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BNP PARIBAS

By: /s/ Curt Price
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Title: VICE PRESIDENT

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By: /s/ Irja R. Otsa
Name: Irja R. Otsa
Title: Associate Director

By: /s/ Richard L. Tavrow
Name: Richard L. Tavrow
Title: Director

E. SUN COMMERCIAL BANK, LTD., LOS ANGELES BRANCH

By: /s/ Benjamin Lin
Name: Benjamin Lin
Title: EVP & General Manager

BANK MIDWEST, N.A.

By: /s/ Brian Bower
Name: Brian Bower
Title: Vice President

COMMERCE BANK, N.A.

By: /s/ R. David Emley, Jr.
Name: R. David Emley, Jr.
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Marc C. Van Horn
Name: Marc C. Van Horn
Title: Credit Manager

UMB BANK, N.A.

By: /s/ Thomas S. Terry
Name: Thomas S. Terry
Title: Senior Vice President

Exhibit 10.5

December 3, 2007

Mr. Alan M. Bennett
c/o H&R Block, Inc.
One H&R Block Way
Kansas City, Missouri 64105

Re: Employment Agreement

Dear Alan:

This is your **EMPLOYMENT AGREEMENT** (this *"Agreement"*) with **HRB Management, Inc.,** a Missouri corporation (the *"Company"*). It sets forth the terms of your employment with the Company and its Affiliates (as defined below) from time to time.

1. Your Position, Performance and Other Activities

(a) *Agreement as to Employment; Titles.* Effective as of November 20, 2007 (the *"Employment Date"*), the Company hereby employs you to serve on an interim basis in the capacity of Chief Executive Officer of the Company and Chief Executive Officer of H&R BLOCK, INC., a Missouri Corporation (*"Block"*) and the indirect parent corporation of the Company, and you hereby accept such employment by the Company, subject to the terms of this Agreement. The Company reserves the right, in its sole discretion, to change your titles at the time the Company and Block appoint a permanent Chief Executive Officer.

(b) *Duties.* During the Term prior to the appointment of a permanent Chief Executive Officer, you will have the duties, authorities and responsibilities commensurate with the duties, authorities and responsibilities of chief executive officers in similarly sized companies, and such other duties, authorities and responsibilities as Block's Board of Directors (the "Board") designates from time to time that are not inconsistent with your positions.. In addition, you acknowledge and agree that following the appointment of a permanent Chief Executive Officer during the Term, you will resign as an officer of the Company and be employed by the Company as a senior-level advisor to the Company and aid in the transition to a permanent Chief Executive Officer. You will report to the Board and, following the appointment of a permanent Chief Executive Officer, to the Board and the Chief Executive Officer.

(c) *Performance.* So long as you are employed under this Agreement, you agree to devote your full business time and efforts exclusively on behalf of the Company and to competently and diligently discharge your duties hereunder. You will not be prohibited from engaging in such personal, charitable, or other nonemployment activities that do not interfere with your 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 you acknowledge having read and understood. You will comply in all material respects with all reasonable policies of the Company as are from time to time in effect and applicable to your position. You

understand that the business of 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 you to submit to background investigation as a condition of Block, the Company, and/or Affiliates' participation in certain activities subject to such regulation. If you, Block, the Company, or Affiliates are unable to participate, in whole or in part, in any such activity solely as the result of any action or inaction on your part, then this Agreement and your employment hereunder may be terminated by the Company without notice.

2. Term of Your Employment

Your employment under this Agreement will begin on the Employment Date and end on May 20, 2008 (the *"Term"*).

3. Your Compensation

(a) *Base Salary.* The Company will pay to you a gross salary during the Term of $450,000 (*"Base Salary"*), payable semimonthly or at any other pay periods as the Company may use for its other executive-level employees.

(b) *Guaranteed Bonus.* The Company will pay to you a guaranteed bonus of $562,500 (the *"Guaranteed Bonus")* on the last day of the Term unless your employment is terminated by the Company for Cause (as defined below) or you voluntarily terminate before such date.

(c) *Long-Term Incentive.* As authorized under the H&R Block 2003 Long-Term Executive Compensation Plan, as amended (the *"2003 Plan"*), you will be granted on December 3, 2007 (the *"Grant Date")* a non-qualified stock option (the *"Stock Option")* under the 2003 Plan to purchase 150,000 shares of Block's common stock at an option price per share equal to its closing price on the New York Stock Exchange on the Grant Date, such option to expire on the fifth anniversary of the date of grant, to vest and become exercisable as to the shares covered thereby on the last day of the Term and to have such other terms and conditions as are set forth in an award agreement substantially in the form attached hereto as Exhibit A.

(d) *Housing and Certain Travel Expenses.* During the Term, (i) the Company will make available reasonable and customary furnished housing for your use when you are at the Company's headquarters in Kansas City, Missouri in connection with the business of the Company and its Affiliates and (ii) you and your family will be entitled to the use of the Company's Net Jet share for one round trip per week between your Connecticut or Florida residences and Kansas City, Missouri. To the extent that you incur taxable income related to any benefits provided in this Section 3(d), the Company will pay to you such additional amount as is necessary to "gross up" such benefits and cover the anticipated income and employment tax liability resulting from such taxable income so that the economic benefit to you is the same as if such payments were provided to you on a non-taxable basis. Such amount will be paid to you promptly but, in any event, no later than by the end of the calendar year next following the calendar year in which you remit the income tax due in respect these benefits.

(e) *Automobile.* The Company will promptly pay directly, or reimburse you for, the cost of a full-size rental car for the Term for your use when you are at the Company's headquarters in Kansas City, Missouri in connection with the business of the Company and its Affiliates.

(f) *Business Expenses.* The Company will promptly pay directly, or reimburse you for, all business expenses, to the extent such expenses are paid or incurred by you during the Term in accordance with the Company's policy in effect from time to time and to the extent such expenses are reasonable and necessary to your conduct of the Company's business.

(g) *Health Benefits.* The Company will promptly reimburse you for any out-of-network charges you may incur while you are in Kansas City, Missouri in connection with the business of the Company and its Affiliates under the terms of the retiree medical program in which you participate.

(h) *Other Benefits.* During the Term and subject to the discretionary authority given to the applicable benefit plan administrators, the Company will make available to you such insurance, sick leave, deferred compensation, 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. Coverage and eligibility for any such benefits are subject to the terms of the various plans as they may be amended from time to time pursuant to their respective terms.

4. Termination of Employment

(a) *Without Notice.* The Company may, at any time, in its sole discretion, terminate your employment without notice for Cause. For purposes of this Agreement, the term "Cause" means:

(1) your commission of an act materially and demonstrably detrimental to the good will of Block, the Company or any Affiliate, which act constitutes gross negligence or willful misconduct by you in the performance of your material duties to Block, the Company or any Affiliate; or

(2) your commission of any act of dishonesty or breach of trust resulting or intending to result in material personal gain or your material enrichment at the expense of Block, the Company or any Affiliate; or

(3) your material violation of Sections 5 or 6 of this Agreement which violation, if curable, is not cured by you within 30 days of the Company providing you with written notice of such material violation; or

(4) your inability or the inability of Block, the Company, and/or an Affiliate to participate, in whole or in part, in any activity subject to governmental regulation and material to the business of Block, the Company and/or any Affiliate solely as the result of any action or inaction by you, as described in Section 1(c), which action or inaction, if curable, is not cured by you within 30 days of the Company providing you with written notice of such action or inaction.

(b) *With Notice.* Either party may terminate your employment for any reason, or no reason, by providing not less than 30 days' prior written notice of such termination to the other party, and, if such notice is properly given, your employment hereunder will terminate as of the close of business on the 30th day after such notice is deemed to have been given or such later date as is specified in such notice. Notwithstanding the foregoing, if you give written notice of termination as the result of a material breach of this Agreement by the Company within 30 days of such breach and the Company fails to cure such breach within 30 days of such notice, your termination will be effective at the end of such 30-day cure period and will be treated as a termination by the Company without Cause for purposes of this Agreement.

(c) *Severance.* Upon a termination of your employment prior to the end of the Term by the Company without Cause or as the result of your death or "total and permanent disability" (as defined under any long-term disability plan maintained by the Company or Block for executives of the Company), you will be entitled to the following benefits: (i) a lump sum payment equal to the sum of: (x) the Base Salary payable for the remainder of the Term and (y) the Guaranteed Bonus and (ii) full vesting of the Stock Option, provided that you execute an agreement with the Company under which you release all known and potential claims related to your employment against Block, the Company and any Affiliate substantially in the form attached hereto as Exhibit B; execution of such release by you to occur within 25 days after termination of your employment and payment to be made to you within 10 days of such execution.

5. Confidentiality

(a) *Background and Relationship of Parties.* The parties hereto acknowledge (for all purposes including, without limitation, Sections 5 and 6 of this Agreement) that Block, the Company, or Affiliates 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 your employment by the Company, you will be expected to have access to all information of value to the Company and Block and that your employment creates a relationship of confidence and trust between you and Block with respect to any information applicable to the businesses of Block, the Company, or Affiliates. You will possess or have unfettered access to information that has been created, developed, or acquired by Block, the Company, or Affiliates or otherwise become known to Block, the Company, or Affiliates and which has commercial value in the businesses in which Block, the Company, or Affiliates 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.

(b) *Proprietary Information is Property of Block.*

(1) All Proprietary Information is the sole property of Block (or the applicable Affiliate) and its assigns, and Block (or the applicable Affiliate) is the sole owner of all patents, copyrights, trademarks, names, and other rights in connection therewith and without regard to whether Block (or any Affiliate) is at any particular time developing or marketing the same. You hereby assign to Block any rights you may have or may acquire in such Proprietary Information. At all times during and after your employment with the Company or any Affiliate, you will keep in strictest confidence and trust all Proprietary Information and you 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.

(2) In the event of any termination of your employment hereunder, you 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 Affiliate and obtained during the course of your employment with the Company. In addition, upon such termination, you will not remove from the premises of Block or any Affiliate 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.

6. Non-Hiring; Non-Solicitation; No Conflicts

(a) *General.* The parties hereto acknowledge that, during the course of your employment by the Company, you will have access to information valuable to the Company and Block concerning the employees of Block and Affiliates *("Block Employees")* and, in addition to your access to such information, you may, during (and in the course of) your employment by the Company, develop relationships with such Block Employees whereby information valuable to Block and Affiliates concerning the Block Employees was acquired by you. 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. You agree and understand 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 you agree to the covenants described in this Section 6.

(b) *Non-Hiring.* During the Term, and for a period of 1 year after your last day of employment with the Company, you 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 you or any company or business with which you are 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.

(c) *Non-Solicitation.* During the Term, and for a period of 1 year after your last day of employment with the Company, you 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 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, provided that this Section 6(c) will only apply to customers for whom you personally provided services while employed by the Company or an Affiliate or customers about whom or which you acquired material information while employed by the Company or an Affiliate. 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.

(d) *No Conflicts.* You represent in good faith that, to the best of your knowledge, your performance of all the terms of this Agreement will not breach any agreement to which you are or were a party and which requires you to keep any information in confidence or in trust. You have not brought and will not bring to the Company or Block nor will you 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 you have obtained express written authorization from such former employer for their possession and use. You have not and will not breach any obligation of confidentiality that you may have to former employers and you will fulfill all such obligations during your employment with the Company.

(e) *Reasonableness of Restrictions.* You and the Company acknowledge that the restrictions contained in this Agreement are reasonable, but should any provisions of any Section 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 you 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.

7. Miscellaneous

(a) *Third-Party Beneficiary.* The parties hereto agree that Block is a third-party beneficiary as to the obligations imposed upon you 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.

(b) *Entire Agreement.* This Agreement supersedes all previous employment agreements, whether written or oral between you and the Company and constitutes the entire agreement and understanding between the Company and you concerning the subject matter hereof. No modification, amendment, termination, or waiver of this Agreement will be binding

unless in writing and signed by you and a duly authorized officer of the Company. Failure of the Company, Block, or you 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. If, and to the extent that, any other written or oral agreement between you and Company or Block is inconsistent with or contradictory to the terms of this Agreement, the terms of this Agreement will apply.

(c) *Specific Performance.* The parties hereto acknowledge that money damages alone will not adequately compensate the Company or Block or you for breach of any of the covenants and agreements set forth in Sections 5 and 6 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.

(d) *Successors and Assigns.* This Agreement is binding upon you and your heirs, executors, assigns and administrators or your estate and property and will inure to the benefit of the Company, Block and their successors and assigns. You may not assign or transfer to others the obligation to perform your duties hereunder. The Company may assign this Agreement to an Affiliate with your consent, in which case, after such assignment, the "Company" means the Affiliate to which this Agreement has been assigned.

(e) *Withholding Taxes.* From any payments due hereunder to you 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. You remain primarily liable to such authorities for such taxes and charges to the extent not actually paid by the Company. This Section 7(e) does not affect the Company's obligation to "gross up" any benefits paid to you pursuant to Section 3(d).

(f) *Indemnification.* To the fullest extent permitted by law and Block's Bylaws, the Company hereby indemnifies during and after the period of your employment hereunder you from and against all loss, costs, damages, and expenses including, without limitation, legal expenses of counsel selected by the Company to represent your interests (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 you are or were a director, officer, attorney, 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 7(f) will not apply to any loss, costs, damages, and expenses arising out of or relating in any way to your employment by any former employer or the termination of any such employment.

(g) *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 you owe the Company under this Agreement against any amounts due you by Block, the Company, or Affiliates.

(h) *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 you at: your address then on file with the Company's payroll department and to the Company at: HRM Management, Inc., c/o H&R Block, Inc., One H&R Block Way, Kansas City, Missouri 64105, 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.

(i) *Counterparts.* This Agreement may be signed in counterparts and delivered by facsimile transmission confirmed promptly thereafter by actual delivery of executed counterparts.

(j) *Section 409A.* Notwithstanding anything in this Agreement to the contrary, if any provision would result in the imposition of an applicable tax under Section 409A of the Internal Revenue Code of 1986, as amended and related Treasury guidance *("Section 409A")*, that provision will be reformed to avoid imposition of the applicable tax and no action taken to comply with Section 409A will be taken without your consent if it will adversely affect your rights to any compensation or benefits hereunder. To the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement is determined to be subject to Section 409A, (i) the amount of any such expenses eligible for reimbursement in one calendar year will not affect the expenses eligible for reimbursement, or the provision of any in-kind benefit, in any other taxable year, (ii) in no event will any expenses be reimbursed after the last day of the calendar year following the calendar year in which the Executive incurred such expenses, and (iii) in no event will any right to reimbursement, or the provision of any in-kind benefit, be subject to liquidation or exchange for another benefit.

(k) *Arbitration.* The parties hereto may attempt to resolve any dispute hereunder informally via mediation or other means. Otherwise, any controversy or claim arising out of or relating to this Agreement, or any breach thereof, will, except as provided in Section 7(c), be adjusted only by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon such award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitration will be held in Kansas City, Missouri, or such other place as may be agreed upon at the time by the parties to the arbitration. The arbitrator(s) will, in their award, allocate between the parties the costs of arbitration, which will include reasonable attorneys' fees of the parties, as well as the arbitrator's fees and expenses, in such proportions as the arbitrator deems just.

(l) *Choice of Law.* This Agreement will be governed by, construed and enforced in accordance with the Laws of the State of Missouri, excluding any conflicts of law, rule or principle that might otherwise refer to the substantive law of another jurisdiction.

Very truly yours,

HRB Management, Inc.

/s/ Carol Graebner
Name: Carol Graebner
Title: EVP & GENERAL COUNSEL

BY SIGNING THIS AGREEMENT, I HEREBY CERTIFY THAT I (A) HAVE RECEIVED A COPY OF THIS AGREEMENT FOR REVIEW AND STUDY BEFORE SIGNING IT, (B) HAVE READ THIS AGREEMENT CAREFULLY BEFORE SIGNING IT, (C) HAVE HAD SUFFICIENT OPPORTUNITY TO REVIEW THE AGREEMENT WITH ANY ADVISOR I DESIRED TO CONSULT, INCLUDING LEGAL COUNSEL, (D) HAVE HAD SUFFICIENT OPPORTUNITY BEFORE SIGNING IT TO ASK ANY QUESTIONS ABOUT THIS AGREEMENT AND HAVE RECEIVED SATISFACTORY ANSWERS TO ALL SUCH QUESTIONS, AND (E) UNDERSTAND MY RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT.

Accepted and agreed to:

/s/ Alan Bennett
Alan Bennett

December 3, 2007

Accepted and agreed to (solely for purposes
of Sections 1 and 3(c) hereof):

H&R Block, Inc.

/s/ Carol Graebner
Name: Carol Graebner
Title: EVP and General Counsel

Exhibit A

Form of Award Agreement

Exhibit B

Form of Mutual Release of Claims

This Release is dated as of the [•] day of [•], 200[•], by **HRB Management, Inc.,** a Missouri corporation (the "*Company* ") and **Alan M. Bennett** ("*Bennett*"). The parties acknowledge that this Release is being executed in accordance with Section 4(c) of Bennett's employment agreement with the Company dated December 3, 2007 (the "Employment Agreement").

1. *Release of the Company.* (a) Bennett, for himself and for his heirs, dependents, assigns, agents, executors, administrators, trustees and legal representatives (collectively, the "*Releasors*") hereby forever releases, waives and discharges the Released Parties (as defined below) from each and every claim, demand, cause of action, fees, liabilities or right of any sort (based upon legal or equitable theory, whether contractual, common-law, statutory, federal, state, local or otherwise), known or unknown, which Releasors ever had, now have, or hereafter may have against the Released Parties by reason of any actual or alleged act, omission, transaction, practice, policy, procedure, conduct, occurrence, or other matter from the beginning of the world up to and including the Effective Date, including without limitation, those in connection with, or in any way related to or arising out of, Bennett's employment or termination of employment or any other agreement, understanding, relationship, arrangement, act, omission or occurrence, with the Released Parties.

(b) Without limiting the generality of the previous paragraph, this Release is intended to and shall release the Released Parties from any and all claims, whether known or unknown, which Releasors ever had, now have, or may hereafter have against the Released Parties including, but not limited to: (i) any claim of discrimination or retaliation under the Age Discrimination in Employment Act, Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, as amended (excluding claims for accrued, vested benefits under any employee benefit or pension plan of the Released Parties subject to the terms and conditions of such plan and applicable law) and the Family and Medical Leave Act; (ii) any claim under the Missouri Service Letter Statute, the Missouri Human Rights Act and the Civil Rights Ordinance of Kansas City, Missouri; (iii) any other claim (whether based on federal, state or local law or ordinance, statutory or decisional) relating to or arising out of Bennett's employment, the terms and conditions of such employment, the termination of such employment and/or any of the events relating directly or indirectly to or surrounding the termination of such employment, including, but not limited to, breach of contract (express or implied), tort, wrongful discharge, detrimental reliance, defamation, emotional distress or compensatory or punitive damages; and (iv) any claim for attorney's fees, costs, disbursements and the like.

(c) Bennett acknowledges that he has not filed any claims against any of the Released Parties and that this Release does not prohibit him from filing a charge of discrimination with the Equal Employment Opportunity Commission. The Company and Bennett agree that the foregoing release does not include and Bennett is not releasing (i)any indemnification rights that he may be entitled to as an officer of the Company and its affiliates as applicable, (ii) the

Company's obligations to pay severance to Bennett pursuant to Section 4(c) of the Employment Agreement, or (iii) the Company's obligations under the Stock Option Award Agreement effective as of December 3, 2007.

(d) For purposes of this Release, the *"Released Parties"* means the Company, all current and former parents, subsidiaries, related companies, partnerships, joint ventures and employee benefit programs (and the trustees, administrators, fiduciaries and insurers of such programs), and, with respect to each of them, their predecessors and successors, and, with respect to each such entity, all of its past, present, and future employees, officers, directors, members, stockholders, owners, representatives, assigns, attorneys, agents, insurers, and any other person acting by, through, under or in concert with any of the persons or entities listed in this paragraph, and their successors (whether acting as agents for such entities or in their individual capacities).

2. *Release of Bennett.* The Company hereby releases, waives, discharges Bennett from every known and unknown claim, action, or right of any sort arising on or before the Effective Date out of his employment or termination of employment with the Company or his serving as an officer of the Company or an affiliate of the Company; provided, however, notwithstanding the generality of the foregoing, nothing herein will be deemed to release Bennett from (a) any intentional or knowing violation of law or (b) any intentional acts of misconduct engaged in by Bennett while employed as an employee of the Company or while serving as an officer of the Company or an affiliate, including misappropriation, fraud or theft.

3. *Acknowledgement.* Bennett acknowledges that he has read this Release carefully, knows and understands its contents and effects and has been advised by the Company in writing to consult independent legal counsel of his choice before signing this Release. Bennett further acknowledges that he has had the opportunity to consult, and he has consulted with, independent legal counsel and to consider the terms of this Release for a period of at least 21 days.

4. *Effective Date.* Bennett further acknowledge that this Release will not become effective until the eighth day following my execution of this Release (the *"Effective Date"*), and that he may at any time prior to the Effective Date revoke this Release by delivering written notice of revocation to: HRB Management, Inc., One H&R Block Way, Kansas City Missouri 64105, to the attention of the General Counsel.. In the event that Bennett revokes this Release prior to the eighth day after its execution, this Release and the promises contained in Section 4(c) of the Employment Agreement, will automatically be null and void. Further, notwithstanding the foregoing, this Release shall be effective as of the Effective Date and only if executed by both parties.

This Release is final and binding and may not be changed or modified.

Date: _____

HRB Management, Inc.

By: _____
Its: _____

Date: _____

_____
Alan M. Bennett

Exhibit 10.6

Execution Copy

AMENDED AND RESTATED BRIDGE CREDIT AND GUARANTEE AGREEMENT (HSBC)

dated as of

December 20, 2007

among

BLOCK FINANCIAL CORPORATION,
as Borrower,

H&R BLOCK, INC.,
as Guarantor,

The Lenders Party Hereto

and

HSBC BANK USA, NATIONAL ASSOCIATION,
as Administrative Agent

$250,000,000 BRIDGE FACILITY

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AMENDED AND RESTATED BRIDGE CREDIT AND GUARANTEE AGREEMENT (HSBC), dated as of December 20, 2007, among BLOCK FINANCIAL CORPORATION, a Delaware corporation, as Borrower, H&R BLOCK, INC., a Missouri corporation, as Guarantor, the LENDERS party hereto, and HSBC BANK USA, NATIONAL ASSOCIATION, a national association, as Administrative Agent.

WHEREAS, the Borrower, the Guarantor, the lenders party thereto from time to time, HSBC Bank USA, National Association, as administrative agent, and the other parties thereto entered into that certain Bridge Credit and Guarantee Agreement, dated as of April 16, 2007 (the "Existing Bridge Credit Agreement"), to provide a bridge facility in an amount of $500,000,000 to the Borrower; and

WHEREAS, in connection with the execution of that certain Amendment and Intercreditor Agreement, dated as of the date hereof (the "Amendment Agreement"), among the Borrower, the Guarantor, HSBC Bank USA, National Association and BNP Paribas, the parties hereto hereby amend and restate HSBC Bank USA, National Association's rights and interests under the Existing Bridge Credit Agreement as set forth herein.

NOW, THEREFORE, in consideration of the agreements herein and in reliance upon the representations and warranties set forth herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"Administrative Agent" means HSBC Bank USA, National Association, 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 Bridge Credit and Guarantee Agreement (HSBC).

"Amendment Agreement" has the meaning assigned to such term in the recitals to this Agreement.

"Amendment and Restatement Effective Date" has the meaning assigned to such term in the Amendment Agreement.

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

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

Category	Ratings	Applicable Rate (prior to the Amendment and Restatement Effective Date)	Applicable Rate (from the Amendment and Restatement Effective Date through February 14, 2008)	Applicable Rate (from February 15, 2008 through the Maturity Date)
I	Higher than: BBB+ by S&P or Baal by Moody's	0.350%	1.00%	1.50%
II	BBB+by S&P or Baal by Moody's	0.450%	1.50%	2.00%
III	BBB by S&P or Baa2 by Moody's	0.600%	2.00%	2.50%
IV	Lower than: BBB by S&P or Baa2 by Moody's	0.750%	2.50%	3.00%

; 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 IV 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.

"BNPP Borrowing" means the "Borrowing" as defined in the BNPP Bridge Credit Agreement.

"BNPP Bridge Credit Agreement" means that certain Amended and Restated Bridge Credit and Guarantee Agreement (BNPP), dated as of the date hereof and annexed to the Amendment Agreement as Annex I thereto, among the Borrower, the Guarantor, the lenders party

thereto and BNP Paribas, as administrative agent (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms of the Amendment Agreement).

"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 the Loans made on the Closing Date.

"Borrowing Request" means the request by the Borrower for the Borrowing made in accordance with Section 2.3 of the Existing Bridge Credit Agreement.

"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 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.

"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 Closing Date, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the Closing Date 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 Closing Date.

"Charges" has the meaning assigned to such term in Section 10.13.

"Closing Date" means April 16, 2007.

"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 a Loan hereunder to the Borrower on the Closing Date. The initial amount of each Lender's Commitment is set forth on Schedule 2.1 under the heading "Commitment".

"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 December 19, 2007 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.

"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.

"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 Bridge Credit Agreement" has the meaning assigned to such term in the recitals to this Agreement.

"Existing Revolving Credit Agreement" means the Five-Year Credit and Guarantee Agreement, dated as of August 10, 2005, among the Borrower, the Guarantor, the lenders parties thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent, as amended by that certain First Amendment thereto, dated November 28, 2006, and that certain Second Amendment thereto, dated November 19, 2007.

"Federal Funds Effective Rate" means, with respect to any amount, 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 such amount, 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.

"Headquarters" means the Guarantor's headquarters located at One H&R Block Way, Kansas City, Missouri 64105.

"Headquarters Mortgage Debt" means real estate mortgage Indebtedness permitted under Section 6.2(p) of the Existing Revolving Credit Agreement and secured by the Headquarters.

"Hedging Agreement" means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"HSBC" means HSBC Bank USA, National Association, in its individual capacity as a "Lender" under the Existing Bridge Credit Agreement.

"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 and (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. 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).

"Information" has the meaning assigned to such term in Section 10.12.

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

"Interest Payment Date" means, with respect to any Loan, the last day of each Interest Period applicable thereto and, in the case of 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.

"Interest Period" means, with respect to the Borrowing, the period commencing on the date of the Borrowing and ending on the numerically corresponding day in the calendar month that is one or two weeks or one or two 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, (b) any one or two month 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 and (c) no Interest Period may end beyond the Maturity Date. For purposes hereof, the date of the Borrowing initially shall be the date on which the Borrowing is made and thereafter shall be the effective date of the most recent continuation of the Borrowing.

"Lenders" means the Person listed on Schedule 2.1 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance.

"LIBOR Rate" means, with respect to any Interest Period, the rate appearing on Reuters Screen LIBOR01 Page 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 "LIBOR Rate" with respect to 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, the Amendment Agreement and the Notes, if any.

"Loans" means the loans made by the Lenders to the Borrower on the Closing Date.

"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, other than OOMC, the aggregate assets or revenues of which, as of the last day of the most recently ended fiscal quarter for which the Borrower has delivered financial statements, when aggregated with the assets or revenues of all other Subsidiaries with respect to which the actions contemplated by Section 6.4 of the Existing Revolving Credit Agreement 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.

"Maturity Date" means April 30, 2008.

"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.

"Net Cash Proceeds" means, in connection with any issuance of Indebtedness, the cash proceeds received from such issuance, net of attorneys' fees, investment banking fees, accountants' fees, underwriting discounts and commissions and other customary fees and expenses actually incurred in connection therewith.

"Net Equity Proceeds" means, in connection with the sale or issuance by the Guarantor or any of its Subsidiaries of any equity interests or warrants, options or rights to acquire equity interests, or the exercise of any such warrants, options or rights, the gross cash proceeds received from such sale or issuance, net of the sum of all customary underwriting commissions and fees, and legal, investment banking, brokerage and accounting and other professional fees, sales commissions, disbursements and out-of-pocket expenses actually incurred in connection with such sale or issuance; provided, however, that "Net Equity Proceeds" shall not include any gross cash proceeds received from the exercise of options by any director, officer, manager or employee of the Guarantor or any of its Subsidiaries or from the issuance of any equity interests to the Guarantor or any of its wholly-owned Subsidiaries (provided that, in each case, the equity interests issued to any such Person are for such Person's own account and not with a view to, or intention of, distribution thereof).

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

"Obligations" means, collectively, the unpaid principal of and interest on the Loans and all other obligations and liabilities of the Borrower (including interest accruing at the then applicable rate provided herein after the maturity of the Loans and interest accruing at the then applicable rate provided herein after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) to the 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).

"OOMC" means Option One Mortgage Corporation, a California corporation.

"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.

"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.

"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 holding more than 50% of the aggregate unpaid principal amount of the Loans then outstanding.

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

"Specified Indebtedness" means Indebtedness incurred pursuant to an issuance of debt securities or under clause (d), (e), (u) or (v) of Section 6.2 of the Existing Revolving Credit Agreement, other than (i) prior to the time when no more than $100,000,000 of the principal amount of the Loan remains outstanding, unsecured Indebtedness in the form of term loans under bank credit facilities in an aggregate principal amount not to exceed $250,000,000 and (ii) thereafter, Indebtedness in the form of bank lines of credit or similar facilities in an aggregate amount not to exceed $500,000,000, of which up to $250,000,000 (inclusive of the aggregate amount of Indebtedness incurred under Section 6.2(p) of the Existing Revolving Credit Agreement) may be secured by assets other than those related to Tax Services; provided that, any

Indebtedness under the immediately preceding clauses (i) or (ii) (A) shall not include covenants that are more restrictive than the covenants set forth in this Agreement or representations and warranties, prepayment provisions, defaults, events of default or remedies that are more favorable to the lenders thereunder than those set forth in this Agreement (except, in the case of any such permitted secured Indebtedness, any of the foregoing that is customarily related to the security therefor) and (B) shall not have a final maturity date that is prior to, and shall not require any scheduled amortization of principal prior to, the Maturity Date (other than (x) scheduled amortization and a final maturity date, in each case not prior to February 1, 2008 for receivables financings in an aggregate amount not to exceed $110,000,000 and (y) scheduled amortization for the Headquarters Mortgage Debt not more burdensome to the issuer than the amortization requirements customary for a 10-year commercial mortgage with a balloon payment at the end of the fifth year); provided further that, Indebtedness in respect of the Headquarters Mortgage Debt incurred pursuant to an issuance of debt securities shall not constitute "Specified Indebtedness" hereunder.

"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.

"Tax Services" means the businesses described in the "TAX SERVICES" segment under the heading "DESCRIPTION OF BUSINESS" in Part I of the Guarantor's Form 10-K for the fiscal year ended April 30, 2007 filed with the United States Securities and Exchange Commission.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Transactions" means the amendment and restatement of the Existing Bridge Credit Agreement, the execution, delivery and performance by the Credit Parties of this Agreement and the other Loan Documents, the borrowing of Loans and the use of the proceeds thereof and the other transactions contemplated by the Amendment Agreement.

"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 the last paragraph in Article V of this Agreement or any other 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. [RESERVED].

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 Closing Date 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. Loans. All outstanding Loans made by the Lenders on the Closing Date under the Existing Bridge Credit Agreement shall remain outstanding on the terms set forth in this Agreement, which outstanding Loans, as of the Amendment and Restatement Effective Date, are in an aggregate principal amount equal to $250,000,000.

SECTION 2.2. [RESERVED].

SECTION 2.3. [RESERVED].

SECTION 2.4. [RESERVED].

SECTION 2.5. [RESERVED].

SECTION 2.6. Interest Elections. (a) The Borrowing shall have an initial Interest Period as specified in the Borrowing Request or, if no Interest Period was specified therein, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Thereafter, the Borrowing shall be continued, and the Borrower may elect Interest Periods therefor, all as provided in this Section.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by not later than 11:00 a.m., New York City time, three Business Days before the proposed 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:

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

(ii) 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 does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one week's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof.

(e) If the Borrower fails to deliver a timely Interest Election Request prior to the end of an Interest Period, then, unless the Borrowing is repaid as provided herein, at the end of such Interest Period the Borrowing shall be continued with an Interest Period of one month's duration.

SECTION 2.7. [RESERVED].

SECTION 2.8. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of the Loan made by such Lender on the Maturity Date.

(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 the 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 and each 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 the Loan 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 Loan 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 the Borrowing in whole or in part, without premium or penalty except as provided in Section 2.14. The Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment hereunder not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of the Borrowing to be prepaid. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment shall be in an amount that is an integral multiple of $10,000,000. Each prepayment under this Section 2.9(a) shall be applied ratably to the Loans then outstanding and shall be accompanied by accrued interest to the extent required by Section 2.11.

(b) The Borrower shall prepay the Borrowing on the date of receipt (or, if received after 12:00 noon, New York City time, on the following Business Day) by the Guarantor, the Borrower or any of their respective Subsidiaries, directly or indirectly, of the proceeds of the issuance of any equity by an amount (rounded down, if necessary, to an integral multiple of $1,000,000) equal to 100% of the Net Equity Proceeds thereof (provided that up to 50% of such Net Equity Proceeds may be used to prepay the BNPP Borrowing). Each prepayment under this Section 2.9(b) shall be applied ratably to the Loans then outstanding and shall be accompanied by accrued interest to the extent required by Section 2.11.

(c) On the date of receipt (or, if received after 12:00 noon, New York City time, on the following Business Day) by the Guarantor, the Borrower or any of their respective Subsidiaries, directly or indirectly, of the proceeds of the incurrence of Specified Indebtedness, the Borrower shall apply the Net Cash Proceeds thereof as follows:

First, up to an amount equal to the lesser of (i) $250,000,000 and (ii) the aggregate principal amount of the BNPP Borrowing then outstanding may be applied to prepay the BNPP Borrowing or may be retained by the Borrower as permitted under the BNPP Bridge Credit Agreement;

Second, up to an amount not to exceed $50,000,000 may be retained by the Borrower; and

Third, 75% of the remaining amount thereof shall be applied to prepay the Borrowing (with the remaining 25% thereof being retained by the Borrower).

As applicable, each prepayment under this Section 2.9(c) shall be applied ratably to the Loans then outstanding and 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 its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(b) All fees payable hereunder shall be paid on the dates due, in immediately available funds. Fees paid shall not be refundable under any circumstances.

SECTION 2.11. Interest. (a) The Loans shall bear interest at a rate per annum equal to the LIBOR Rate for the Interest Period in effect plus the Applicable Rate.

(b) 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 2% plus the rate otherwise applicable to the Loans as provided above.

(c) Accrued interest on each Loan (including interest accrued prior to the date hereof under the Existing Bridge Credit Agreement) shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (b) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, and (iii) all accrued interest shall be payable upon the Maturity Date.

(d) All interest hereunder shall be computed on the basis of a year of 360 days. The LIBOR 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:

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

(b) the Administrative Agent is advised by the Required Lenders that the LIBOR Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans 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, the Borrower and the Lenders shall negotiate in good faith to determine a comparable interest rate of the Loans and, in the absence of agreement on such a rate, the interest rate applicable to the Loans shall be an “alternate base rate” as reasonably determined by the Administrative Agent according to methodology as described in the Existing Revolving Credit Agreement.

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 such Lender's Loan;

and the result of any of the foregoing shall be to increase the cost to such Lender of maintaining the Loan made by such Lender 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 Loan 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 Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the failure to borrow, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto, or (c) the assignment of any Loan other than on the last day of an 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. 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 the Loan made by it for the period from the date of such payment, 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 or continue, the duration of the Interest Period that would have resulted from such borrowing or continuation) if the interest rate payable on such deposit were equal to the LIBOR 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 2.9, 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 452 Fifth Avenue, New York, New York, 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 Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loan 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 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 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 its Loan 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 2.16(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 Loan 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, 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, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loan, 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.

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, 2007 (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. 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 six-month period ended October 31, 2007 certified by its chief financial officer. 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 dates and for such periods 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, 2007 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, 2007.

(b) Since October 31, 2007, there has been no material adverse change in the business, assets, property or condition (financial or otherwise) of the Guarantor and its Subsidiaries, taken as a whole.

SECTION 3.5. Properties. (a) Each of the Credit Parties and the Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

(b) Each of the Credit Parties and the Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Credit Parties and the Subsidiaries does not infringe upon the rights of any other

Person, except for any such infringements that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.6. Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Credit Party, threatened against or affecting any Credit Party or any Subsidiary that (i) have not been disclosed in the Disclosed Matters and as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) challenge or would reasonably be expected to affect the legality, validity or enforceability of this Agreement.

(b) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, neither of the Credit Parties nor any Subsidiary (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

SECTION 3.7. Compliance with Laws and Agreements. Each of the Credit Parties and the Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to be so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.8. Investment Company Status. Neither of the Credit Parties nor any of the Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

SECTION 3.9. Taxes. Each of the Credit Parties and the Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Guarantor, the Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of all such underfunded Plans.

SECTION 3.11. Disclosure. None of the reports, financial statements, certificates or other information furnished by or on behalf of the Credit Parties to the 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-l 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

This Agreement shall become effective on the Amendment and Restatement Effective Date.

ARTICLE V

COVENANTS

Until 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 it will comply with the covenants set forth in Articles V and VI of the Existing Revolving Credit Agreement (other than Section 5.9 of the Existing Revolving Credit Agreement) and the terms and provisions set forth therein shall be incorporated by reference in this Agreement in their entirety as if fully set forth herein with the same effect as if applied to this Agreement (it being understood that the phrase "obligations of the Credit Parties hereunder" or "Obligations hereunder" as used therein shall be a reference to the obligations of the Credit Parties under this Agreement); provided, that (i) Section 6.5 of the Existing Revolving Credit Agreement shall not apply to any transactions with OOMC and (ii) Indebtedness under Section 6.2(g) of the Existing Revolving Credit Agreement shall be permitted so long as such Indebtedness is not incurred in anticipation of financing any acquisition. All capitalized terms set forth in Articles V and VI of the Existing Revolving Credit Agreement shall have the meanings provided in the Existing Revolving Credit Agreement.

If any provision of the Existing Revolving Credit Agreement or any definitions set forth or used therein are amended or modified or the Existing Revolving Credit Agreement is terminated, references to the Existing Revolving Credit Agreement set forth in this Agreement shall be deemed to refer to the

Existing Revolving Credit Agreement (as in effect immediately after giving effect to Amendment No. 2 thereto) without giving effect to such amendment, modification or termination, except, in the case of any such amendment or modification, if the Required Lenders have consented thereto (either as parties to the Existing Revolving Credit Agreement or as Lenders hereunder).

ARTICLE VI

[RESERVED]

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, 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.

(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. 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.

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, 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 (including the Amendment Agreement), 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 Article V as it relates to Section 5.2, 5.3 (with respect to the Credit Parties' existence) or 5.8 or Article VI of the Existing Revolving Credit Agreement;

(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, 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 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 One H&R Block Way, Kansas City, Missouri 64105, Attention of Becky Shulman (Telecopy No. (816) 854-8043), David Staley (Telecopy No. (816) 854-8043) and Andrew Somora (Telecopy No. (816) 802-1043);

(b) if to the Administrative Agent, to HSBC Bank USA, National Association, Agency Services Group, One HSBC Center, Floor 26, Buffalo, NY 14203, Attention of Donna Riley (Telecopy No. (716) 841-0269), with a copy to HSBC Bank USA, National Association, 452 Fifth Avenue, New York, NY 10018, Attention of Peter Nealon (Telecopy No. (212) 525-2479); 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 and in accordance with the terms of the Amendment Agreement; 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, 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 hereunder without the prior written consent of the Administrative Agent.

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 under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent 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 in its capacity as such. The Administrative Agent 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 Loan); provided that (i) each of the Borrower and the Administrative Agent 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 Loan, the amount of the Loan 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 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 or the Administrative Agent, 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 Loan); 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 title 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 Loan 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 Loan 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 a Loan 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. 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 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. 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 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.

SECTION 10.15. Amendment and Intercreditor Agreement. Notwithstanding anything to the contrary contained herein, each Lender acknowledges that the provisions of this Agreement are subject to the provisions of the Amendment Agreement. In the event of any conflict between the terms of the Amendment Agreement and this Agreement, the terms of the Amendment Agreement shall govern and control.

SECTION 10.16. Effectiveness of this Agreement; No Novation. Until this Agreement becomes effective in accordance with the terms and subject to the conditions set forth herein, the Existing Bridge Credit Agreement shall remain in full force and effect and shall not be affected hereby. After the Amendment and Restatement Effective Date, any and all obligations of the Borrower, the Guarantor or any of their respective Subsidiaries under the Existing Bridge Credit Agreement to HSBC shall become obligations hereunder and the provisions of the Existing Bridge Credit Agreement shall be superseded by the provisions of this Agreement and the BNPP Bridge Credit Agreement. This Agreement shall not extinguish the loans outstanding under the Existing Bridge Credit Agreement and nothing herein contained shall be construed as a substitution or novation of the loans outstanding under the Existing Bridge Credit Agreement, which shall remain outstanding after the Amendment and Restatement Effective Date as modified by this Agreement and the BNPP Bridge Credit Agreement.

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:

H&R BLOCK, INC.

By: /s/ Becky S. Shulman
Title:

HSBC BANK USA, NATIONAL ASSOCIATION,
as Administrative Agent and Lender

By: _____
Title:

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: _____
Title:

H&R BLOCK, INC.

By: _____
Title:

HSBC BANK USA, NATIONAL ASSOCIATION,
as Administrative Agent and Lender

By: /s/ Vincent Clark
VINCENT CLARK
Title: SENIOR VICE PRESIDENT

SCHEDULE 2.1

COMMITMENTS

Lender	Commitment
HSBC Bank USA, National Association	$250,000,000
Total	**$250,000,000**

SCHEDULE 3.4(a)

Guarantee Obligations

None.

SCHEDULE 3.6

Disclosed Matters

None.

SCHEDULE 3.13

Subsidiaries

The following is a list of the direct and indirect subsidiaries of H&R Block, Inc., a Missouri corporation.

	Company Name	Domestic Jurisdiction
1	2430472 Nova Scotia Company	Nova Scotia
2	4230 W. Green Oaks, Inc.	Michigan
3	Aculink Mortgage Solutions, LLC	Florida
4	AcuLink of Alabama, LLC	Alabama
5	BFC Transactions, Inc.	Delaware
6	Birchtree Financial Services, Inc.	Oklahoma
7	Birchtree Insurance Agency, Inc.	Missouri
8	Block Financial Corporation	Delaware
9	Burr Oak Technical Solutions, Inc.	Delaware
10	CFS-McGladrey, LLC	Massachusetts
11	Cfstaffing, Ltd.	British Columbia
12	Companion Insurance, Ltd.	Bermuda
13	Companion Mortgage Corporation	Delaware
14	Creative Financial Staffing of Western Washington, LLC	Massachusetts
15	EquiCo Europe Limited	United Kingdom
16	Equico, Inc.	California
17	Express Tax Service, Inc.	Delaware
18	Financial Marketing Services, Inc.	Michigan
19	Financial Stop Inc.	British Columbia
20	First Option Asset Management Services, Inc.	California
21	First Option Asset Management Services, LLC	California
22	FM Business Services, Inc.	Delaware
23	Franchise Partner, Inc.	Nevada
24	H&R Block (India) Private Limited	India
25	H&R Block (Nova Scotia), Incorporated	Nova Scotia
26	H&R Block Bank	Missouri
27	H&R Block Canada Financial Services, Inc.	Canada
28	H&R Block Canada, Inc.	Canada
29	H&R Block Digital Tax Solutions, LLC	Delaware
30	H&R Block Eastern Enterprises, Inc.	Missouri
31	H&R Block Enterprises, Inc.	Missouri
32	H&R Block Financial Advisors, Inc.	Michigan
33	H&R Block Global Solutions (Hong Kong) Limited	Hong Kong
34	H&R Block Group, Inc.	Delaware
35	H&R Block Insurance Agency of Massachusetts, Inc.	Massachusetts
36	H&R Block Insurance Agency, Inc.	Delaware
37	H&R Block Limited	New South Wales
38	H&R Block Services, Inc.	Missouri
39	H&R Block Tax and Business Services, Inc.	Delaware
40	H&R Block Tax and Financial Services Limited	United Kingdom
41	H&R Block Tax Institute, LLC	Missouri

	Company Name	Domestic Jurisdiction
42	H&R Block Tax Services, Inc.	Missouri
43	H&R Block, Inc.	Missouri
44	HRB Advance LLC	Delaware
45	HRB Center LLC	Missouri
46	HRB Concepts LLC	Delaware
47	HRB Corporate Enterprises LLC	Delaware
48	HRB Corporate Services LLC	Missouri
49	HRB Digital Technology Resources LLC	Delaware
50	HRB Expertise LLC	Missouri
51	HRB Financial Corporation	Michigan
52	HRB International LLC	Missouri
53	HRB Management, Inc.	Missouri
54	HRB Products LLC	Missouri
55	HRB Property Corporation	Michigan
56	HRB Realty Corporation	Michigan
57	HRB Royalty, Inc.	Delaware
58	HRB Support Services LLC	Delaware
59	HRB Tax & Technology Leadership LLC	Missouri
60	HRB Tax & Technology Software LLC	Missouri
61	HRB Texas Enterprises, Inc.	Missouri
62	OLDE Discount of Canada	Canada
63	Option One Advance Corporation	Delaware
64	Option One Insurance Agency, Inc.	California
65	Option One Loan Warehouse LLC	Delaware
66	Option One Mortgage Acceptance Corporation	Delaware
67	Option One Mortgage Capital Corporation	Delaware
68	Option One Mortgage Corporation	California
69	Option One Mortgage Corporation (India) Private Limited	Pune
70	Option One Mortgage Securities Corp.	Delaware
71	Option One Mortgage Securities II Corp.	Delaware
72	Option One Mortgage Securities III Corp.	Delaware
73	Option One Mortgage Securities IV LLC	Delaware
74	Option One Mortgage Services, Inc.	Massachusetts
75	O'Rourke Career Connections, LLC	California
76	PDI Global, Inc.	Delaware
77	Pension Resources, Inc.	Illinois
78	Premier Mortgage Services of Washington, Inc.	Washington
79	Premier Property Tax Services, LLC	California
80	Premier Trust Deed Services, Inc.	California
81	RedGear Technologies, Inc.	Missouri
82	RSM (Bahamas) Global, Ltd.	The Bahamas
83	RSM Employer Services Agency of Florida, Inc.	Florida
84	RSM Employer Services Agency, Inc.	Georgia
85	RSM Equico Canada, Inc.	Canada
86	RSM Equico Capital Markets, LLC	Delaware
87	RSM Equico, Inc.	Delaware
88	RSM McGladrey Business Services, Inc.	Delaware
89	RSM McGladrey Business Solutions, Inc.	Delaware
90	RSM McGladrey Employer Services, Inc.	Georgia
91	RSM McGladrey Financial Process Outsourcing India Pvt. Ltd.	India

	Company Name	Domestic Jurisdiction
92	RSM McGladrey Financial Process Outsourcing, LLC	Minnesota
93	RSM McGladrey Insurance Services, Inc.	Delaware
94	RSM McGladrey TBS, LLC	Delaware
95	RSM McGladrey, Inc.	Delaware
96	ServiceWorks, Inc.	Delaware
97	TaxNet Inc.	California
98	TaxWorks, Inc.	Delaware
99	The Tax Man, Inc.	Massachusetts
100	West Estate Investors, LLC	Missouri
101	Woodbridge Mortgage Acceptance Corporation	Delaware

EXHIBIT A

FORM OF
ASSIGNMENT AND ACCEPTANCE

Reference is made to the $250,000,000 Amended and Restated Bridge Credit and Guarantee Agreement (HSBC), dated as of December 20, 2007 (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 HSBC Bank USA, National Association, 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 1 hereto (the "Assignor") and the Assignee identified on Schedule 1 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. The Assignee hereby acknowledges that the terms of the Credit Agreement are subject to intercreditor provisions set forth in the Amendment and Intercreditor Agreement, dated as of December 20, 2007 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the "Amendment Agreement"), by and among the Borrower, the Guarantor, the Agent and the other parties thereto from time to time and agrees to be bound by the provisions thereof.

8. 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
$_____
$_____

[NAME OF ASSIGNEE]

By: _____
Title:

[NAME OF ASSIGNOR]

By: _____
Title:

Consented to and Accepted:

HSBC BANK USA, NATIONAL ASSOCIATION, as Administrative Agent

By: _____
Title:

Consented To:

BLOCK FINANCIAL CORPORATION

By: _____
Title:

Exhibit 10.7

EXECUTION COPY

AMENDED AND RESTATED
BRIDGE CREDIT AND GUARANTEE AGREEMENT (BNPP)

dated as of

December 20, 2007

among

BLOCK FINANCIAL CORPORATION,
as Borrower,

H&R BLOCK, INC.,
as Guarantor,

The Lenders Party Hereto

and

BNP PARIBAS,
as Administrative Agent

$250,000,000 BRIDGE FACILITY

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AMENDED AND RESTATED BRIDGE CREDIT AND GUARANTEE AGREEMENT (BNPP), dated as of December 20, 2007, among BLOCK FINANCIAL CORPORATION, a Delaware corporation, as Borrower, H&R BLOCK, INC., a Missouri corporation, as Guarantor, the LENDERS party hereto, and BNP PARIBAS, as Administrative Agent.

WHEREAS, the Borrower, the Guarantor, the lenders party thereto from time to time, HSBC Bank USA, National Association, as administrative agent, and the other parties thereto entered into that certain Bridge Credit and Guarantee Agreement, dated as of April 16, 2007 (the "Existing Bridge Credit Agreement"), to provide a bridge facility in an amount of $500,000,000 to the Borrower; and

WHEREAS, in connection with the execution of that certain Amendment and Intercreditor Agreement, dated as of the date hereof (the "Amendment Agreement"), among the Borrower, the Guarantor, BNP Paribas and HSBC Bank USA, National Association, the parties hereto hereby amend and restate BNP Paribas' rights and interests under the Existing Bridge Credit Agreement as set forth herein.

NOW, THEREFORE, in consideration of the agreements herein and in reliance upon the representations and warranties set forth herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"Administrative Agent" means BNP Paribas, 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 Bridge Credit and Guarantee Agreement (BNPP).

"Amendment Agreement" has the meaning assigned to such term in the recitals to this Agreement.

"Amendment and Restatement Effective Date" has the meaning assigned to such term in the Amendment Agreement.

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

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

Category	Ratings	Applicable Rate (prior to the Amendment and Restatement Effective Date)	Applicable Rate (from the Amendment and Restatement Effective Date through February 14, 2008)	Applicable Rate (from February 15, 2008 through the Maturity Date)
I	Higher than: BBB+ by S&P or Baal by Moody's	0.350%	1.00%	1.50%
II	BBB+ by S&P or Baal by Moody's	0.450%	1.50%	2.00%
III	BBB by S&P or Baa2 by Moody's	0.600%	2.00%	2.50%
IV	Lower than: BBB by S&P or Baa2 by Moody's	0.750%	2.50%	3.00%

; 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 IV 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.

"BNPP" means BNP Paribas, in its individual capacity as a "Lender" under the Existing Bridge Credit Agreement.

"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 the Loans made on the Closing Date.

"Borrowing Request" means the request by the Borrower for the Borrowing made in accordance with Section 2.3 of the Existing Bridge Credit Agreement.

"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 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.

"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 Closing Date, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the Closing Date 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 Closing Date.

"Charges" has the meaning assigned to such term in Section 10.13.

"Closing Date" means April 16, 2007.

"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 a Loan hereunder to the Borrower on the Closing Date. The initial amount of each Lender's Commitment is set forth on Schedule 2.1 under the heading "Commitment".

"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 December 19, 2007 and (b) the actions, suits, proceedings and environmental matters disclosed in Schedule 3.6.

"Disposition" means, with respect to any property or assets of the Guarantor or any of its Subsidiaries (including, without limitation, equity interests of Subsidiaries of the Guarantor), any sale, lease, sale leaseback transaction, assignment, conveyance, transfer or other disposition thereof, other than any sale, lease, sale leaseback transaction, assignment, conveyance, transfer or other disposition that does not (together with related sales, leases, sale leaseback transactions, assignments, conveyances, transfers or other dispositions) involve aggregate consideration in excess of $1,000,000.

"dollars" or "$" refers to lawful money of the United States of America.

"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.

"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 Bridge Credit Agreement" has the meaning assigned to such term in the recitals to this Agreement.

"Existing Revolving Credit Agreement" means the Five-Year Credit and Guarantee Agreement, dated as of August 10, 2005, among the Borrower, the Guarantor, the lenders parties thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent, as amended by that certain First Amendment thereto, dated November 28, 2006, and that certain Second Amendment thereto, dated November 19, 2007.

"Federal Funds Effective Rate" means, with respect to any amount, 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 such amount, 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.

"Headquarters" means the Guarantor's headquarters located at One H&R Block Way, Kansas City, Missouri 64105.

"Headquarters Mortgage Debt" means real estate mortgage Indebtedness permitted under Section 6.2(p) of the Existing Revolving Credit Agreement and secured by the Headquarters.

"Hedging Agreement" means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"HSBC Borrowing" means the "Borrowing" as defined in the HSBC Bridge Credit Agreement.

"HSBC Bridge Credit Agreement" means that certain Amended and Restated Bridge Credit and Guarantee Agreement (HSBC), dated as of the date hereof and annexed to the Amendment Agreement as Annex II thereto, among the Borrower, the Guarantor, the lenders party thereto and HSBC Bank USA, National Association, as administrative agent (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms of the Amendment Agreement).

"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 and (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. 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).

"Information" has the meaning assigned to such term in Section 10.12.

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

"Interest Payment Date" means, with respect to any Loan, the last day of each Interest Period applicable thereto and, in the case of 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.

"Interest Period" means, with respect to the Borrowing, the period commencing on the date of the Borrowing and ending on the numerically corresponding day in the calendar month that is one or two weeks or one or two 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, (b) any one or two month 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 and (c) no Interest Period may end beyond the Maturity Date. For purposes hereof, the date of the Borrowing initially shall be the date on which the Borrowing is made and thereafter shall be the effective date of the most recent continuation of the Borrowing.

"Lenders" means the Person listed on Schedule 2.1 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance.

"LIBOR Rate" means, with respect to any Interest Period, the rate appearing on Reuters Screen LIBOR01 Page 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 "LIBOR Rate" with respect to 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, the Amendment Agreement and the Notes, if any.

"Loans" means the loans made by the Lenders to the Borrower on the Closing Date.

"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, other than OOMC, the aggregate assets or revenues of which, as of the last day of the most recently ended fiscal quarter for which the Borrower has delivered financial statements, when aggregated with the assets or revenues of all other Subsidiaries with respect to which the actions contemplated by Section 6.4 of the Existing Revolving Credit Agreement 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.

"Maturity Date" means February 29, 2008.

"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.

"Net Cash Proceeds" means, in connection with: (a) any issuance of Indebtedness, the cash proceeds received from such issuance, net of attorneys' fees, investment banking fees, accountants' fees, underwriting discounts and commissions and other customary fees and expenses actually incurred in connection therewith, and (b) any Disposition, the proceeds thereof in the form of cash and cash equivalents (including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but only as and when received), net of (i) attorneys' fees, accountants' fees, investment banking fees, and other customary fees and expenses actually incurred in connection therewith, (ii) amounts required to be applied to the repayment of Indebtedness secured by a Lien expressly permitted hereunder on any asset that is the subject of such Disposition (other than any Lien, if any, pursuant to a Loan Document), (iii) taxes paid by the Borrower, the Guarantor or any of their respective Subsidiaries in connection with such Disposition, the computation of which shall take into account the reduction in tax liability resulting from any available operating losses and net operating loss carryovers, tax credits, and tax credit carry forwards, and similar tax attributes and (iv) amounts provided as a cash reserve, in accordance with GAAP, or amounts placed in a funded escrow, against any liabilities under

any indemnification obligations or purchase price adjustments associated with any Disposition, including, without limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction (provided that, to the extent and at the time any such amounts are released from such reserve, such amounts shall constitute Net Cash Proceeds).

"Net Equity Proceeds" means, in connection with the sale or issuance by the Guarantor or any of its Subsidiaries of any equity interests or warrants, options or rights to acquire equity interests, or the exercise of any such warrants, options or rights, the gross cash proceeds received from such sale or issuance, net of the sum of all customary underwriting commissions and fees, and legal, investment banking, brokerage and accounting and other professional fees, sales commissions, disbursements and out-of-pocket expenses actually incurred in connection with such sale or issuance; provided, however, that "Net Equity Proceeds" shall not include any gross cash proceeds received from the exercise of options by any director, officer, manager or employee of the Guarantor or any of its Subsidiaries or from the issuance of any equity interests to the Guarantor or any of its wholly-owned Subsidiaries (provided that, in each case, the equity interests issued to any such Person are for such Person's own account and not with a view to, or intention of, distribution thereof).

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

"Obligations" means, collectively, the unpaid principal of and interest on the Loans and all other obligations and liabilities of the Borrower (including interest accruing at the then applicable rate provided herein after the maturity of the Loans and interest accruing at the then applicable rate provided herein after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) to the 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).

"OOMC" means Option One Mortgage Corporation, a California corporation.

"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.

"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.

"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 holding more than 50% of the aggregate unpaid principal amount of the Loans then outstanding.

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

"Specified Indebtedness" means Indebtedness incurred pursuant to an issuance of debt securities or under clause (d), (e), (u) or (v) of Section 6.2 of the Existing Revolving Credit Agreement, other than (i) prior to the time when no more than $100,000,000 of the principal amount of the Loan remains outstanding, unsecured Indebtedness in the form of term loans under bank credit facilities in an aggregate principal amount not to exceed $250,000,000 and (ii) thereafter, Indebtedness in the form of bank lines of credit or similar facilities in an aggregate amount not to exceed $500,000,000, of which up to $250,000,000 (inclusive of the aggregate amount of Indebtedness incurred under Section 6.2(p) of the Existing Revolving Credit Agreement) may be secured by assets other than those related to Tax Services; provided that, any Indebtedness under the immediately preceding clauses (i) or (ii) (A) shall not include covenants that are more restrictive than the covenants set forth in this Agreement or representations and warranties, prepayment provisions, defaults, events of default or remedies that are more favorable to the lenders thereunder than those set forth in this Agreement (except, in the case of any such permitted secured Indebtedness, any of the foregoing that is customarily related to the security therefor) and (B) shall not have a final maturity date that is prior to, and shall not require any scheduled amortization of principal prior to, the Maturity Date (other than (x) scheduled amortization and a final maturity date, in each case not prior to February 1, 2008 for receivables financings in an aggregate amount not to exceed $110,000,000 and (y) scheduled amortization for the Headquarters Mortgage Debt not more burdensome to the issuer than the amortization requirements customary for a 10-year commercial mortgage with a balloon payment at the end of the fifth year); provided further that, Indebtedness in respect of the Headquarters Mortgage Debt incurred pursuant to an issuance of debt securities shall not constitute "Specified Indebtedness" hereunder.

"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.

"Tax Services" means the businesses described in the "TAX SERVICES" segment under the heading "DESCRIPTION OF BUSINESS" in Part I of the Guarantor's Form 10-K for the fiscal year ended April 30, 2007 filed with the United States Securities and Exchange Commission.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Transactions" means the amendment and restatement of the Existing Bridge Credit Agreement, the execution, delivery and performance by the Credit Parties of this Agreement and the other Loan Documents, the borrowing of Loans and the use of the proceeds thereof and the other transactions contemplated by the Amendment Agreement.

"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 the last paragraph in Article V of this Agreement or any other 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. [RESERVED].

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 Closing Date 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. Loans. All outstanding Loans made by the Lenders on the Closing Date under the Existing Bridge Credit Agreement shall remain outstanding on the terms set forth in this Agreement, which outstanding Loans, as of the Amendment and Restatement Effective Date, are in an aggregate principal amount equal to $250,000,000.

SECTION 2.2. [RESERVED].

SECTION 2.3. [RESERVED].

SECTION 2.4. [RESERVED].

SECTION 2.5. [RESERVED].

SECTION 2.6. Interest Elections. (a) The Borrowing shall have an initial Interest Period as specified in the Borrowing Request or, if no Interest Period was specified therein, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Thereafter, the Borrowing shall be continued, and the Borrower may elect Interest Periods therefor, all as provided in this Section.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by not later than 11:00 a.m., New York City time, three Business Days before the proposed 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:

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

(ii) 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 does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one week's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof.

(e) If the Borrower fails to deliver a timely Interest Election Request prior to the end of an Interest Period, then, unless the Borrowing is repaid as provided herein, at the end of such Interest Period the Borrowing shall be continued with an Interest Period of one month's duration.

SECTION 2.7. [RESERVED].

SECTION 2.8. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender, on each date set forth in the table below, a principal amount of the Loan equal to the amount set forth below for such date, together in each case with accrued and unpaid interest on the principal amount to be paid to but excluding the date of such payment.

Date of Payment	Principal Amount of Repayment
January 31, 2008	$ 50,000,000
February 15,2008	$100,000,000
February 29, 2008	$100,000,000 (or to the extent any principal was not previously paid)

(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 the 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 and each 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 the Loan 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 Loan 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 the Borrowing in whole or in part, without premium or penalty except as provided in Section 2.14. The Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment hereunder not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of the Borrowing to be prepaid. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment shall be in an amount that is an integral multiple of $10,000,000. Each prepayment under this Section 2.9(a) shall be applied ratably to the Loans then outstanding and shall be accompanied by accrued interest to the extent required by Section 2.11.

(b) The Borrower shall prepay the Borrowing on the date of receipt (or, if received after 12:00 noon, New York City time, on the following Business Day) by the Guarantor, the Borrower or any of their respective Subsidiaries, directly or indirectly, of the proceeds of the incurrence of Specified Indebtedness or the issuance of any equity by (i) until such time as no more than $100,000,000 of the principal amount of the Loan remains outstanding, an amount (rounded down, if necessary, to an integral multiple of $1,000,000) equal to 100% of the Net Cash Proceeds or Net Equity Proceeds thereof (provided that up to 50% of such Net Cash Proceeds or Net Equity Proceeds may be used to prepay the HSBC Borrowing) and (ii) thereafter, an amount (rounded down, if necessary, to an integral multiple of $1,000,000) equal to 50% of such Net Cash Proceeds or Net Equity Proceeds. Each prepayment under this Section 2.9(b) shall be applied ratably to the Loans then outstanding and shall be accompanied by accrued interest to the extent required by Section 2.11.

(c) The Borrower shall prepay the Borrowing on the date of receipt (or, if received after 12:00 noon, New York City time, on the following Business Day) by the Guarantor, the Borrower or any of their respective Subsidiaries, directly or indirectly, of the proceeds from any Disposition (other than (i) Dispositions made in the ordinary course of business and consistent with past practices or (ii) a sale leaseback transaction of the Headquarters) by an amount (rounded down, if necessary, to an integral multiple of $1,000,000) equal to the remainder of (i) 100% of all Net Cash Proceeds from Dispositions received on or after the Amendment and Restatement Effective Date minus (ii) the sum of all such Net Cash Proceeds previously applied pursuant to this Section 2.9(c) plus $10,000,000. Each prepayment under this Section 2.9(c) shall be applied ratably to the Loans then outstanding and shall be accompanied by accrued interest to the extent required by Section 2.11.

(d) Each prepayment of the Borrowing shall be applied pro rata to the Loan amortization payments (including the payment due on the Maturity Date).

SECTION 2.10. Fees. (a) 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.

(b) All fees payable hereunder shall be paid on the dates due, in immediately available funds. Fees paid shall not be refundable under any circumstances.

SECTION 2.11. Interest. (a) The Loans shall bear interest at a rate per annum equal to the LIBOR Rate for the Interest Period in effect plus the Applicable Rate.

(b) 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 2% plus the rate otherwise applicable to the Loans as provided above.

(c) Accrued interest on each Loan (including interest accrued prior to the date hereof under the Existing Bridge Credit Agreement) shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (b) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, and (iii) all accrued interest shall be payable upon the Maturity Date.

(d) All interest hereunder shall be computed on the basis of a year of 360 days. The LIBOR 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:

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

(b) the Administrative Agent is advised by the Required Lenders that the LIBOR Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans 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, the Borrower and the Lenders shall negotiate in good faith to determine a comparable interest rate of the Loans and, in the absence of agreement on such a rate, the interest rate applicable to the Loans shall be an "alternate base rate" as reasonably determined by the Administrative Agent according to methodology as described in the Existing Revolving Credit Agreement.

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 such Lender's Loan;

and the result of any of the foregoing shall be to increase the cost to such Lender of maintaining the Loan made by such Lender 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 Loan 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 Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the failure to borrow, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto, or (c) the assignment of any Loan other than on the last day of an 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. 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 the Loan made by it for the period from the date of such payment, 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 or continue, the duration of the Interest Period that would have resulted from such borrowing or continuation) if the interest rate payable on such deposit were equal to the LIBOR 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 2.9, 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 787 Seventh Avenue, New York, New York 10019, 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, unless specified otherwise, 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 Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loan 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 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 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 its Loan 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 2.16(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 Loan 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, 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, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loan, 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.

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, 2007 (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. 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 six-month period ended October 31, 2007 certified by its chief financial officer. 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 dates and for such periods 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, 2007 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, 2007.

(b) Since October 31, 2007, there has been no material adverse change in the business, assets, property or condition (financial or otherwise) of the Guarantor and its Subsidiaries, taken as a whole.

SECTION 3.5. Properties.

(a) Each of the Credit Parties and the Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

(b) Each of the Credit Parties and the Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Credit Parties and the Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.6. Litigation and Environmental Matters.

(a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Credit Party, threatened against or affecting any Credit Party or any Subsidiary that (i) have not been disclosed in the Disclosed Matters and as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) challenge or would reasonably be expected to affect the legality, validity or enforceability of this Agreement.

(b) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, neither of the Credit Parties nor any Subsidiary (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

SECTION 3.7. Compliance with Laws and Agreements. Each of the Credit Parties and the Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to be so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.8. Investment Company Status. Neither of the Credit Parties nor any of the Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

SECTION 3.9. Taxes. Each of the Credit Parties and the Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Guarantor, the Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of all such underfunded Plans.

SECTION 3.11. Disclosure. None of the reports, financial statements, certificates or other information furnished by or on behalf of the Credit Parties to the 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-l 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

This Agreement shall become effective on the Amendment and Restatement Effective Date.

ARTICLE V

COVENANTS

Until 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 it will comply with the covenants set forth in Articles V and VI of the Existing Revolving Credit Agreement (other than Section 5.9 of the Existing Revolving Credit Agreement) and the terms and provisions set forth therein shall be incorporated by reference in this Agreement in their entirety as if fully set forth herein with the same effect as if applied to this Agreement (it being understood that the phrase "obligations of the Credit Parties hereunder" or "Obligations hereunder" as used therein shall be a reference to the obligations of the Credit Parties under this Agreement); provided, that (i) Section 6.5 of the Existing Revolving Credit Agreement shall not apply to any transactions with OOMC and (ii) Indebtedness under Section 6.2(g) of the Existing Revolving Credit Agreement shall be permitted so long as such Indebtedness is not incurred in anticipation of financing any acquisition. All capitalized terms set forth in Articles V and VI of the Existing Revolving Credit Agreement shall have the meanings provided in the Existing Revolving Credit Agreement.

If any provision of the Existing Revolving Credit Agreement or any definitions set forth or used therein are amended or modified or the Existing Revolving Credit Agreement is terminated, references to the Existing Revolving Credit Agreement set forth in this Agreement shall be deemed to refer to the Existing Revolving Credit Agreement (as in effect immediately after giving effect to Amendment No. 2 thereto) without giving effect to such amendment, modification or termination, except, in the case of any

such amendment or modification, if the Required Lenders have consented thereto (either as parties to the Existing Revolving Credit Agreement or as Lenders hereunder).

ARTICLE VI

[RESERVED]

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, 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.

(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. 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.

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, 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 (including the Amendment Agreement), 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 Article V as it relates to Section 5.2, 5.3 (with respect to the Credit Parties' existence) or 5.8 or Article VI of the Existing Revolving Credit Agreement;

(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, 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 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 One H&R Block Way, Kansas City, Missouri 64105, Attention of Becky Shulman (Telecopy No. (816) 854-8043), David Staley (Telecopy No. (816) 854-8043) and Andrew Somora (Telecopy No. (816) 802-1043);

(b) if to the Administrative Agent, to BNP Paribas, 787 Seventh Avenue, New York, New York 10019, Attention of Albert Young, with a copy to Curt Price, BNP Paribas, 209 S. LaSalle Street, Suite 500, Chicago, Illinois 60604; 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 and in accordance with the terms of the Amendment Agreement; 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, 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 hereunder without the prior written consent of the Administrative Agent.

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 under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent 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 in its capacity as such. The Administrative Agent 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 Loan); provided that (i) each of the Borrower and the Administrative Agent 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 Loan, the amount of the Loan 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 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 or the Administrative Agent, 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 Loan); 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 Loan 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 Loan to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC; provided that nonpublic 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 a Loan 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.

(a) 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. 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 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. 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 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.

SECTION 10.15. Amendment and Intercreditor Agreement. Notwithstanding anything to the contrary contained herein, each Lender acknowledges that the provisions of this Agreement are subject to the provisions of the Amendment Agreement. In the event of any conflict between the terms of the Amendment Agreement and this Agreement, the terms of the Amendment Agreement shall govern and control.

SECTION 10.16. Effectiveness of this Agreement; No Novation. Until this Agreement becomes effective in accordance with the terms and subject to the conditions set forth herein, the Existing Bridge Credit Agreement shall remain in full force and effect and shall not be affected hereby. After the Amendment and Restatement Effective Date, any and all obligations of the Borrower, the Guarantor or any of their respective Subsidiaries under the Existing Bridge Credit Agreement to BNPP shall become obligations hereunder and the provisions of the Existing Bridge Credit Agreement shall be superseded by the provisions of this Agreement and the HSBC Bridge Credit Agreement. This Agreement shall not extinguish the loans outstanding under the Existing Bridge Credit Agreement and nothing herein contained shall be construed as a substitution or novation of the loans outstanding under the Existing Bridge Credit Agreement, which shall remain outstanding after the Amendment and Restatement Effective Date as modified by this Agreement and the HSBC Bridge Credit Agreement.

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: SVP-Treasurer

H&R BLOCK, INC.

By: /s/ Becky S. Shulman
Title: SVP-Treasurer

BNP PARIBAS,
as Administrative Agent and Lender

By: _____
Title:

By: _____
Title:

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: _____
Title:

H&R BLOCK, INC.

By: _____
Title:

BNP PARIBAS,
as Administrative Agent and Lender

By: /s/ Illegible
Title: Managing Director

By: _____
Title:

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: _____
Title:

H&R BLOCK, INC.

By: _____
Title:

BNP PARIBAS,
as Administrative Agent and Lender

By: /s/ Illegible
Title: CO-HEAD CORPORATE COVERAGE US-CTI

By: _____
Title:

SCHEDULE 2.1

COMMITMENTS

Lender	Commitment
BNP Paribas	$250,000,000
Total	**$250,000,000**

SCHEDULE 3.4(a)

Guarantee Obligations

None.

SCHEDULE 3.6

Disclosed Matters

None.

Subsidiaries

The following is a list of the direct and indirect subsidiaries of H&R Block, Inc., a Missouri corporation.

	Company Name	Domestic Jurisdiction
1	2430472 Nova Scotia Company	Nova Scotia
2	4230 W. Green Oaks, Inc.	Michigan
3	Aculink Mortgage Solutions, LLC	Florida
4	AcuLink of Alabama, LLC	Alabama
5	BFC Transactions, Inc.	Delaware
6	Birchtree Financial Services, Inc.	Oklahoma
7	Birchtree Insurance Agency, Inc.	Missouri
8	Block Financial Corporation	Delaware
9	Burr Oak Technical Solutions, Inc.	Delaware
10	CFS-McGladrey, LLC	Massachusetts
11	Cfstaffing, Ltd.	British Columbia
12	Companion Insurance, Ltd.	Bermuda
13	Companion Mortgage Corporation	Delaware
14	Creative Financial Staffing of Western Washington, LLC	Massachusetts
15	EquiCo Europe Limited	United Kingdom
16	Equico, Inc.	California
17	Express Tax Service, Inc.	Delaware
18	Financial Marketing Services, Inc.	Michigan
19	Financial Stop Inc.	British Columbia
20	First Option Asset Management Services, Inc.	California
21	First Option Asset Management Services, LLC	California
22	FM Business Services, Inc.	Delaware
23	Franchise Partner, Inc.	Nevada
24	H&R Block (India) Private Limited	India
25	H&R Block (Nova Scotia), Incorporated	Nova Scotia
26	H&R Block Bank	Missouri
27	H&R Block Canada Financial Services, Inc.	Canada
28	H&R Block Canada, Inc.	Canada
29	H&R Block Digital Tax Solutions, LLC	Delaware
30	H&R Block Eastern Enterprises, Inc.	Missouri
31	H&R Block Enterprises, Inc.	Missouri
32	H&R Block Financial Advisors, Inc.	Michigan
33	H&R Block Global Solutions (Hong Kong) Limited	Hong Kong
34	H&R Block Group, Inc.	Delaware
35	H&R Block Insurance Agency of Massachusetts, Inc.	Massachusetts
36	H&R Block Insurance Agency, Inc.	Delaware
37	H&R Block Limited	New South Wales
38	H&R Block Services, Inc.	Missouri
39	H&R Block Tax and Business Services, Inc.	Delaware
40	H&R Block Tax and Financial Services Limited	United Kingdom
41	H&R Block Tax Institute, LLC	Missouri

	Company Name	Domestic Jurisdiction
42	H&R Block Tax Services, Inc.	Missouri
43	H&R Block, Inc.	Missouri
44	HRB Advance LLC	Delaware
45	HRB Center LLC	Missouri
46	HRB Concepts LLC	Delaware
47	HRB Corporate Enterprises LLC	Delaware
48	HRB Corporate Services LLC	Missouri
49	HRB Digital Technology Resources LLC	Delaware
50	HRB Expertise LLC	Missouri
51	HRB Financial Corporation	Michigan
52	HRB International LLC	Missouri
53	HRB Management, Inc.	Missouri
54	HRB Products LLC	Missouri
55	HRB Property Corporation	Michigan
56	HRB Realty Corporation	Michigan
57	HRB Royalty, Inc.	Delaware
58	HRB Support Services LLC	Delaware
59	HRB Tax & Technology Leadership LLC	Missouri
60	HRB Tax & Technology Software LLC	Missouri
61	HRB Texas Enterprises, Inc.	Missouri
62	OLDE Discount of Canada	Canada
63	Option One Advance Corporation	Delaware
64	Option One Insurance Agency, Inc.	California
65	Option One Loan Warehouse LLC	Delaware
66	Option One Mortgage Acceptance Corporation	Delaware
67	Option One Mortgage Capital Corporation	Delaware
68	Option One Mortgage Corporation	California
69	Option One Mortgage Corporation (India) Private Limited	Pune
70	Option One Mortgage Securities Corp.	Delaware
71	Option One Mortgage Securities II Corp.	Delaware
72	Option One Mortgage Securities III Corp.	Delaware
73	Option One Mortgage Securities IV LLC	Delaware
74	Option One Mortgage Services, Inc.	Massachusetts
75	O'Rourke Career Connections, LLC	California
76	PDI Global, Inc.	Delaware
77	Pension Resources, Inc.	Illinois
78	Premier Mortgage Services of Washington, Inc.	Washington
79	Premier Property Tax Services, LLC	California
80	Premier Trust Deed Services, Inc.	California
81	RedGear Technologies, Inc.	Missouri
82	RSM (Bahamas) Global, Ltd.	The Bahamas
83	RSM Employer Services Agency of Florida, Inc.	Florida
84	RSM Employer Services Agency, Inc.	Georgia
85	RSM Equico Canada, Inc.	Canada
86	RSM Equico Capital Markets, LLC	Delaware
87	RSM Equico, Inc.	Delaware
88	RSM McGladrey Business Services, Inc.	Delaware
89	RSM McGladrey Business Solutions, Inc.	Delaware
90	RSM McGladrey Employer Services, Inc.	Georgia
91	RSM McGladrey Financial Process Outsourcing India Pvt. Ltd.	India

	Company Name	Domestic Jurisdiction
92	RSM McGladrey Financial Process Outsourcing, LLC	Minnesota
93	RSM McGladrey Insurance Services, Inc.	Delaware
94	RSM McGladrey TBS, LLC	Delaware
95	RSM McGladrey, Inc.	Delaware
96	ServiceWorks, Inc.	Delaware
97	TaxNet Inc.	California
98	TaxWorks, Inc.	Delaware
99	The Tax Man, Inc.	Massachusetts
100	West Estate Investors, LLC	Missouri
101	Woodbridge Mortgage Acceptance Corporation	Delaware

EXHIBIT A

FORM OF
ASSIGNMENT AND ACCEPTANCE

Reference is made to the $250,000,000 Amended and Restated Bridge Credit and Guarantee Agreement (BNPP), dated as of December 20, 2007 (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 BNP Paribas, 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 1 hereto (the "Assignor") and the Assignee identified on Schedule 1 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. The Assignee hereby acknowledges that the terms of the Credit Agreement are subject to intercreditor provisions set forth in the Amendment and Intercreditor Agreement, dated as of December 20, 2007 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the "Amendment Agreement"), by and among the Borrower, the Guarantor, the Agent and the other parties thereto from time to time and agrees to be bound by the provisions thereof.

8. 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
$ _____
$ _____

[NAME OF ASSIGNEE]

By: _____
Title:

[NAME OF ASSIGNOR]

By: _____
Title:

Consented to and Accepted:

BNP PARIBAS, as Administrative Agent

By: _____
Title:

Consented To:

BLOCK FINANCIAL CORPORATION

By: _____
Title:

Exhibit 10.8

EXECUTION COPY

AMENDED AND RESTATED NOTE PURCHASE AGREEMENT

among

OPTION ONE ADVANCE TRUST 2007-ADV2
as Issuer,

GREENWICH CAPITAL FINANCIAL PRODUCTS, INC.
as Initial Purchaser and Agent,

and

THE CIT GROUP/BUSINESS CREDIT, INC.
as Initial Purchaser

Dated as of December 24, 2007

OPTION ONE ADVANCE TRUST 2007-ADV2
ADVANCE RECEIVABLES BACKED NOTES, SERIES 2007-ADV2

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AMENDED AND RESTATED NOTE PURCHASE AGREEMENT

AMENDED AND RESTATED NOTE PURCHASE AGREEMENT dated as of December 24, 2007 (this "Note Purchase Agreement" or "Agreement"), among Option One Advance Trust 2007-ADV2, a Delaware statutory trust, as issuer (the "Issuer"), Greenwich Capital Financial Products, Inc., a Delaware corporation (as "Greenwich Initial Purchaser" and as "Agent" under the Indenture), and The CIT Group/Business Credit, Inc., a [_____] (as "CIT Initial Purchaser" and, together with the Greenwich Initial Purchaser, the "Initial Purchasers").

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 Receivables Purchase Agreement (as defined below). Additionally, the following terms shall have the following meanings:

"Closing" shall have the meaning set forth in Section 2.02.

"Committed Purchasers" the Purchasers, their successors and assigns.

"Commitment" means the commitment of the Committed Purchasers to purchase Additional Note Balances pursuant to Section 2.01.

"Commitment Interest": With respect to any Committed Purchaser and as of any date of determination, the percentage equal to a fraction, the numerator of which is the Maximum Note Principal Balance with respect to (and as indicated on) such Committed Purchaser's Purchased Note(s) and the denominator of which is the Maximum Note Balance.

"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 Agent, each Purchaser and any of their officers, directors, employees, agents, representatives, assignees and Affiliates and any Person who controls any of the Agent or any Purchaser or their Affiliates within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act.

"Indemnified Proceeding" shall have the meaning provided in Section 8.02.

"Indenture" means the Indenture dated as of October 1, 2007 between the Issuer and Wells Fargo Bank, National Association, as Indenture Trustee as amended from time to time in accordance with the terms thereof.

"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.

"Maximum Note Balance" shall have the meaning set forth in the Indenture.

"Maximum Note Principal Balance" means with respect to each Purchased Note, the amount set forth on Schedule A for such Purchased Note.

"Purchased Notes" means the Option One Advance Trust 2007-ADV2, Advance Receivables Backed Notes, Series 2007-ADV2 issued by the Issuer pursuant to the Indenture.

"Purchasers" means the Initial Purchasers, their successors and assigns.

"Receivables Purchase Agreement" means the Receivables Purchase Agreement dated as of October 1, 2007, between the Issuer, the Depositor and the Receivables Seller, as the same may be amended, modified or supplemented from time to time.

"Receivables Seller" means Option One Mortgage Corporation.

"Reference Rate" means the rate of interest publicly announced by Wells Fargo Bank, National Association, its successors or any other commercial bank designated by the Agent to the Borrowers from time to time, in New York, New York from time to time as its prime rate or base rate. The prime rate or base rate is determined from time to time by such bank as a means of pricing some loans to its borrowers and neither is tied to any external rate of interest or index nor necessarily reflects the lowest rate of interest actually charged by such bank to any particular class or category of customers. Each change in the Reference Rate shall be effective from and including the date such change is publicly announced as being effective.

SECTION 1.02. Other Definitional Provisions.

(a) All terms defined in this Note Purchase Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(b) As used herein and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in Section 1.01, and accounting terms partially defined in Section 1.01 to the extent not defined, shall have the respective meanings given to them under generally accepted accounting principles. To the extent that the definitions of accounting terms herein are inconsistent with the meanings of such terms under generally accepted accounting principles, the definitions contained herein shall control.

(c) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Note Purchase Agreement shall refer to this Note Purchase Agreement as a whole and not to any particular provision of this Note Purchase Agreement; and Section, subsection, Schedule and Exhibit references contained in this Note Purchase Agreement are references to Sections, subsections, and Exhibits in or to this Note Purchase Agreement unless otherwise specified.

(d) 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.

ARTICLE II

COMMITMENT; CLOSING AND PURCHASES OF ADDITIONAL NOTE BALANCES

SECTION 2.01. Commitment.

(a) At any time during the Funding Period at least two (2) Business Days prior to a proposed Funding Date (or, with respect to any Funding Date described in clause (iii) of the definition thereof in the Indenture, at least one (1) Business Day prior to each such Funding Date), to the extent that the aggregate outstanding Note Principal Balance (after giving effect to the proposed purchase) is less than the Maximum Note Balance, and subject to the terms and conditions hereof and in accordance with the other Transaction Documents, the Issuer may deliver to the Agent, on behalf of the Purchasers, a written request that the Purchasers purchase Additional Note Balances (each such request, a "Purchase Request"). Each Purchase Request shall identify the proposed Funding Date, the Receivables Balance of the Receivables that will be sold and/or contributed to the Issuer on such Funding Date and the Cash Purchase Price thereof. On the identified Funding Date, the Committed Purchasers agree, severally and not jointly, to purchase the respective relative percentage of the Additional Note Balances requested in the Purchase Request set forth opposite such Committed Purchaser's name in Schedule A hereto, subject to the terms and conditions and in reliance upon the covenants, representations and warranties set forth herein and in the other Transaction Documents.

(b) (i) Except as otherwise provided in this Section 2.01(b), all purchases of Additional Note Balances under this Agreement shall be made by the Committed Purchasers simultaneously and proportionately based on each Committed Purchaser's respective Commitment Interest, it being understood that no Committed Purchaser shall be responsible for

any default by the other Committed Purchaser with respect to such other Committed Purchaser's obligations to purchase an Additional Note Balance requested hereunder. The Commitment of any Committed Purchaser shall not be enforced as a result of the default by the other Committed Purchaser in that other Committed Purchaser's obligation to purchase an Additional Note Balance requested hereunder and any amounts paid in connection with the obligation to purchase shall be refunded with no penalty. No Committed Purchaser shall be obligated to purchase Additional Note Balances required to be made by it by the terms of this Agreement if the other Committed Purchaser fails to do so.

(ii) Notwithstanding any other provision of this Agreement, and in order to reduce the number of fund transfers among the parties hereto, the Issuer, the Agent and the Purchasers agree that the Agent may (but shall not be obligated to), and the Issuer and the Purchasers hereby irrevocably authorize the Agent to, fund, on behalf of the Purchasers, purchases of Additional Note Balances pursuant to this Section 2.01; provided, however, that the Agent shall in no event fund such purchase of Additional Note Balances if the Agent shall have determined pursuant to Section 3.01(b) 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 Balances. If the Issuer gives a Purchase Request requesting a purchase of Additional Note Balances and the Agent elects not to fund such proposed purchase of Additional Note Balances on behalf of the Purchasers, then promptly after receipt of the Purchase Request requesting such purchase of Additional Note Balances, the 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 Agent notifies the Purchasers that it will not fund a requested purchase of Additional Note Balances on behalf of the Purchasers, each Purchaser shall purchase its respective portion of the Additional Note Balance pursuant to Section 2.01(a), by remitting the required funds to the Issuer pursuant to and in accordance with Section 3.01(c) hereto. If the Agent elects to fund a requested purchase of Additional Note Balances, the Agent will remit the required funds for such Purchase Request to the Issuer pursuant to and in accordance with Section 3.01(c) hereto.

(iii) If the Agent has notified the Purchasers that the Agent, on behalf of the Purchasers, will fund a particular purchase of Additional Note Balances pursuant to Section 2.01(b)(ii), the Agent may assume that such Purchaser has made such amount available to the Agent on such day and the 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 Agent makes such corresponding amount available to the Issuer and such corresponding amount is not in fact made available to the Agent by such Purchaser, the 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 Agent, at the Reference Rate. During the period in which such Purchaser has not paid such corresponding amount to the Agent, notwithstanding anything to the contrary contained in this Agreement or any other Transaction Document, the amount so advanced by the Agent to the Issuer shall, for all purposes hereof, be a purchase of Additional Note Balances made by the Agent for its own account. Upon any such failure by a Purchaser to pay the Agent, the Agent shall promptly thereafter notify the Issuer of such failure and the Issuer shall immediately pay such corresponding amount to the Agent for its own account.

(iv) Nothing in this Section 2.01(b) shall be deemed to relieve any Committed Purchaser from its obligations to fulfill its Commitment hereunder or to prejudice any rights that the Agent or the Issuer may have against any Committed Purchaser as a result of any default by such Committed Purchaser hereunder.

(c) From time to time during the Funding Period, the Issuer may request the Initial Purchasers' consent to add transactions to the definition of Securitization Trusts, and such additional transactions may be added to the definition of Securitization Trusts with the written consent of the Initial Purchasers (such consent at the sole discretion of each Initial Purchaser, as applicable). The Issuer understands and acknowledges that the Purchasers do not hereby commit to add any such transactions and any agreement to do so is subject to completion by the Initial Purchasers of due diligence to their satisfaction regarding such transactions and execution of such additional documentation as the Initial Purchasers deem appropriate in their sole discretion.

SECTION 2.02. Closing. The closing (the "Initial Closing") of the execution of the Transaction Documents and the initial purchase of Purchased Notes hereunder took place at 2:00 PM at the offices of Thacher Proffitt & Wood LLP, 2 World Financial Center, New York, New York 10281 on October 1, 2007 and the closing of the subsequent purchase by the CIT Initial Purchaser (the "CIT Closing") will take place on December , 2007 (the date of the Initial Closing and the CIT Closing being referred to herein collectively as the "Closing Date").

ARTICLE III

FUNDING DATES

SECTION 3.01. Funding Dates.

(a) Subject to the conditions and terms set forth herein and in Sections 7.01 and 7.02 of the Indenture with respect to each Funding Date, the Issuer may request, and the Committed Purchasers agree, severally and not jointly, to purchase Additional Note Balances from the Issuer from time to time in accordance with, and upon the satisfaction, as of the applicable Funding Date, of each of the following additional conditions:

(i) With respect to each Funding Date, each of the Funding Conditions set forth in Section 7.02 of the Indenture shall have been satisfied;

(ii) Each of the representations and warranties of the Servicer and the Receivables Seller made in the Transaction Documents shall be true and correct as if made as of such Funding Date (except to the extent they expressly relate to an earlier or later time);

(iii) The Servicer and the Receivables Seller shall be in compliance with all of their respective covenants contained in the Transaction Documents;

(iv) No Event of Default or default shall have occurred under the Indenture and be continuing; and

(v) With respect to each Funding Date, the Agent 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 Agent, desirable to perfect or evidence the assignments required to be effected on such Funding Date in accordance with the Receivables Purchase Agreement including, without limitation, the assignment of the Receivables and the proceeds thereof required to be assigned pursuant to the Indenture.

(b) The Agent shall determine in its reasonable discretion whether each of the above conditions have been met and such determination shall be binding on the parties hereto.

(c) The price paid by the Purchasers on each Funding Date for the Additional Note Balance purchased on such Funding Date shall be equal to the amount of such Additional Note Balance purchased by such Purchaser and shall be remitted not later than 3:00 PM New York City time on such Funding Date by wire transfer of immediately available funds to the Funding Account.

(d) Each Purchaser or its designee shall record on the schedule attached to its related Purchased Note, the date and amount of any Additional Note Balance purchased by it; provided, that failure to make such recordation on such schedule or any error in such schedule shall not adversely affect such Purchaser's rights with respect to its Note Principal Balance and its right to receive interest payments in respect of the Note Principal Balance actually held.

(e) On or prior to the date hereof, the Purchased Notes representing the interest of each Committed Purchaser in the Issuer shall be delivered to the applicable indenture trustee for each Committed Purchaser.

ARTICLE IV

CONDITIONS PRECEDENT TO EFFECTIVENESS OF COMMITMENT

SECTION 4.01. Closing Subject to Conditions Precedent. The effectiveness of the Commitment hereunder is subject to the satisfaction at the time of the Closing of the following conditions (any or all of which may be waived by the Initial Purchasers, as applicable, in their sole discretion):

(a) Performance by the Issuer, the Servicer and the Receivables Seller. All the terms, covenants, agreements and conditions of the Transaction Documents to be complied with and performed by the Issuer, the Depositor, the Servicer and the Receivables Seller 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 Receivables Seller made in the Transaction 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 Agent shall have received in form and substance reasonably satisfactory to the Agent an officer's certificate from the Depositor, the Receivables Seller and the Servicer and a certificate of an Authorized Officer of the Issuer, dated the Closing Date, each certifying to the satisfaction of the conditions set forth in the preceding paragraphs (a) and (b), in each case, together with incumbency, by-laws, resolutions and good standing.

(d) Opinions of Counsel to the Issuer, the Depositor, the Receivables Seller and the Servicer. Only with respect to the Initial Closing, counsel to the Issuer, the Depositor, the Receivables Seller and the Servicer shall have delivered to the Agent favorable opinions, dated as of the date of the Initial Closing and satisfactory in form and substance to the Agent and its counsel, relating to corporate matters, true sale, non-consolidation, and perfection and an opinion as to which state's law applies to security interest and perfection matters. In addition to the foregoing, the Receivables Seller shall have caused its counsel to deliver 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 satisfactory in form and substance of the Greenwich Initial Purchaser and its counsel.

(e) Officer's Certificate of Indenture Trustee. Only with respect to the Initial Closing, the Agent shall have received in form and substance reasonably satisfactory to the Agent an Officer's Certificate from the Indenture Trustee, dated as of the date of the Initial Closing, with respect to the Indenture, together with incumbency, by-laws, resolutions and good standing.

(f) Opinions of Counsel to the Indenture Trustee. Only with respect to the Initial Closing, counsel to the Indenture Trustee shall have delivered to the Agent a favorable opinion, dated as of the date of the date of the Initial Closing and reasonably satisfactory in form and substance to the Agent and its counsel related to the enforceability of the Indenture.

(g) Opinions of Counsel to the Owner Trustee. Only with respect to the Initial Closing, Delaware counsel to the Owner Trustee of the Issuer shall have delivered favorable opinions regarding the formation, existence and standing of the Issuer and of the Issuer's execution, authorization and delivery of each of the Transaction Documents to which it is a party and such other matters as were reasonably requested, dated as of the date of the Initial Closing and reasonably satisfactory in form and substance to the Greenwich Initial Purchaser and its counsel.

(h) Filings and Recordations. The Agent 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 Agent, desirable to perfect or evidence the assignment by the Receivables Seller to the Depositor of the Receivables Seller's ownership interest in the Aggregate Receivables conveyed pursuant to the Receivables 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 Agent, desirable to perfect or evidence the assignment by the Depositor to the Issuer of the Receivables Seller's and the Depositor's ownership interest in the Aggregate Receivables conveyed pursuant to the Receivables Purchase Agreement 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 Agent, desirable to perfect or

evidence the grant of a first priority perfected security interest in the Issuer's ownership interest in the Aggregate Receivables in favor of the Indenture Trustee, subject to no Liens prior to the Lien created by the Indenture.

(i) Documents. The Agent shall have received a duly executed counterpart of each of the Transaction Documents, in form acceptable to the Greenwich Initial Purchaser, the Purchased Notes and each and every document or certification delivered by any party in connection with any of the Transaction Documents or the Purchased Notes, and each such document shall be in full force and effect.

0) 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 Transaction 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 Transaction Documents, the Purchased Notes and the documents related thereto shall have been obtained or made.

(l) Accounts. The Agent shall have received evidence reasonably satisfactory to it that each Account has been established in accordance with the terms of the Indenture, and that the Issuer shall have deposited an amount equal to the amount required to be deposited in the Reserve Account pursuant to the Indenture.

(m) Fees and Expenses. The fees and expenses payable by the Issuer pursuant to Section 7.02(b) shall have been paid.

(n) Other Documents. The Issuer, the Depositor, the Receivables Seller and the Servicer shall have furnished such other opinions, information, certificates and documents as the Agent and the Greenwich Initial Purchaser may reasonably requested.

(o) Securitization Trust Acknowledgment. The Agent shall have received acknowledgment notices from the trustee of each Securitization Trust acknowledging the receipt of notice from the Receivables Seller of pledge and assignment of the Receivables to the Issuer as an "Advance Financing Person" and that to the extent that there is an "Advance Facility" referenced in the applicable Pooling and Servicing Agreement related to any Securitization Trust, the Transaction Documents shall be the "Advance Facility" (as and to the extent such terms or terms of substantially similar import are used in such Pooling and Servicing Agreement).

(p) Verification Agent. The Receivables Seller shall have engaged the Verification Agent pursuant to an agreement reasonably satisfactory to the Agent.

(q) Proceedings in Contemplation of Sale of Purchased Notes. All actions and proceedings undertaken by the Issuer, the Depositor, the Receivables Seller and the Servicer in connection with the issuance and sale of the Purchased Notes as herein contemplated shall be

satisfactory in all respects to the Agent, the Greenwich Initial Purchaser and their respective counsel.

(r) Funding Termination Events. No Funding Termination Event or Funding Interruption Event shall then be occurring.

(s) Due Diligence. The Greenwich Initial Purchaser shall have completed its due diligence examination of the Issuer, the Depositor, the Receivables Seller and the Receivables to its sole satisfaction.

(t) Satisfaction of Conditions. Each condition to the purchase of Additional Note Balance by the Greenwich Initial Purchaser shall have been satisfied.

If any condition specified in this Section 4.01 shall not have been fulfilled when and as required to be fulfilled, this Agreement may be terminated by the Greenwich Initial Purchaser by notice to the Receivables Seller at any time at or prior to the Closing Date, and the Initial Purchasers shall incur no liability as a result of such termination.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE ISSUER

The Issuer hereby makes the representations and warranties set forth in ARTICLE IX of the Indenture to the Initial Purchasers, as of the Closing Date, and as of each Funding Date, as applicable, and the Purchasers shall be deemed to have relied on such representations and warranties in making (or committing to make) purchases of Additional Note Balances on each Funding Date.

SECTION 5.01. Issuer. The representations and warranties set forth in ARTICLE K of the Indenture are true and correct as of the date hereof.

(a) The Issuer has been duly organized and is validly existing and in good standing as a statutory trust under the laws of the State of Delaware, with requisite trust power and authority to own its properties and to transact the business in which it is now engaged, and is duly qualified to do business and is in good standing (or is exempt from such requirements) in each State of the United States where the nature of its business requires it to be so qualified and the failure to be so qualified and in good standing would have a material adverse effect on the Issuer or any adverse effect on the interests of the Purchasers.

(b) The issuance, sale, assignment and conveyance of the Purchased Note and the Additional Note Balances, the performance of the Issuer's obligations under each Transaction 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 Transaction Documents), charge or encumbrance upon any of the property or assets of the Issuer or any of its Affiliates pursuant to the terms of, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it or any of its Affiliates is

bound or to which any of its property or assets is subject, nor will such action result in any violation of the provisions of its organizational documents or any Governmental Rule applicable to the Issuer, in each case which could be expected to have a material adverse effect on the transactions contemplated therein.

(c) No Governmental Action which has not been obtained is required by or with respect to the Issuer in connection with the execution and delivery to the Purchasers of the Purchased Note. No Governmental Action which has not been obtained is required by or with respect to the Issuer in connection with the execution and delivery of any of the Transaction Documents to which the Issuer is a party or the consummation by the Issuer of the transactions contemplated thereby except for any requirements under state securities or "blue sky" laws in connection with any transfer of the Purchased Note.

(d) The Issuer possesses all material licenses, certificates, authorities or permits issued by the appropriate state, federal or foreign regulatory agencies or bodies necessary to conduct the business now operated by it, and has not received any notice of proceedings relating to the revocation or modification of any such license, certificate, authority or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would materially and adversely affect its condition, financial or otherwise, or its earnings, business affairs or business prospects.

(e) Each of the Transaction 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 Transaction Documents to which it is a party will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, any agreement or instrument to which the Issuer is a party or by which the Issuer is bound or to which any of its properties are subject or of any statute, order or regulation applicable to the Issuer of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Issuer or any of its properties, in each case which could be expected to have a material adverse effect on any of the transactions contemplated therein.

(g) The Issuer is not in violation of its organizational documents or in default under any agreement, indenture or instrument the effect of which violation or default would be material to the Issuer or the transactions contemplated by the Transaction Documents. The Issuer is not a party to, bound by or in breach or violation of any indenture or other agreement or instrument, or subject to or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Issuer that materially and adversely affects, or may in the future materially and adversely affect (i) the ability of the Issuer to perform its obligations under any of the Transaction Documents to which it is a party or (ii) the business, operations, financial condition, properties, assets or prospects of the Issuer.

(h) There are no actions or proceedings against, or investigations of, the Issuer pending, or, to the knowledge of the Issuer threatened, before any Governmental Authority, court, arbitrator, administrative agency or other tribunal (i) asserting the invalidity of any of the Transaction Documents or (ii) seeking to prevent the issuance of the Purchased Note or the consummation of any of the transactions contemplated by the Transaction Documents or the Purchased Note or (iii) that, if adversely determined, could materially and adversely affect the business, operations, financial condition, properties, assets or prospects of the Issuer or the validity or enforceability of, or the performance by the Issuer of its respective obligations under, any of the Transaction Documents to which it is a party or (iv) seeking to affect adversely the income tax attributes of the Purchased Note.

(i) The Issuer is not, and neither the issuance and sale of the Purchased Note to the Purchasers nor the activities of the Issuer pursuant to the Transaction Documents, shall render the Issuer an "investment company" or under the "control" of an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended (the "Investment Company Act").

(j) The Issuer is solvent and has adequate capital for its business and undertakings.

(k) The chief executive offices of the Issuer are located at Option One Advance Trust 2007-ADV2, c/o Wilmington Trust Company, as Owner Trustee, 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.

(1) There are no contracts, agreements or understandings between the Issuer and any Person granting such Person the right to require the filing at any time of a registration statement under the Act with respect to the Purchased Note.

SECTION 5.02. Securities Act. Assuming the accuracy of the representations and warranties of and compliance with the covenants of the Purchasers, contained herein, the sale of the Purchased Notes and the sale of Additional Note Balances pursuant to this Agreement are each exempt from the registration and prospectus delivery requirements of the 1933 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 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 any Purchased Note, would render the issuance and sale of the Purchased Notes as contemplated hereby

a violation of Section 5 of the 1933 Act or the registration or qualification requirements of any state securities laws, nor has any such Person authorized, nor will it authorize, any Person to act in such manner.

SECTION 5.03. No Fee. Neither the Issuer nor any of its 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 6.01(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 1934 Act.

SECTION 5.07. Taxes, etc. Any taxes, fees and other charges of Governmental Authorities applicable to the Issuer, except for franchise or income taxes, in connection with the execution, delivery and performance by the Issuer of each Transaction Document to which it is a party, the issuance of the Purchased Note or otherwise applicable to the Issuer have been paid or will be paid by the Issuer at or prior to the Closing Date or Funding Date, to the extent then due.

SECTION 5.08. Financial Condition. On the date hereof and on each Funding Date, the Issuer is not or will not be insolvent or the subject of any voluntary or involuntary bankruptcy proceeding.

ARTICLE VI

COVENANTS OF THE ISSUER

SECTION 6.01. Information from the Issuer. So long as any Purchased Note remains outstanding, the Issuer shall furnish to the Agent:

(a) such information (including financial information), documents, records or reports with respect to the Receivables or the Issuer as the Agent or any of the Purchasers or the Initial Purchasers may from time to time reasonably request;

(b) 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 Receivables Purchase Agreement or the Indenture, and each Default; and

(c) promptly and in any event within 30 days after the occurrence thereof, written notice of a change in address or the jurisdiction of organization of the Issuer or the Receivables Seller.

SECTION 6.02. Access to Information. So long as any Purchased Note remains outstanding, the Issuer 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 permit any of the Agent, the Purchasers, or their agents or representatives to do the following in such a manner that does not unreasonably interfere with the conduct by the Issuer or any of its Affiliates of their business:

(a) examine all books, records and documents (including computer tapes and disks) in the possession or under the control of the Issuer relating to the Receivables or the Transaction Documents as may be reasonably requested, and

(b) visit the offices and property of the Issuer for the purpose of examining such materials described in clause (a) above.

SECTION 6.03. Ownership and Security Interests; Further Assurances. The Issuer will take all action necessary to maintain the Indenture Trustee's security interest in the Receivables and the other items pledged to the Indenture Trustee pursuant to the Indenture.

The Issuer agrees to take any and all acts and to execute any and all further instruments reasonably necessary or reasonably requested by the Agent or any of the Purchasers to more fully effect the purposes of this Note Purchase Agreement.

SECTION 6.04. Covenants. The Issuer shall duly observe and perform each of its covenants set forth in each of the Transaction Documents to which it is a party.

SECTION 6.05. Amendments. Except as otherwise provided in Section 8.01 of the Indenture, the Issuer shall not make, or permit any Person to make, any amendment, modification or change to, or provide any waiver under any Transaction Document to which the Issuer is a party without the prior written consent of the Purchasers with aggregate Note Principal Balance of not less than 66 2/3% of the aggregate Note Principal Balance of the Outstanding Notes.

SECTION 6.06. With Respect to the Exempt Status of the Purchased Notes.

(a) Neither the Issuer nor any of its respective Affiliates, nor any Person acting on its behalf will, directly or indirectly, (i) 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 1933 Act or under any state securities laws, or (ii) permit the Issuer to become an "investment company" registered or required to be registered under the 1940 Act.

(b) Neither the Issuer nor any of its Affiliates, nor any Person acting on its behalf will engage in any form of general solicitation or general advertising (within the meaning of Regulation D promulgated under the 1933 Act) in connection with any offer or sale of the Purchased Notes.

SECTION 6.07. Additional Deliveries

On or prior to any Funding Date, the Issuer will furnish or cause to be furnished to the Purchasers and any subsequent purchaser therefrom of Additional Note Balance, if any Purchaser or such subsequent purchaser so requests, a letter from such Persons furnishing a certificate or opinion on the Closing Date as described in Section 4.01 hereof or on or before any Funding 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 solely in the case of a certificate and not in the case of an opinion made on and as of the Closing Date or such Funding Date, as the case may be.

ARTICLE VII

ADDITIONAL COVENANTS

SECTION 7.01. 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 7.02. Expenses.

(a) The Issuer covenants 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.

(b) The Issuer covenants that, upon the Closing taking place, the Issuer shall pay to the Agent from net proceeds of the sale of the Notes contemplated hereunder the portion of the Facility Fee set forth in subclause (i) of the definition thereof.

(c) The Issuer covenants to pay as and when billed by the Agent 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 Transaction Documents including, without limitation, (i) all reasonable fees, disbursements and expenses of counsel to the Agent and the Initial Purchasers, (ii) all reasonable fees and expenses of the Indenture Trustee and (iii) all reasonable fees and expenses of the Verification Agent, in connection therewith.

SECTION 7.03. Mutual Obligations. On and after the Closing, each party hereto will do, execute and perform all such other acts, deeds and documents as the other party may from time to time reasonably require in order to carry out the intent of this Note Purchase Agreement.

SECTION 7.04. Restrictions on Transfer. Each of the Purchasers 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 7.05. Securities Act. The Initial Purchasers agree that they will acquire the Purchased Notes, as applicable, pursuant to this Note Purchase Agreement without a view to any public distribution thereof, and will not offer to sell or otherwise dispose of the Purchased Notes (or any interest therein) in violation of any of the registration requirements of the Act or any applicable state or other securities laws, or by means of any form of general solicitation or general advertising (within the meaning of Regulation D under the 1933 Act) and will comply with the requirements of the Indenture. The Purchasers acknowledge that they have no right to require the Issuer or any other Person to register the Purchased Notes under the 1933 Act or any other securities law.

SECTION 7.06. Agreement and Consent to Agent. The Initial Purchasers agree with, and consent to, each of the provisions in the Indenture regarding the Agent.

ARTICLE VIII

INDEMNIFICATION

SECTION 8.01. Indemnification. The Issuer hereby agrees to indemnify and hold harmless each Indemnified Party in accordance with, and pursuant to, Section 9.11 of the Indenture.

SECTION 8.02. Procedure and Defense. In case any litigation, claim, suit, 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 8.01 (each such litigation, claim, suit, action or proceeding being referred to an "Indemnified Proceeding"), such Indemnified Party shall follow the procedures set forth in Section 9.11 of the Indenture. The Indemnified Party shall have the rights and defense set forth in Section 9.11 of the Indenture.

ARTICLE LX

MISCELLANEOUS

SECTION 9.01. 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 9.02. Severability of Provisions. If any one or more of the agreements, provisions or terms of this Agreement shall for any reason whatsoever be held invalid, then the unenforceable agreements, provisions or terms shall be deemed severable from the remaining agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other agreements, provisions or terms of this Agreement.

SECTION 9.03. 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 9.04. 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 9.05. Integration. This Agreement contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof, superseding all prior oral or written understandings.

SECTION 9.06. Negotiation. This Agreement and the other Transaction Documents are the result of negotiations among the parties hereto, and have been reviewed by the respective counsel to the parties hereto, and are the products of all parties hereto. Accordingly, this Agreement and the other Transaction Documents shall not be construed against the Agent or any Purchaser merely because of the Agent's or such Purchaser's involvement in the preparation of this Agreement and the other Transaction Documents.

SECTION 9.07. Binding Effect; Assignability.

(a) This Note Purchase Agreement shall be binding upon and inure to the benefit of the Issuer, the Agent and the Purchasers and their respective permitted successors and assigns (including any subsequent holders of any Purchased Note); provided, however, the Issuer shall not have any right to assign its respective rights hereunder or interest herein (by operation of law or otherwise) without the prior written consent of all of the Purchasers.

(b) Any of the Purchasers may, in the ordinary course of its business and in accordance with the Transaction 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 any Purchaser of participating interests to a Participant, such Purchaser's rights and obligations under this Note Purchase Agreement shall remain unchanged, such Purchaser shall remain solely responsible for the performance thereof, and the Issuer 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. Each Purchaser shall have the right to assign its rights and obligations hereunder to an Affiliate without the consent of the Issuer or the Receivables Seller.

(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 9.08. Provision of Documents and Information. The Issuer acknowledges and agrees that the Agent and each Purchaser is permitted to provide to any subsequent Purchaser, permitted assignees and Participants, opinions, certificates, documents and other information relating to the Issuer and the Receivables delivered to the Agent or the Purchasers pursuant to this Note Purchase Agreement.

SECTION 9.09. **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 NEW YORK 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 9.10. 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 and the Purchasers hereby covenant and agree that they will not institute against the Issuer, or join in any institution against 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.

SECTION 9.11. 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 9.12. No Recourse — Purchasers. The obligations of each Purchaser under this Note Purchase Agreement, or any other agreement, instrument, document or certificate executed and delivered by or issued by such Purchaser or any officer thereof are solely the partnership or corporate obligations of such 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 any Purchaser or any officer thereof in connection therewith, against any stockholder, limited partner, employee, officer, director or incorporator of such Purchaser.

SECTION 9.13. 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. In addition the respective agreements, covenants, indemnities and other statements set forth in this Section 9.13 and in Sections 7.02, 8.01, 8.02, 9.01, 9.02, 9.03, 9.04, 9.06, 9.07, 9.09, 9.10, 9.12 and 9.14 shall remain in full force and effect regardless of any termination or cancellation of this Agreement.

SECTION 9.14. 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 Receivables 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 Transaction Documents shall be construed to further these intentions of the parties.

SECTION 9.15. No Recourse. 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 trustee of the Issuer, 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 of 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 Advance Trust 2007-ADV2

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

By: Roseline K. Maney
Name: Roseline K. Maney
Title: Vice President

Greenwich Capital Financial Products, Inc.,
as Initial Purchaser and as Agent

By: _____
Name:
Title:

The CIT Group/Business Credit, Inc.
as Initial Purchaser

By: _____
Name:
Title:

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 Advance Trust 2007-ADV2

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

By: _____
Name:
Title:

Greenwich Capital Financial Products, Inc.,
as Initial Purchaser and as Agent

By: /s/ Dominic Obaditch
Name: DOMINIC OBADITCH
Title: M.D.

Greenwich Capital Corporate Services, Inc.,
as attorney-in-fact

The CIT Group/Business Credit, Inc.
as Initial Purchaser

By: _____
Name:
Title:

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 Advance Trust 2007-ADV2

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

By: _____
Name:
Title:

Greenwich Capital Financial Products, Inc.,
as Initial Purchaser and as Agent

By: _____
Name:
Title:

The CIT Group/Business Credit, Inc.
as Initial Purchaser

By: /s/ Kevin Marchetti
Name: Kevin Marchetti
Title: Vice President

Schedule I

Information for Notices

1. if to the Issuer:

   OPTION ONE ADVANCE TRUST 2007-ADV2
   3 Ada
   Irvine, California 92618
   Attention: Rod Smith
   Facsimile: (949) 790-7514
   Telephone: (949) 790-8100

2. if to the Depositor:

   OPTION ONE ADVANCE CORPORATION
   3 Ada
   Irvine, California 92618
   Attention: Rod Smith
   Facsimile: (949) 790-7514
   Telephone: (949) 790-8100

3. if to the Receivables Seller:

   OPTION ONE MORTGAGE CORPORATION
   3 Ada
   Irvine, California 92618
   Attention: Rod Smith
   Facsimile: (949) 790-7514
   Telephone: (949) 790-8100

4. if to the Greenwich Initial Purchaser or the Agent:

   GREENWICH CAPITAL FINANCIAL PRODUCTS, INC.
   600 Steamboat Road
   Greenwich, Connecticut 06830
   Attention: Robert Parvetz
   Facsimile: 203-618-2148
   Telephone: 203-618-6884

   With a copy to:

   GREENWICH CAPITAL FINANCIAL PRODUCTS, INC.
   600 Steamboat Road
   Greenwich, Connecticut 06830

Attn: Dominic Obaditch
Telecopy: (203) 422-4565
Telephone: (203)618-2565

5. if to the CIT Initial Purchaser:

The CIT Group/Business Credit, Inc.
11 West 42nd Street, 13th floor
New York, NY 10036
Attention: Howard Trebach
Facsimile: (212) 461-7760
Telephone: (212) 461-7753

With Copy To:

The CIT Group/Business Credit, Inc.
11 West 42nd Street, 13th floor
New York, NY 10036
Attention: Jorge S. Wagner
Facsimile: (212)771-9517
Telephone: (212)771-9520

Schedule A

Maximum Note Principal Balance

Greenwich Capital Financial Products, Inc.:	$750,000,000.00
The CIT Group/Business Credit, Inc.:	$ 50,000,000.00

Exhibit 10.9

EXECUTION COPY

AMENDMENT NUMBER ONE
to the
RECEIVABLES PURCHASE AGREEMENT
dated as of October 1, 2007,
among
OPTION ONE ADVANCE TRUST 2007-ADV2,
OPTION ONE ADVANCE CORPORATION,
and
OPTION ONE MORTGAGE CORPORATION

This AMENDMENT NUMBER ONE (this "Amendment") is made and is effective as of this 24th day of December, 2007, between Option One Advance Trust 2007-ADV2 (the "Issuer"), Option One Advance Corporation (the "Depositor"), and Option One Mortgage Corporation (the "Seller") to the Receivables Purchase Agreement, dated as of October 1, 2007 (the "Receivables Purchase Agreement"), among the Issuer, the Depositor and the Seller.

RECITALS

WHEREAS, on the terms and conditions set forth herein, the Issuer, the Depositor and the Seller desire to amend the Receivables Purchase Agreement as provided herein;

NOW THEREFORE, the parties hereto hereby agree as follows:

SECTION 1. Defined Terms. As used in this Amendment, capitalized terms have the same meanings assigned thereto in the Receivables Purchase Agreement.

SECTION 2. Amendments.

(a) Section 1.01 of the Receivables Purchase Agreement is hereby amended by replacing the definition of "Initial Purchaser" with the following definition:

"Initial Purchasers": means Greenwich Capital Financial Products, Inc. and The CIT Group/Business Credit, Inc."

(b) Section 8.01(a) of the Receivables Purchase Agreement is hereby amended by deleting such provision in its entirety and replacing it with the following:

"such information (including financial information), documents, records or reports with respect to the Aggregate Receivables, the Securitization Trusts, the Seller, the Servicer as the Issuer, the Depositor, the Indenture Trustee, the Agent, the Initial Purchasers or the Secured Parties may from time to time reasonably request;"

(c) Section 8.03 of the Receivables Purchase Agreement is hereby amended by deleting the first paragraph of such provision in its entirety and replacing it with the following:

"The Seller shall, at any time and from time to time during regular business hours, or at such other reasonable times upon reasonable notice to the Seller, permit the Depositor, the Issuer, the Indenture Trustee, the Agent, the Initial Purchasers or the Secured Parties, or their agents or representatives, at the Seller's expense (not to exceed $25,000 in any calendar year with regard to any parties for any calendar year); provided, that no such limit shall apply after an Event of Default, but only so long as that does not unreasonably interfere with the Seller's conduct of its business:"

(d) Section 8.04 of the Receivables Purchase Agreement is hereby amended by deleting the last sentence of such provision in its entirety and replacing it with the following:

"The Seller agrees to take any and all acts and to execute any and all further instruments reasonably necessary or requested by the Depositor, the Issuer, the Indenture Trustee, the Agent, the Initial Purchasers or the Secured Parties to more fully effect the purposes of this Agreement."

(e) Section 10.01 (b) of the Receivables Purchase Agreement is hereby amended by deleting the second sentence of such provision in its entirety and replacing it with the following:

"Indemnified Party" means any of the Depositor, the Issuer, the Indenture Trustee, the Owner Trustee, the Agent, the Initial Purchasers and the Secured Parties and their officers, employees, directors and successors or assigns."

(f) Schedule I of the Receivables Purchase Agreement is hereby amended by adding the following additional notice party to clauses 6 and 7 thereof:

The CIT Group/Business Credit, Inc.
11 West 42nd Street, 13th floor
New York, NY 10036
Attention: Howard Trebach
Facsimile: (212) 461-7760
Telephone: (212) 461-7753

With Copy To:

The CIT Group/Business Credit, Inc.
11 West 42nd Street, 13th floor
New York, NY 10036
Attention: Jorge S. Wagner
Facsimile: (212)771-9517
Telephone: (212) 771-9520

SECTION 3. Limited Effect. Except as expressly amended and modified by this Amendment, the Receivables Purchase Agreement shall continue in full force and effect in accordance with its terms. Reference to this Amendment need not be made in the Receivables

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 Receivables Purchase Agreement, any reference in any of such items to the Receivables Purchase Agreement being sufficient to refer to the Receivables Purchase Agreement as amended hereby.

SECTION 4. 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 5. 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 6. 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 the Issuer 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 ADVANCE TRUST 2007-ADV2

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

By: /s/ Roseline K. Maney
Name: Roseline K. Maney
Title: Vice President

OPTION ONE ADVANCE CORPORATION

By: _____
Name:
Title:

OPTION ONE MORTGAGE CORPORATION

By: _____
Name:
Title:

Consented to by:

GREENWICH CAPITAL FINANCIAL
PRODUCTS, INC.,
as Agent and Noteholder

By: _____
Name:
Title:

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 ADVANCE TRUST 2007-ADV2

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

By: _____
Name:
Title:

OPTION ONE ADVANCE CORPORATION

By: /s/ Fabiola Camperi
Name: Fabiola Camperi
Title: President

OPTION ONE MORTGAGE CORPORATION

By: /s/ Fabiola Camperi
Name: Fabiola Camperi
Title: President

Consented to by:

GREENWICH CAPITAL FINANCIAL
PRODUCTS, INC.,
as Agent and Noteholder

By: _____
Name:
Title:

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 ADVANCE TRUST 2007-ADV2

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

By: _____
Name:
Title:

OPTION ONE ADVANCE CORPORATION

By: _____
Name:
Title:

OPTION ONE MORTGAGE CORPORATION

By: _____
Name:
Title:

Consented to by:

GREENWICH CAPITAL FINANCIAL
PRODUCTS, INC.,
as Agent and Noteholder

By: /s/ Dominic Obaditch
Name: DOMINIC OBADITCH
Title: M.D.

Greenwich Capital Corporate Services, Inc.
as attorney-in-fact.

Exhibit 10.10

EXECUTION COPY

AMENDMENT NUMBER FOUR
to the
INDENTURE
dated as of October 1, 2007,
between
OPTION ONE ADVANCE TRUST 2007-ADV2,
and
WELLS FARGO BANK, NATIONAL ASSOCIATION

This AMENDMENT NUMBER FOUR (this "Amendment") is made and is effective as of this 24th day of December, 2007, between Option One Advance Trust 2007-ADV2 (the "Issuer"), and Wells Fargo Bank, National Association (the "Indenture Trustee") to the Indenture, dated as of October 1, 2007 (as has been or from time to time will otherwise be amended, the "Indenture"), between the Issuer and the Indenture Trustee and accepted and acknowledged by Greenwich Capital Financial Products, Inc., as Agent.

RECITALS

WHEREAS, on the terms and conditions set forth herein, the Issuer has requested that the Indenture Trustee amend the Indenture as provided herein;

NOW THEREFORE, the parties hereto hereby agree as follows:

SECTION 1. Defined Terms. As used in this Amendment, capitalized terms have the same meanings assigned thereto in the Indenture.

SECTION 2. Amendments.

(a) Section 1.01 of the Indenture is hereby amended by replacing the definitions of "Maximum Note Balance" and "Note Purchasers" with the following definitions:

"Maximum Note Balance": An amount equal to $800,000,000.00"

"Note Purchasers": Greenwich Capital Financial Products, Inc., The CIT Group/Business Credit, Inc., and their successors and assigns."

(b) Section 2.16(a) of the Indenture is hereby amended by deleting the last sentence of such provision in its entirety and replacing it with the following:

"Upon the Issuer's payment of the Redemption Amount, the Commitment of the Initial Purchasers under section 2.01 of the Note Purchase Agreement to purchase Additional Note Balances shall terminate."

SECTION 3. Waiver. The parties hereto hereby waive the provisions of Sections 8.02 and 8.04 of the Indenture requiring the delivery of Tax Opinions and Opinions of Counsel with respect to any amendments of the Indenture.

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

SECTION 5. 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 6. 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 7. 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 the Issuer 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 ADVANCE TRUST 2007-ADV2

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

By: /s/ Roseline K. Maney
Name: Roseline K. Maney
Title: Vice President

WELLS FARGO BANK, NATIONAL
ASSOCIATION
as Indenture Trustee

By: _____
Name:
Title:

Consented to by:

GREENWICH CAPITAL FINANCIAL
PRODUCTS, INC.,
as Agent and Noteholder

By: _____
Name:
Title:

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 ADVANCE TRUST 2007-ADV2

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

By: _____
Name:
Title:

WELLS FARGO BANK, NATIONAL
ASSOCIATION
as Indenture Trustee

By: /s/ Jacqueline E. Kimball
Name: Jacqueline E. Kimball
Title: Vice President

Consented to by:

GREENWICH CAPITAL FINANCIAL
PRODUCTS, INC.,
as Agent and Noteholder

By: _____
Name:
Title:

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 ADVANCE TRUST 2007-ADV2

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

By: _____
Name:
Title:

WELLS FARGO BANK, NATIONAL
ASSOCIATION
as Indenture Trustee

By: _____
Name:
Title:

Consented to by:

GREENWICH CAPITAL FINANCIAL
PRODUCTS, INC.,
as Agent and Noteholder

By: /s/ Dominic Obaditch
Name: DOMINIC OBADITCH
Title: M.D.

Greenwich Capital Corporate Services, Inc.
as attorney-in-fact.

Exhibit 10.11

Execution Version

SEPARATION AND RELEASE AGREEMENT

This **SEPARATION AND RELEASE AGREEMENT** (this **"Agreement")** is entered into as of the 28th day of December, 2007, by and between HRB Management, Inc., a Missouri corporation ("HRB") and Mark A. Ernst (the **"Executive").**

WHEREAS, HRB and the Executive are parties to an Employment Agreement dated July 16, 1998 and as thereafter amended (the **"Employment Agreement");**

WHEREAS, the Executive and **HRB** agree to terminate his employment with HRB; and

WHEREAS, the Executive and HRB intend the terms and conditions of this Agreement to govern all issues related to the Executive's employment and separation from HRB.

NOW, THEREFORE, in consideration of the covenants and mutual promises contained in this Agreement, the Executive and **HRB** agree as follows:

1. Resignation: Termination of Employment.

a. Resignation. The Executive hereby agrees that, effective as of November 20, 2007 (the **"Resignation Date"),** he resigned from his positions as Chairman of the Board, President and Chief Executive Officer of **HRB** and Chairman of the Board, President and Chief Executive Officer of **H&R** Block, Inc. **("Block")** and that, simultaneous with the execution of this Agreement, he is resigning as a director of Block. In addition, effective as of the Resignation Date, the Executive hereby confirms his resignation from all other offices, directorships, trusteeships, committee memberships and fiduciary capacities held with, or on behalf of, HRB or its subsidiaries or affiliates (collectively, **"Affiliates")** or any benefit plans of HRB or any Affiliate. The Executive will execute the resignations attached as Exhibit A on minute book paper contemporaneously with his execution of this Agreement.

b. **Termination of Employment.** The parties agree that the Executive's employment with HRB will terminate on December 31, 2007 (the **"Termination Date").** During the period between the Resignation Date and the Termination Date (the **"Transition Period"),** the Executive will remain on active payroll and be paid his current salary in accordance with HRB's regular payroll practices. During the Transition Period, the Executive will make himself available for consultation on an as-needed basis as determined by HRB's Interim Chief Executive Officer with respect to matters within the scope of his employment and will respond to questions and provide guidance as requested by HRB and Block from time to time with respect to such matters. On and after the Termination Date, the Executive acknowledges and agrees that he will not represent himself as being an employee, officer, director, trustee, member,

partner, agent or representative of HRB or any Affiliate for any purpose and will not make any public statements on behalf of HRB or any Affiliate.

2. **Severance Benefits.** The parties agree to treat the Executive's termination of employment as a termination without "cause" (as defined in Section 1.06 of the Employment Agreement) for purposes of the Executive's eligibility for severance compensation and benefits as set forth in this Section 2. Subject to the terms and conditions of this Agreement, including the Executive's executing (and not revoking) this Agreement and the Supplemental General Release, the Executive acknowledges and agrees that he will not be eligible for any compensation or benefits after the Termination Date except for the following:

a. **Lump Sum Severance Payment.** A lump sum cash payment on the date the revocation period applicable to the Supplemental General Release (as defined in Section 7) lapses, provided that the Executive has not revoked the execution of this Agreement or the Supplemental General Release, equal to $2,550,000.

b. **Employee Benefits.**

(i) **Health Benefits.** Subject to the Executive's timely election of continuation coverage under the Consolidated Budget Omnibus Reconciliation Act of 1985, as amended **("COBRA"),** continued participation in the medical, dental and vision plans maintained by HRB for a period of up to 18 months following the Termination Date (the **"Coverage Period")** as if the Executive had continued in employment with HRB during such period (including the Executive's obligation to pay the employee portion of any contribution or premium but excluding an employee's ability to pay premiums with pre-tax dollars). If the Executive continuously receives health benefits under this Section 2.b.(i) from the Termination Date through the end of the Coverage Period, HRB shall thereafter, for a period of up to 18 months, pay the Executive on the first business day of each month, a lump sum cash amount equal to $1,350. Notwithstanding the foregoing, HRB's obligations under this Section 2.b.(i) shall terminate if the Executive fails to pay any required contribution or premium or if the Executive becomes eligible for health benefits of a subsequent employer (whether or not the Executive accepts such benefits), except that HRB's obligation to continue to make available continuation coverage under COBRA at the full COBRA rates shall be determined in accordance with COBRA. The Executive will notify HRB of his eligibility for medical, dental or vision benefits from a subsequent employer within 30 days of such eligibility. In addition, HRB shall pay any out-of-pocket expenses the Executive incurs in connection with a comprehensive Mayo Clinic physical prior to June 30, 2008.

(ii) **Other Insurance Coverage**. A lump sum cash payment on the date the payment specified in sub-paragraph 2.a above is to be paid, equal

to $3,096, which represents HRB's premium cost for 36 months of group life and accidental death and dismemberment insurance coverage for the Executive. In addition, HRB shall take (or shall cause to be taken) such action as necessary to enable the transfer of the life insurance policy on the Executive to the Executive or his assignee following the Termination Date in accordance with the terms of such policy, provided that the Executive timely completes all necessary forms and pays HRB or otherwise makes arrangements for the payment to HRB of an amount equal to the amount of the premiums paid by HRB or its Affiliate for such policy through the Termination Date.

(iii) **Tax-Qualified Plans.** The Executive shall be eligible to receive any accrued, vested benefits to which he is otherwise entitled under the tax-qualified pension and 401(k) plans of HRB and its Affiliates.

c. **Stock Options.** Full vesting of all outstanding stock options to purchase shares of common stock of Block as of the Termination Date. A list of the stock options that will be vested as of the Termination Date is attached as Exhibit B. Except as set forth on Exhibit B hereto, all outstanding stock options vested as of the Termination Date will remain exercisable until September 30, 2009, but in no event beyond the stated term of the stock option. Any stock options not vested as of the Termination Date shall be forfeited as of the Termination Date.

d. **Restricted Shares.** Termination of all restrictions on any shares of Block's common stock awarded to the Executive by Block that would have lapsed absent a termination of employment in accordance with their terms by reason of time between the Termination Date and June 30, 2008 such that such shares of Block's common stock shall be fully vested as of the Termination Date. Any shares unaffected by the operation of this sub-section shall be forfeited as of the Termination Date. A list of the restricted shares that will be vested as of the Termination Date is attached as Exhibit C.

e. **Performance Shares.** One-half the number of performance shares that would have been awarded to him under the June 30, 2006 grant at the end of the performance period (June 30, 2009) (including the amount of any dividends related thereto) determined based on the achievement of the performance goals at the end of the performance period and paid at the time payments are made generally to other individuals who received an award of performance shares on June 30, 2006. On the Termination Date, the Executive shall forfeit to HRB all performance shares Block awarded him pursuant to a cycle which is less than one year old as of the Termination Date. A list of the performance shares eligible to become payable pursuant to this sub-section is attached as Exhibit D.

f. **Deferred Compensation.** Full vesting of the Executive's account balance and payment in accordance with the Executive's payment elections under

the H&R Block Deferred Compensation Plan for Executives, as amended and restated as of July 1, 2002, and thereafter amended.

g. **Payment in Lieu of Notice.** A lump sum cash payment on the date the payment specified in sub-paragraph 2.a above is to be paid, equal to $13,270, which represents the difference between (i) the base salary that would have been paid during the 45-day period following the Resignation Date and (ii) the base salary actually paid between the Resignation Date and the Termination Date.

h. **Other Amounts.** A lump sum cash payment on the date the payment specified in sub-paragraph 2.a above is to be paid equal to $104,712, which represents the sum of (i) the reasonable business expenses and disbursements incurred by the Executive prior to the Termination Date and reimbursable under HRB's reimbursement policy and (ii) the Executive's accrued but unused vacation time through the Termination Date required to be paid under HRB's vacation policy.

3. **Return of Property.** The Executive represents to HRB that he has destroyed or returned to HRB any and all files or other property (both tangible and intellectual) of HRB and any Affiliate (said property includes, but is not limited to, files, monthly management financial booklets, projections, forecasts, balance sheets, income statements, audited financial statements, total cost development budgets, actual or prospective purchaser or customer lists, written proposals and studies, plans, drawings, specifications, reports to creditors, books, accounts, certificates, bank account numbers, passwords, rolodexes, identification cards, credit cards, computers, fax machines, cellular or other telephones, Blackberries, beepers, PDA's, keys, card access keys to any building of HRB or any Affiliate, deeds, contracts, office equipment and supplies, records, computer disks and any other documents or things received or acquired in connection with the Executive's employment with HRB) without retaining any copies or extracts thereof. Notwithstanding the foregoing, the Executive may retain all information received in his role as a director and has no duty with respect to any information that has been or is generally available to the public.

4. **Full Discharge.** The Executive agrees and acknowledges that the payments and benefits provided in Section 2 and the other entitlements hereunder: (a) are in full discharge of any and all liabilities and obligations of HRB to the Executive, monetarily or with respect to employee benefits or otherwise, including any and all obligations arising under any alleged written or oral employment agreement, policy, plan or procedure of HRB or any Affiliate, including the Employment Agreement and/or any alleged understanding or arrangement between the Executive and HRB or any of its officers or directors; and (b) exceed any payment, benefit, or other thing of value to which the Executive might otherwise be entitled but for this Agreement under any policy, plan or procedure of HRB or any prior agreement between the Executive and HRB, except for accrued, vested amounts under any tax-qualified pension and 401(k) plans

maintained by HRB, which amounts, if any, will be paid in accordance with the terms of such plan.

5. **Future Conduct and Obligations.**

a. The Executive, for himself and for his heirs, dependents, assigns, agents, executors, administrators, trustees and legal representatives agrees that he will not (and will use his best efforts to cause such affiliates to not) at any time engage in any form of conduct, or make any statements or representations, that disparage or otherwise impair the reputation, goodwill, or commercial interests of HRB, any Affiliate or any of their agents, officers, directors, employees and/or stockholders. HRB and Block agree to not issue any press release or other official, written statement that disparages or otherwise impairs the Executive's business reputation. The foregoing shall not be violated by: (i) truthful statements by either party in response to legal process or required governmental testimony or filings; (ii) statements by HRB or Block that they in good faith believe are necessary or appropriate to make in connection with performing their duties to HRB and/or Block; or (iii) statements by the Executive that he in good faith believes are necessary or appropriate to make to refute statements of HRB, Block, or the officers or directors of either HRB or Block.

b. The Executive agrees to reasonably assist and cooperate with HRB (and its outside counsel) in connection with the defense or prosecution of any claim that may be made or threatened against or by HRB or any Affiliate, or in connection with any ongoing or future investigation or dispute or claim of any kind involving HRB or any Affiliate, including any proceeding before any arbitral, administrative, judicial, legislative, or other body or agency, including preparing for and testifying in any proceeding to the extent such claims, investigations or proceedings relate to services performed by the Executive, pertinent knowledge possessed by the Executive, or any act or omission by the Executive. The Executive will perform such acts and execute and deliver such documents that may be reasonably necessary to carry out the provisions of this Section 5. The Executive's agreement under this Section 5 is limited such that any such assistance and cooperation shall not unreasonably interfere with the Executive's subsequent employment. HRB will reimburse the Executive for the reasonable out-of pocket expenses incurred as a result of such cooperation.

c. The Executive hereby agrees that the termination of the Executive's employment will not affect the provisions of the Employment Agreement which impose continuing obligations on him following termination of the Employment Agreement and specifically acknowledges the existence and applicability of Sections 2.01, 2.02, 3.01, 3.05, and 4.03. Such restrictions will remain in full force and effect following the Termination Date as provided in the Employment Agreement. Section 3.02 of the Employment Agreement will remain in full force and effect for 18 months following the Termination Date,

notwithstanding any provision of the Employment Agreement to the contrary. The Executive also specifically acknowledges the existence and applicability of the covenants set forth in the award agreements evidencing the grant of any equity compensation by Block. Notwithstanding the foregoing, the parties agree that Section 3.04 of the Employment Agreement and any similar non-compete restriction in any award agreement evidencing the grant of any equity compensation by Block shall not apply following the Termination Date and that the provisions of Section 5.d, below, shall apply.

d. The Executive acknowledges that in the course of the Executive's employment with HRB, the Executive became familiar with Block's trade secrets and with other confidential information concerning Block and its Affiliates and agrees that for a period of 18 months following the Termination Date, the Executive will not, directly or indirectly, 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, any firm, corporation, partnership, limited liability company, institution, business, government agency, or entity that engages in any business that is competitive with the primary business activities of Block's Tax Services segment as of the date hereof (which are tax preparation, accounting and small business services) and shall in no event limit the Executive's right to engage in, own or control, or act or compete (as described above) in activities in the banking and related financial services industries). If the restrictions in this Section 5.d are determined by an arbitrator to be excessive in duration or scope or unreasonable or unenforceable under the laws of any state, it is the intention of the parties that such restriction be modified or amended to render it enforceable to the maximum extent permitted by the laws of that state. The running of the 18 month period contained in this Section 5.d will be suspended during any period of violation and/or any period of time required to enforce this covenant, it being the intention of the parties hereto that the running of the applicable post-termination restriction period shall be tolled during any period of such violation.

6. **General Release.**

a. For and in consideration of the payments to be made and the promises set forth in this Agreement, the Executive, for himself and for his heirs, dependents, assigns, agents, executors, administrators, trustees and legal representatives (collectively, the **"Releasors")** hereby forever releases, waives and discharges the Released Parties (as defined below) from each and every claim, demand, cause of action, fees, liabilities or right of any sort (based upon legal or equitable theory, whether contractual, common-law, statutory, federal, state, local or otherwise), known or unknown, which Releasors ever had, now have, or hereafter may have against the Released Parties by reason of any actual or alleged act, omission, transaction, practice, policy, procedure, conduct, occurrence, or other matter from the beginning of the world up to and including

the Effective Date (as defined in Section 17), including without limitation, those in connection with, or in any way related to or arising out of, the Executive's employment or termination of employment or any other agreement, understanding, relationship, arrangement, act, omission or occurrence, with the Released Parties.

b. Without limiting the generality of the previous paragraph, this Release is intended to and shall release the Released Parties from any and all claims, whether known or unknown, which Releasors ever had, now have, or may hereafter have against the Released Parties including, but not limited to: (1) any claim of discrimination or retaliation under the Age Discrimination in Employment Act, Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, as amended (excluding claims for accrued, vested benefits under any employee benefit or pension plan of the Released Parties subject to the terms and conditions of such plan and applicable law) and the Family and Medical Leave Act; (2) any claim under the Missouri Service Letter Statute, the Missouri Human Rights Act and the Civil Rights Ordinance of Kansas City, Missouri; (3) any other claim (whether based on federal, state or local law or ordinance, statutory or decisional) relating to or arising out of the Executive's employment, the terms and conditions of such employment, the termination of such employment and/or any of the events relating directly or indirectly to or surrounding the termination of such employment, including, but not limited to, breach of contract (express or implied), tort, wrongful discharge, detrimental reliance, defamation, emotional distress or compensatory or punitive damages; and (4) any claim for attorney's fees, costs, disbursements and the like.

c. HRB and the Executive acknowledge and agree that the release set forth in this Section 6 does not in any way affect: (1) the Executive's rights of indemnification to which the Executive was entitled immediately prior to the Termination Date under Section 4.06 of the Employment Agreement; (2) the Executive's accrued, vested rights under any tax-qualified pension and 401(k) plans maintained by HRB; and (3) the right of the Executive to take whatever steps may be necessary to enforce the terms of this Agreement.

d. For purposes of this Release, the **"Released Parties"** means HRB, all current and former parents, subsidiaries, related companies, partnerships, joint ventures and employee benefit programs (and the trustees, administrators, fiduciaries and insurers of such programs), and, with respect to each of them, their predecessors and successors, and, with respect to each such entity, all of its past, present, and future employees, officers, directors, members, stockholders, owners, representatives, assigns, attorneys, agents, insurers, and any other person acting by, through, under or in concert with any of the persons or entities listed in this paragraph, and their successors (whether acting as agents for such entities or in their individual capacities).

7. Supplemental General Release. The Executive agrees to deliver to HRB an executed Supplemental General Release attached as Exhibit E within 21 days after the Termination Date. The Executive agrees that all HRB covenants (including HRB's obligation to make or provide payments and benefits pursuant to Section 2) that relate to its obligations beyond the Termination Date are contingent on the Executive's execution of (and not revoking) the Supplemental General Release.

8. **No Existing Suit.** The Executive represents and warrants that, as of the Effective Date of this Agreement, he has not filed or commenced any suit, claim, charge, complaint, action, arbitration, or legal proceeding of any kind against HRB or any Affiliate. The Executive acknowledges that this Agreement does not prohibit him from filing a charge of discrimination with the Equal Employment Opportunity Commission.

9. **Certain Forfeitures in Event of Breach or Other Liability to HRB.**

The Executive acknowledges and agrees that, notwithstanding any other provision of this Agreement, if the Executive materially breaches any obligation under this Agreement, or there is a final determination by a court of competent jurisdiction or an arbitrator, or an agreement by the Executive as part of a settlement, that the Executive is otherwise liable to HRB or any Affiliate, HRB retains the right to recoup any and all payments and benefits provided for in Section 2, any damages suffered by HRB or any Affiliate, plus reasonable attorneys' fees incurred in connection with such recovery and, to the extent that such benefits have not been fully disbursed to the Executive, HRB reserves its rights to stop all future disbursements of such benefits, except to the extent that such action is prohibited by law or would result in the invalidation of the release provided by the Executive under this Agreement. The parties agree that any breach of the covenants in Sections 5.b — 5.e or Articles Two and Three of the Employment Agreement shall be deemed a material breach of an obligation under this Agreement and that HRB shall not have any remedy under this Section 9 for any breach of the covenant in Section 5.a. In addition, the parties agree that should HRB make any determination regarding its rights under this Section 9, an entity reviewing such determination shall not apply a presumption in favor of HRB by virtue of HRB's prior determination.

10. **Company Release.** For and in consideration of the promises set forth in this Agreement, HRB and each of its Affiliates hereby forever releases, waives and discharges the Executive from each and every claim, demand, cause of action, fees, liabilities or right of any sort (based upon legal or equitable theory, whether contractual, common-law, statutory, federal, state, local or otherwise), known or unknown, which HRB and each of its Affiliates ever had, now have, or hereafter may have against the Executive by reason of any actual or alleged act, omission, transaction, practice, policy, procedure, conduct, occurrence, or other matter from the beginning of the world up to and including the Effective Date, including without limitation, those in connection with, or in any way related to or arising out of, the Executive's employment or termination of employment or any other agreement, understanding, relationship, arrangement, act, omission or occurrence, with HRB or its Affiliates; provided, however, notwithstanding the generality of the foregoing, nothing herein will be deemed to release the Executive

from (a) any intentional or knowing violations of law, (b) any intentional acts of misconduct engaged in by the Executive while employed as an employee of HRB or Block or while serving as an officer or director of HRB or Block, including misappropriation, fraud or theft or (c) any other act or omission that would constitute grounds for terminating the Executive's employment for "cause" (as defined in the Employment Agreement).

11. **Indemnification.** The Executive shall continue to be entitled to indemnification under Section 4.06 of the Employment Agreement. In addition, HRB shall continue to cover the Executive under HRB's directors' and officers' liability insurance policies on the same basis as other officers and directors while liability exists with regard to such actions or inactions.

12. **Entire Agreement.** This Agreement sets forth the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes all prior promises or agreements made by, to, or between the parties, whether oral or written with respect to the subject matter hereof, including the Employment Agreement (other than as specifically provided herein). This Agreement may not be amended except by a writing signed by all parties. There are no other promises, agreements, or commitments made by, to, or between the parties, other than those set forth in the written text of this Agreement.

13. **Applicable Law.** This Agreement shall be construed, interpreted, and applied in accordance with the law of the State of Missouri without regard to principles of conflict of laws.

14. **No Transfer by Executive.** The Executive represents and warrants that he has not sold, assigned, transferred, conveyed or otherwise disposed of to any third party, by operation of law or otherwise, any action, cause of action, suit, debt, obligations, account, contract, agreement, covenant, guarantee, controversy, judgment, damage, claim, counterclaim, liability or demand of any nature whatsoever relating to any matter covered by this Agreement. This Agreement is personal to the Executive and he may not assign, pledge, delegate or otherwise transfer any of his rights, obligations or duties under this Agreement.

15. **Dispute Resolution; Expenses.**

a. The parties hereto may attempt to resolve any dispute hereunder informally via mediation or other means. Otherwise, any controversy or claim arising out of or relating to this Agreement, or any breach thereof, will, except as provided in Section 4.03 of the Employment Agreement, be adjusted only by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (except that the decision of the arbitrator(s) must not be a compromise but must be the adoption of the submission by one of the parties), and judgment upon such award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitration will be held in Kansas City,

Missouri, or such other place as may be agreed upon at the time by the parties to the arbitration.

b. In the event that either party hereto brings any legal action or other proceeding to enforce or interpret any of the rights, obligations or provisions of this Agreement, or because of a dispute, breach or default in connection with any of the provisions of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party reasonable attorneys' fees and all other costs (including the arbitrator's fees and expenses) in such action or proceeding in addition to any other relief to which such prevailing party may be entitled.

c. Notwithstanding anything in this Agreement to the contrary, in the event of a breach or threatened breach by either party of the provisions of Section 5.a, (i) the parties acknowledge the other party's remedies at law would be inadequate and, in recognition of this fact, each party agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, such party, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available and (ii) any controversy or claim arising out of or relating to Section 5.a of this Agreement will not be settled by mediation or arbitration and the parties hereby irrevocably submit to the exclusive jurisdiction of any state or federal court in Kansas City, Missouri for any suit, action or proceeding arising out of or relating to or concerning Section 5.a of this Agreement.

16. **Notices.** Any notice, waiver or other communication given hereunder will be delivered (except as set forth in Section 18 in respect of a written notice of revocation) as follows: (a) in the case of HRB, by personal delivery, certified or registered mail (return receipt requested), or delivery by a recognized overnight commercial courier, addressed to HRB Management, Inc., One H&R Block Way, Kansas City Missouri 64105, to the attention of the General Counsel; and (b) in the case of the Executive, by personal delivery, certified or registered mail (return receipt requested), or delivery by a recognized overnight commercial courier, addressed to the last address on the records of HRB. Notices served will be deemed given and effective upon actual receipt (or refusal of receipt).

17. **Nonadmissibility.** Nothing contained in this Agreement, or the fact of its submission to the Executive, will be admissible evidence against either party in any judicial, administrative, or other legal proceeding (other than an action for breach of this Agreement), or be construed as an admission of any liability or wrongdoing on the part of either party or of any violation of federal, state, or local statutory law, common law or regulation.

18. **Knowing and Voluntary Waiver**. By signing this Agreement, the Executive expressly acknowledges and agrees that: (a) he has carefully read it and fully

understands what it means; (b) he has discussed this Agreement with an attorney of his choosing before signing it; (c) he has been given at least 21 calendar days to consider this Agreement; (d) he has agreed to this Agreement knowingly and voluntarily and was not subjected to any undue influence or duress; (e) the consideration provided him under this Agreement is sufficient to support the releases provided by him under this Agreement; (f) he may revoke his execution of this Agreement within seven days after he signs it by sending written notice of revocation as set forth below; and (g) on the eighth day after he executes this Agreement (the **"Effective Date"),** this Agreement becomes effective and enforceable, provided that the Executive does not revoke this Agreement during the revocation period. Any revocation of the Executive's execution of this Agreement must be submitted, in writing, to HRB Management, Inc., One H&R Block Way, Kansas City Missouri 64105, to the attention of the General Counsel, stating "I hereby revoke my execution of the Agreement." The revocation must be personally delivered to the General Counsel or mailed to the General Counsel and postmarked within seven days of the Executive's execution of this Agreement. If the last day of the revocation period is a Saturday, Sunday or legal holiday, then the revocation period will be extended to the following day which is not a Saturday, Sunday or legal holiday. The Executive agrees that if he does not execute this Agreement or, in the event of revocation, he will not be entitled to receive any of the payments or benefits under Section 2.

19. **Tax Matters.**

a. HRB may withhold from any amounts payable under this Agreement or otherwise such federal, state and local taxes as are required to be withheld (with respect to amounts payable hereunder or under any benefit plan or arrangement available to HRB's employees) pursuant to any applicable law or regulation.

b. The parties agree that the payments and benefits provided under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder, and, accordingly, this Agreement shall be interpreted to be in compliance therewith.

20. **Third Party Beneficiaries.** Each Released Party will be a third party beneficiary to this Agreement, with full rights to enforce this Agreement and the matters documented herein.

21. **Interpretation.** The parties hereto acknowledge and agree that: (a) each party hereto and its counsel reviewed and negotiated the terms and provisions of the Agreement and have contributed to their revision; and (b) the rule of construction to the effect that any ambiguities are resolved against the drafting party will not be employed in the interpretation of the Agreement.

22. **Counterparts.** This Agreement may be executed (including by facsimile transmission confirmed promptly thereafter by actual delivery of executed counterparts)

with counterpart signature pages or in counterparts, each of which together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year set forth at the head of this Agreement.

HRB MANAGEMENT, INC.

Dated: December 28, 2007

/s/ Alan M. Bennett
Name:
Title:

EXECUTIVE

Dated:_____

Mark A. Ernst

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year set forth at the head of this Agreement.

HRB MANAGEMENT, INC.

Dated: _____

Name:
Title:

EXECUTIVE

Dated: December 28, 2007

/s/ Mark A. Ernst
Mark A. Ernst

EXHIBIT A

RESIGNATIONS

Effective as of November 20, 2007, I hereby resign from my position as Chairman of the Board of Directors, President and Chief Executive Officer, of the following companies:

- H&R Block, Inc., a Missouri Corporation
- HRB Management, Inc., a Missouri Corporation

/s/ Mark A. Ernst
Mark A. Ernst
Dated: December 28, 2007

DIRECTOR RESIGNATION

Effective as of December 28, 2007, I hereby resign as a director of the following companies:

- H&R Block, Inc., a Missouri Corporation
- HRB Management, Inc., a Missouri Corporation

I acknowledge that such resignations are not on account of any disagreement with H&R Block, Inc. or HRB Management, Inc. relating to their operations, policies or practices.

/s/ Mark A. Ernst
Mark A. Ernst
Date: December 28, 2007

EXHIBIT B

STOCK OPTION SUMMARY

Grant Date	Grant Price	Outstanding	Vested	Accelerated
9/1/98*	$10.03125	570,096	570,096	
6/30/99**	$ 12.50	240,000	240,000	
6/30/00*	$ 8.09375	300,000	300,000	
6/30/01*	$ 16.1375	360,000	360,000	
6/30/02*	$ 23,075	240,000	240,000	
6/30/03*	$ 21.625	220,000	220,000	
6/30/04*	$ 23.84	220,000	220,000	
6/30/05*	$ 29.175	260,000	173,332	86,668
6/30/06*	$ 23.86	376,885	125,628	251,257
6/30/07*	$ 23.37	425,000		425,000
		3,211,981	2,449,056	762,925

* The entire option will be classified as a nonqualified stock option.

** The portion of the option identified in the 1999 stock option agreement as subject to incentive stock options (24,000 of the 240,000 shares subject to the 1999 grant, as previously adjusted) will not be modified by this Agreement and will remain exercisable and expire in accordance with its original terms. The remaining portion of the 1999 grant will be treated as a nonqualified stock option in accordance with the terms of this Agreement.

EXHIBIT C

RESTRICTED SHARES SUMMARY

Grant Date	Grant Price	Outstanding	Vested	Accelerated
6/30/05	$0.00	10,000		10,000

EXHIBIT D

PERFORMANCE SHARES SUMMARY

Grant Date	Grant Price	Outstanding	Vested	Accelerated
6/30/06	$0.00	33,335		*

* # of shares actually awarded will be determined at end of 3-year performance cycle (6/30/09) based on actual performance results.

Award will be prorated based on the # of days worked by associate during the 3 year performance cycle.

EXHIBIT E

Supplemental General Release

This Supplemental General Release, dated as of the ___ day of _____, 200__, is delivered by Mark A. Ernst (the "**Executive**") to and for the benefit of the Released Parties (as defined below). The Executive acknowledges that this Supplemental General Release is being executed in accordance with Section 7 of the Separation and Release Agreement dated December 28, 2007 (the **"Separation Agreement").**

1. **General Release,** (a) The Executive, for himself and for his heirs, dependents, assigns, agents, executors, administrators, trustees and legal representatives (collectively, the **"Releasors")** hereby forever releases, waives and discharges the Released Parties (as defined below) from each and every claim, demand, cause of action, fee, liability or right of any sort (based upon legal or equitable theory, whether contractual, common-law, statutory, federal, state, local or otherwise), known or unknown, which Releasors ever had, now have, or hereafter may have against the Released Parties by reason of any actual or alleged act, omission, transaction, practice, policy, procedure, conduct, occurrence, or other matter from the beginning of the world up to and including the Effective Date, including without limitation, those in connection with, or in any way related to or arising out of, the Executive's employment or termination of employment or any other agreement, understanding, relationship, arrangement, act, omission or occurrence, with the Released Parties.

(b) Without limiting the generality of the previous paragraph, this Supplemental General Release is intended to and shall release the Released Parties from any and all claims, whether known or unknown, which Releasors ever had, now have, or may hereafter have against the Released Parties including, but not limited to: (1) any claim of discrimination or retaliation under the Age Discrimination in Employment Act, Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, as amended (excluding claims for accrued, vested benefits under any employee benefit or pension plan of the Released Parties subject to the terms and conditions of such plan and applicable law) and the Family and Medical Leave Act; (2) any claim under the Missouri Service Letter Statute, the Missouri Human Rights Act and the Civil Rights Ordinance of Kansas City, Missouri; (3) any other claim (whether based on federal, state or local law or ordinance, statutory or decisional) relating to or arising out of the Executive's employment, the terms and conditions of such employment, the termination of such employment and/or any of the events relating directly or indirectly to or surrounding the termination of such employment, including, but not limited to, breach of contract (express or implied), tort, wrongful discharge, detrimental reliance, defamation, emotional distress or compensatory or punitive damages; and (4) any claim for attorney's fees, costs, disbursements and the like.

(c) The foregoing release does not in any way affect: (1) the Executive's rights of indemnification to which the Executive was entitled immediately prior to the Termination Date (as defined in the Separation Agreement) under Section 4.06 of the Employment Agreement (as defined in the Separation Agreement); (2) the Executive's accrued, vested rights under any tax-qualified pension plan maintained by HRB Management, Inc. ("**HRB**"); and (3) the right of the Executive to take whatever steps may be necessary to enforce the terms of the Separation Agreement.

(d) For purposes of this Supplemental General Release, the **"Released Parties"** means HRB, all current and former parents, subsidiaries, related companies, partnerships, joint ventures and employee benefit programs (and the trustees, administrators, fiduciaries and insurers of such programs), and, with respect to each of them, their predecessors and successors, and, with respect to each such entity, all of its past, present, and future employees, officers, directors, members, stockholders, owners, representatives, assigns, attorneys, agents, insurers, and any other person acting by, through, under or in concert with any of the persons or entities listed in this paragraph, and their successors (whether acting as agents for such entities or in their individual capacities).

2. **No Existing Suit.** The Executive represents and warrants that, as of the Effective Date of this Supplemental General Release, he has not filed or commenced any suit, claim, charge, complaint, action, arbitration, or legal proceeding of any kind against HRB or its subsidiaries or affiliates. The Executive acknowledges that this Supplemental General Release does not prohibit him from filing a charge of discrimination with the Equal Employment Opportunity Commission.

3. **Knowing and Voluntary Waiver.** By signing this Supplemental General Release, the Executive expressly acknowledges and agrees that: (a) he has carefully read it and fully understands what it means; (b) he has discussed this Supplemental General Release with an attorney of his choosing before signing it; (c) he has been given at least 21 calendar days to consider this Supplemental General Release; (d) he has agreed to this Supplemental General Release knowingly and voluntarily and was not subjected to any undue influence or duress; (e) the consideration provided him under Separation Agreement is sufficient to support the releases provided by him under this Supplemental General Release; (f) he may revoke his execution of this Supplemental General Release within seven days after he signs it by sending written notice of revocation as set forth below; and (g) on the eighth day after he executes this Supplemental General Release (the **"Effective Date"),** this Supplemental General Release becomes effective and enforceable, provided that the Executive does not revoke this Agreement during the revocation period. Any revocation of the Executive's execution of this Supplemental General Release must be submitted, in writing, to HRB Management, Inc., One H&R Block Way, Kansas City Missouri 64105, to the attention of the General Counsel, stating "I hereby revoke my execution of the Supplemental General Release." The revocation must be personally delivered to the General Counsel or mailed to the General Counsel and postmarked within seven days of the Executive's execution of this Supplemental

General Release. If the last day of the revocation period is a Saturday, Sunday or legal holiday, then the revocation period will be extended to the following day which is not a Saturday, Sunday or legal holiday. The Executive agrees that if he does not execute this Supplemental General Release or, in the event of revocation, he will not be entitled to receive any of the payments or benefits under Section 2 of the Separation Agreement. The Executive must execute this Supplemental General Release on or before January 21, 2008.

This Release is final and binding and may not be changed or modified.

Date: _____	Mark A. Ernst	

Exhibit 10.12

Execution Version

SEPARATION AND RELEASE AGREEMENT

This **SEPARATION AND RELEASE AGREEMENT** (this **"Agreement")** is entered into as of the 28th day of December, 2007, by and between HRB Management, Inc., a Missouri corporation ("HRB") and William L. Trubeck (the **"Executive").**

WHEREAS, HRB and the Executive are parties to an Employment Agreement dated October 4, 2004 (the **"Employment Agreement");**

WHEREAS, the Executive and HRB agree to terminate his employment with HRB; and

WHEREAS, the Executive and HRB intend the terms and conditions of this Agreement to govern all issues related to the Executive's employment and separation from HRB.

NOW, THEREFORE, in consideration of the covenants and mutual promises contained in this Agreement, the Executive and HRB agree as follows:

1. **Resignation; Termination of Employment.**

a**. Resignation**. The Executive hereby agrees that, effective as of November 5, 2007 (the **"Resignation Date"),** he resigned from his positions as Chief Financial Officer of HRB and Chief Financial Officer of H&R Block, Inc. ("**Block").** In addition, effective as of the Resignation Date, the Executive hereby confirms his resignation from all other offices, directorships, trusteeships, committee memberships and fiduciary capacities held with, or on behalf of, HRB or its subsidiaries or affiliates (collectively, **"Affiliates")** or any benefit plans of HRB or any Affiliate. The Executive will execute the resignation attached as Exhibit A on minute book paper contemporaneously with his execution of this Agreement.

b. **Termination of Employment.** The parties agree that the Executive's employment with HRB will terminate on December 31, 2007 (the **"Termination Date").** During the period between the Resignation Date and the Termination Date (the **"Transition Period"),** the Executive will remain on active payroll and be paid his current salary in accordance with HRB's regular payroll practices. During the Transition Period, the Executive will make himself available for consultation on an as-needed basis as determined by HRB's Interim Chief Executive Officer with respect to matters within the scope of his employment and will respond to questions and provide guidance as requested by HRB and Block from time to time with respect to such matters. On and after the Termination Date, the Executive acknowledges and agrees that he will not represent himself as being an employee, officer, director, trustee, member, partner, agent or representative of HRB or any Affiliate for any purpose and will not make any public statements on behalf of HRB or any Affiliate.

2. **Severance Benefits.** The parties agree to treat the Executive's termination of employment as a "Qualifying Termination" (as defined in Section 1.06 of the Employment Agreement) for purposes of the Executive's eligibility for severance compensation and benefits as set forth in this Section 2. Subject to the terms and conditions of this Agreement, including the Executive's executing (and not revoking) this Agreement and the Supplemental General Release, the Executive acknowledges and agrees that he will not be eligible for any compensation or benefits after the Termination Date except for the following:

a. **Lump Sum Severance Payment.** A lump sum cash payment on the date the revocation period applicable to the Supplemental General Release (as defined in Section 7) lapses, provided that the Executive has not revoked the execution of this Agreement or the Supplemental General Release, equal to $900,000, which represents the sum of the Executive's (1) annual base salary of $500,000 and (2) target short-term incentive compensation for HRB's fiscal year 2008 of $400,000, each determined as of the date of this Agreement.

b. **Employee Benefits**.

(i) **Health Benefits.** Subject to the Executive's timely election of continuation coverage under the Consolidated Budget Omnibus Reconciliation Act of 1985, as amended **("COBRA"),** continued participation in the medical, dental and vision plans maintained by HRB for a period of up to 12 months following the Termination Date as if the Executive had continued in employment with HRB during such period (including the Executive's obligation to pay the employee portion of any contribution or premium but excluding an employee's ability to pay premiums with pre-tax dollars); provided, however, that such participation shall terminate if the Executive fails to pay any required contribution or premium or if the Executive becomes eligible for health benefits of a subsequent employer (whether or not the Executive accepts such benefits), except that HRB's obligation to continue to make available continuation coverage under COBRA at the full COBRA rates shall be determined in accordance with COBRA. The Executive will notify HRB of his eligibility for medical, dental or vision benefits from a subsequent employer within 30 days of such eligibility. In addition, HRB shall pay any out-of-pocket expenses the Executive incurs in connection with a comprehensive Mayo Clinic physical prior to June 30, 2008.

(ii) **Other Insurance Coverage.** A lump sum cash payment on the date the payment specified in sub-paragraph 2.a above is to be paid, equal to $600, which represents HRB's premium cost for 12 months of group life and accidental death and dismemberment insurance coverage for the Executive. In addition, HRB shall take (or shall cause to be taken) such action as necessary to enable the transfer of the life insurance policy on the Executive to the Executive or his assignee following the Termination Date in accordance with the terms of such policy, provided that the Executive timely completes all necessary forms and

pays HRB or otherwise makes arrangements for the payment to HRB of an amount equal to the amount of the premiums paid by HRB or its Affiliate for such policy through the Termination Date.

(iii) **Tax-Qualified Plans.** The Executive shall be eligible to receive any accrued, vested benefits to which he is otherwise entitled under the tax-qualified pension and 401(k) plans of HRB and its Affiliates.

c. **Stock Options.** Vesting of the portion of any outstanding stock option to purchase shares of common stock of Block granted to the Executive by Block more than six months prior to the Termination Date and that is scheduled to vest between the Termination Date and June 30, 2009 (based solely on the time- specific vesting schedule included in the applicable stock option agreement) as of the Termination Date. A list of the stock options that will be vested as of the Termination Date is attached as Exhibit B. All outstanding stock options vested as of the Termination Date will remain exercisable until March 31, 2009, but in no event beyond the stated term of the stock option. Any stock options not vested as of the Termination Date shall be forfeited as of the Termination Date.

d. **Restricted Shares.** Termination of all restrictions on any shares of Block's common stock awarded to the Executive by Block that would have lapsed absent a termination of employment in accordance with their terms by reason of time between the Termination Date and June 30, 2009 such that such shares of Block's common stock shall be fully vested as of the Termination Date. Any shares unaffected by the operation of this sub-section shall be forfeited as of the Termination Date. A list of the restricted shares that will be vested as of the Termination Date is attached as Exhibit C.

e. **Performance Shares.** One-half the number of performance shares that would have been awarded to him under the June 30, 2006 grant at the end of the performance period (June 30, 2009) (including the amount of any dividends related thereto) determined based on the achievement of the performance goals at the end of the performance period and paid at the time payments are made generally to other individuals who received an award of performance shares on June 30, 2006. On the Termination Date, the Executive shall forfeit to HRB all performance shares Block awarded him pursuant to a cycle which is less than one year old as of the Termination Date. A list of the performance shares eligible to become payable pursuant to this sub-section is attached as Exhibit D.

f. **Deferred Compensation.** Full vesting of the Executive's account balance and payment in accordance with the Executive's payment elections under the H&R Block Deferred Compensation Plan for Executives, as amended and restated as of July 1, 2002, and thereafter amended.

g. **Other Amounts.** A lump sum cash payment on the date the payment specified in sub-paragraph 2.a above is to be paid equal to $57,692,

which represents the sum of (i) the reasonable business expenses and disbursements incurred by the Executive prior to the Termination Date and reimbursable under HRB's reimbursement policy and (ii) the Executive's accrued but unused vacation time through the Termination Date required to be paid under HRB's vacation policy.

3. **Return of Property.** The Executive represents to HRB that he has destroyed or returned to HRB any and all files or other property (both tangible and intellectual) of HRB and any Affiliate (said property includes, but is not limited to, files, monthly management financial booklets, projections, forecasts, balance sheets, income statements, audited financial statements, total cost development budgets, actual or prospective purchaser or customer lists, written proposals and studies, plans, drawings, specifications, reports to creditors, books, accounts, reports to directors, minutes, resolutions, certificates, bank account numbers, passwords, rolodexes, identification cards, credit cards, computers, fax machines, cellular or other telephones, Blackberries, beepers, PDA's, keys, card access keys to any building of HRB or any Affiliate, deeds, contracts, office equipment and supplies, records, computer disks and any other documents or things received or acquired in connection with the Executive's employment with HRB) without retaining any copies or extracts thereof. Notwithstanding the foregoing, the Executive has no duty with respect to any information that has been or is generally available to the public.

4. **Full Discharge.** The Executive agrees and acknowledges that the payments and benefits provided in Section 2 and the other entitlements hereunder: (a) are in full discharge of any and all liabilities and obligations of HRB to the Executive, monetarily or with respect to employee benefits or otherwise, including any and all obligations arising under any alleged written or oral employment agreement, policy, plan or procedure of HRB or any Affiliate, including the Employment Agreement and/or any alleged understanding or arrangement between the Executive and HRB or any of its officers or directors; and (b) exceed any payment, benefit, or other thing of value to which the Executive might otherwise be entitled but for this Agreement under any policy, plan or procedure of HRB or any prior agreement between the Executive and HRB, except for accrued, vested amounts under any tax-qualified pension and 401(k) plans maintained by HRB, which amounts, if any, will be paid in accordance with the terms of such plan.

5. **Future Conduct and Obligations**.

a. The Executive, for himself and for his heirs, dependents, assigns, agents, executors, administrators, trustees and legal representatives agrees that he will not (and will use his best efforts to cause such affiliates to not) at any time engage in any form of conduct, or make any statements or representations, that disparage or otherwise impair the reputation, goodwill, or commercial interests of HRB, any Affiliate or any of their agents, officers, directors, employees and/or stockholders. HRB and Block agree to not issue any press release or other

official, written statement that disparages or otherwise impairs the Executive's business reputation. The foregoing shall not be violated by: (i) truthful statements by either party in response to legal process or required governmental testimony or filings; (ii) statements by HRB or Block that they in good faith believe are necessary or appropriate to make in connection with performing their duties to HRB and/or Block; or (iii) statements by the Executive that he in good faith believes are necessary or appropriate to make to refute statements of HRB, Block, or the officers or directors of either HRB or Block.

b. The Executive agrees to reasonably assist and cooperate with HRB (and its outside counsel) in connection with the defense or prosecution of any claim that may be made or threatened against or by HRB or any Affiliate, or in connection with any ongoing or future investigation or dispute or claim of any kind involving HRB or any Affiliate, including any proceeding before any arbitral, administrative, judicial, legislative, or other body or agency, including preparing for and testifying in any proceeding to the extent such claims, investigations or proceedings relate to services performed by the Executive, pertinent knowledge possessed by the Executive, or any act or omission by the Executive. The Executive will perform such acts and execute and deliver such documents that may be reasonably necessary to carry out the provisions of this Section 5. The Executive's agreement under this Section 5 is limited such that any such assistance and cooperation shall not unreasonably interfere with the Executive's subsequent employment. HRB will reimburse the Executive for the reasonable out-of pocket expenses incurred as a result of such cooperation.

c. The Executive hereby agrees that the termination of the Executive's employment will not affect the provisions of the Employment Agreement which impose continuing obligations on him following termination of the Employment Agreement and specifically acknowledges the existence and applicability of Sections 2.01, 2.02, 3.01, 3.02, 3.06, and 4.03. Such restrictions will remain in full force and effect following the Termination Date as provided in the Employment Agreement. Section 3.03 of the Employment Agreement will remain in full force and effect for 12 months following the Termination Date, notwithstanding any provision of the Employment Agreement to the contrary. The Executive also specifically acknowledges the existence and applicability of the covenants set forth in the award agreements evidencing the grant of any equity compensation by Block. Notwithstanding the foregoing, the parties agree that Section 3.05 of the Employment Agreement and any similar non-compete restriction in any award agreement evidencing the grant of any equity compensation by Block shall not apply following the Termination Date and that the provisions of Section 5.d, below, shall apply.

d. The Executive acknowledges that in the course of the Executive's employment with HRB, the Executive became familiar with Block's trade secrets and with other confidential information concerning Block and its Affiliates and

agrees that for a period of 12 months following the Termination Date, the Executive will not, directly or indirectly, 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, any firm, corporation, partnership, limited liability company, institution, business, government agency, or entity that engages in any business that is competitive with the primary business activities of Block's Tax Services segment as of the date hereof (which are tax preparation, accounting and small business services) and shall in no event limit the Executive's right to engage in, own or control, or act or compete (as described above) in activities in the banking and related financial services industries). If the restrictions in this Section 5.d are determined by an arbitrator to be excessive in duration or scope or unreasonable or unenforceable under the laws of any state, it is the intention of the parties that such restriction be modified or amended to render it enforceable to the maximum extent permitted by the laws of that state. The running of the 12 month period contained in this Section 5.d will be suspended during any period of violation and/or any period of time required to enforce this covenant, it being the intention of the parties hereto that the running of the applicable post-termination restriction period shall be tolled during any period of such violation.

6. **General Release**.

a. For and in consideration of the payments to be made and the promises set forth in this Agreement and in accordance with Section 1.06(d) of the Employment Agreement, the Executive, for himself and for his heirs, dependents, assigns, agents, executors, administrators, trustees and legal representatives (collectively, the **"Releasors")** hereby forever releases, waives and discharges the Released Parties (as defined below) from each and every claim, demand, cause of action, fees, liabilities or right of any sort (based upon legal or equitable theory, whether contractual, common-law, statutory, federal, state, local or otherwise), known or unknown, which Releasors ever had, now have, or hereafter may have against the Released Parties by reason of any actual or alleged act, omission, transaction, practice, policy, procedure, conduct, occurrence, or other matter from the beginning of the world up to and including the Effective Date (as defined in Section 17), including without limitation, those in connection with, or in any way related to or arising out of, the Executive's employment or termination of employment or any other agreement, understanding, relationship, arrangement, act, omission or occurrence, with the Released Parties.

b. Without limiting the generality of the previous paragraph, this Release is intended to and shall release the Released Parties from any and all claims, whether known or unknown, which Releasors ever had, now have, or may hereafter have against the Released Parties including, but not limited to: (1) any claim of discrimination or retaliation under the Age Discrimination in

Employment Act, Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, as amended (excluding claims for accrued, vested benefits under any employee benefit or pension plan of the Released Parties subject to the terms and conditions of such plan and applicable law) and the Family and Medical Leave Act; (2) any claim under the Missouri Service Letter Statute, the Missouri Human Rights Act and the Civil Rights Ordinance of Kansas City, Missouri; (3) any other claim (whether based on federal, state or local law or ordinance, statutory or decisional) relating to or arising out of the Executive's employment, the terms and conditions of such employment, the termination of such employment and/or any of the events relating directly or indirectly to or surrounding the termination of such employment, including, but not limited to, breach of contract (express or implied), tort, wrongful discharge, detrimental reliance, defamation, emotional distress or compensatory or punitive damages; and (4) any claim for attorney's fees, costs, disbursements and the like.

c. HRB and the Executive acknowledge and agree that the release set forth in this Section 6 does not in any way affect: (1) the Executive's rights of indemnification to which the Executive was entitled immediately prior to the Termination Date under Section 4.06 of the Employment Agreement; (2) the Executive's accrued, vested rights under any tax-qualified pension and 401(k) plans maintained by HRB; and (3) the right of the Executive to take whatever steps may be necessary to enforce the terms of this Agreement.

d. For purposes of this Release, the **"Released Parties"** means HRB, all current and former parents, subsidiaries, related companies, partnerships, joint ventures and employee benefit programs (and the trustees, administrators, fiduciaries and insurers of such programs), and, with respect to each of them, their predecessors and successors, and, with respect to each such entity, all of its past, present, and future employees, officers, directors, members, stockholders, owners, representatives, assigns, attorneys, agents, insurers, and any other person acting by, through, under or in concert with any of the persons or entities listed in this paragraph, and their successors (whether acting as agents for such entities or in their individual capacities).

7. **Supplemental General Release.** The Executive agrees to deliver to HRB an executed Supplemental General Release attached as Exhibit E within 21 days after the Termination Date. The Executive agrees that all HRB covenants (including HRB's obligation to make or provide payments and benefits pursuant to Section 2) that relate to its obligations beyond the Termination Date are contingent on the Executive's execution of (and not revoking) the Supplemental General Release.

8. **No Existing Suit.** The Executive represents and warrants that, as of the Effective Date of this Agreement, he has not filed or commenced any suit, claim, charge, complaint, action, arbitration, or legal proceeding of any kind against HRB or any

Affiliate. The Executive acknowledges that this Agreement does not prohibit him from filing a charge of discrimination with the Equal Employment Opportunity Commission.

9. **Certain Forfeitures in Event of Breach or Other Liability to HRB.** The Executive acknowledges and agrees that, notwithstanding any other provision of this Agreement, if the Executive materially breaches any obligation under this Agreement, or there is a final determination by a court of competent jurisdiction or an arbitrator, or an agreement by the Executive as part of a settlement, that the Executive is otherwise liable to HRB or any Affiliate, HRB retains the right to recoup any and all payments and benefits provided for in Section 2, any damages suffered by HRB or any Affiliate, plus reasonable attorneys' fees incurred in connection with such recovery and, to the extent that such benefits have not been fully disbursed to the Executive, HRB reserves its rights to stop all future disbursements of such benefits, except to the extent that such action is prohibited by law or would result in the invalidation of the release provided by the Executive under this Agreement. The parties agree that any breach of the covenants in Sections 5.b — 5.e or Articles Two and Three of the Employment Agreement shall be deemed a material breach of an obligation under this Agreement and that HRB shall not have any remedy under this Section 9 for any breach of the covenant in Section 5.a. In addition, the parties agree that should HRB make any determination regarding its rights under this Section 9, an entity reviewing such determination shall not apply a presumption in favor of HRB by virtue of HRB's prior determination.

10. **Company Release.** For and in consideration of the promises set forth in this Agreement, HRB and each of its Affiliates hereby forever releases, waives and discharges the Executive from each and every claim, demand, cause of action, fees, liabilities or right of any sort (based upon legal or equitable theory, whether contractual, common-law, statutory, federal, state, local or otherwise), known or unknown, which HRB and each of its Affiliates ever had, now have, or hereafter may have against the Executive by reason of any actual or alleged act, omission, transaction, practice, policy, procedure, conduct, occurrence, or other matter from the beginning of the world up to and including the Effective Date, including without limitation, those in connection with, or in any way related to or arising out of, the Executive's employment or termination of employment or any other agreement, understanding, relationship, arrangement, act, omission or occurrence, with HRB or its Affiliates; provided, however, notwithstanding the generality of the foregoing, nothing herein will be deemed to release the Executive from (a) any intentional or knowing violations of law, (b) any intentional acts of misconduct engaged in by the Executive while employed as an employee of HRB or Block or while serving as an officer of HRB or Block, including misappropriation, fraud or theft or (c) any other act or omission that would constitute grounds for terminating the Executive's employment for "cause" (as defined in the Employment Agreement).

11. **Indemnification.** The Executive shall continue to be entitled to indemnification under Section 4.06 of the Employment Agreement. In addition, HRB shall continue to cover the Executive under HRB's directors' and officers' liability

insurance policies on the same basis as other officers and directors while liability exists with regard to such actions or inactions.

12. **Entire Agreement.** This Agreement sets forth the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes all prior promises or agreements made by, to, or between the parties, whether oral or written with respect to the subject matter hereof, including the Employment Agreement (other than as specifically provided herein). This Agreement may not be amended except by a writing signed by all parties. There are no other promises, agreements, or commitments made by, to, or between the parties, other than those set forth in the written text of this Agreement.

13. **Applicable Law**. This Agreement shall be construed, interpreted, and applied in accordance with the law of the State of Missouri without regard to principles of conflict of laws.

14. **No Transfer by Executive.** The Executive represents and warrants that he has not sold, assigned, transferred, conveyed or otherwise disposed of to any third party, by operation of law or otherwise, any action, cause of action, suit, debt, obligations, account, contract, agreement, covenant, guarantee, controversy, judgment, damage, claim, counterclaim, liability or demand of any nature whatsoever relating to any matter covered by this Agreement. This Agreement is personal to the Executive and he may not assign, pledge, delegate or otherwise transfer any of his rights, obligations or duties under this Agreement.

15. **Dispute Resolution; Expenses.**

a. The parties hereto may attempt to resolve any dispute hereunder informally via mediation or other means. Otherwise, any controversy or claim arising out of or relating to this Agreement, or any breach thereof, will, except as provided in Section 4.03 of the Employment Agreement, be adjusted only by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (except that the decision of the arbitrator(s) must not be a compromise but must be the adoption of the submission by one of the parties), and judgment upon such award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitration will be held in Kansas City, Missouri, or such other place as may be agreed upon at the time by the parties to the arbitration.

b. In the event that either party hereto brings any legal action or other proceeding to enforce or interpret any of the rights, obligations or provisions of this Agreement, or because of a dispute, breach or default in connection with any of the provisions of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party reasonable attorneys' fees and all other costs (including the arbitrator's fees and expenses) in such action or proceeding in addition to any other relief to which such prevailing party may be entitled.

c. Notwithstanding anything in this Agreement to the contrary, in the event of a breach or threatened breach by either party of the provisions of Section 5.a, (i) the parties acknowledge the other party's remedies at law would be inadequate and, in recognition of this fact, each party agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, such party, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available and (ii) any controversy or claim arising out of or relating to Section 5.a of this Agreement will not be settled by mediation or arbitration and the parties hereby irrevocably submit to the exclusive jurisdiction of any state or federal court in Kansas City, Missouri for any suit, action or proceeding arising out of or relating to or concerning Section 5.a of this Agreement.

16. **Notices.** Any notice, waiver or other communication given hereunder will be delivered (except as set forth in Section 18 in respect of a written notice of revocation) as follows: (a) in the case of HRB, by personal delivery, certified or registered mail (return receipt requested), or delivery by a recognized overnight commercial courier, addressed to HRB Management, Inc., One H&R Block Way, Kansas City Missouri 64105, to the attention of the General Counsel; and (b) in the case of the Executive, by personal delivery, certified or registered mail (return receipt requested), or delivery by a recognized overnight commercial courier, addressed to the last address on the records of HRB. Notices served will be deemed given and effective upon actual receipt (or refusal of receipt).

17. **Nonadmissibility.** Nothing contained in this Agreement, or the fact of its submission to the Executive, will be admissible evidence against either party in any judicial, administrative, or other legal proceeding (other than an action for breach of this Agreement), or be construed as an admission of any liability or wrongdoing on the part of either party or of any violation of federal, state, or local statutory law, common law or regulation.

18. **Knowing and Voluntary Waiver.** By signing this Agreement, the Executive expressly acknowledges and agrees that: (a) he has carefully read it and fully understands what it means; (b) he has discussed this Agreement with an attorney of his choosing before signing it; (c) he has been given at least 21 calendar days to consider this Agreement; (d) he has agreed to this Agreement knowingly and voluntarily and was not subjected to any undue influence or duress; (e) the consideration provided him under this Agreement is sufficient to support the releases provided by him under this Agreement; (f) he may revoke his execution of this Agreement within seven days after he signs it by sending written notice of revocation as set forth below; and (g) on the eighth day after he executes this Agreement (the **"Effective Date"),** this Agreement becomes effective and enforceable, provided that the Executive does not revoke this Agreement during the revocation period. Any revocation of the Executive's execution of this Agreement must be submitted, in writing, to HRB Management, Inc., One H&R Block Way, Kansas City

Missouri 64105, to the attention of the General Counsel, stating "I hereby revoke my execution of the Agreement." The revocation must be personally delivered to the General Counsel or mailed to the General Counsel and postmarked within seven days of the Executive's execution of this Agreement. If the last day of the revocation period is a Saturday, Sunday or legal holiday, then the revocation period will be extended to the following day which is not a Saturday, Sunday or legal holiday. The Executive agrees that if he does not execute this Agreement or, in the event of revocation, he will not be entitled to receive any of the payments or benefits under Section 2.

19. **Tax Matters.**

a. HRB may withhold from any amounts payable under this Agreement or otherwise such federal, state and local taxes as are required to be withheld (with respect to amounts payable hereunder or under any benefit plan or arrangement available to HRB's employees) pursuant to any applicable law or regulation.

b. The parties agree that the payments and benefits provided under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder, and, accordingly, this Agreement shall be interpreted to be in compliance therewith.

20. **Third Party Beneficiaries.** Each Released Party will be a third party beneficiary to this Agreement, with full rights to enforce this Agreement and the matters documented herein.

21. **Interpretation.** The parties hereto acknowledge and agree that: (a) each party hereto and its counsel reviewed and negotiated the terms and provisions of the Agreement and have contributed to their revision; and (b) the rule of construction to the effect that any ambiguities are resolved against the drafting party will not be employed in the interpretation of the Agreement.

22. **Counterparts.** This Agreement may be executed (including by facsimile transmission confirmed promptly thereafter by actual delivery of executed counterparts) with counterpart signature pages or in counterparts, each of which together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year set forth at the head of this Agreement.

HRB MANAGEMENT, INC.

Dated: December 28, 2007

/s/ Alan M. Bennett
Name:
Title:

EXECUTIVE

Dated: _____

William L. Trubeck

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year set forth at the head of this Agreement.

HRB MANAGEMENT, INC.

Dated: _____

_____
Name:
Title:

EXECUTIVE

Dated: Dec.27, 2007

/s/ William L. Trubeck
William L. Trubeck

EXHIBIT A

OFFICER RESIGNATION

Effective as of November 5, 2007, I hereby resign from my officer position as Executive Vice President, Chief Financial Officer, of the following companies:

- H&R Block, Inc., a Missouri Corporation
- HRB Management, Inc., a Missouri Corporation

By: /s/ William L. Trubeck
William L. Trubeck
Dated: December 27, 2007

EXHIBIT B

STOCK OPTION SUMMARY

Grant Date	Grant Price	Outstanding	Vested	Accelerated
10/4/04*	$24,905	100,000	100,000	
6/30/05*	$29.175	100,000	66,666	33,333
6/30/06*	$ 23.86	125,000	41,666	83,334
6/30/07*	$ 23.37	125,000		83,333
		450,000	208,332	200,000

* The entire option will be classified as a nonqualified stock option.

EXHIBIT C

RESTRICTED SHARES SUMMARY

Grant Date	Grant Price	Outstanding	Vested	Accelerated
6/30/05	$0.00	4,667	0	4,667

EXHIBIT D

PERFORMANCE SHARES SUMMARY

Grant Date	Grant Price	Outstanding	Vested	Accelerated
6/30/06	$0.00	15,000	0	*

* #of shares actually awarded will be determined at end of 3-year performance cycle (6/30/09) based on actual performance results.

Award will be prorated based on the # of days worked by associate during the 3 year performance cycle.

EXHIBIT E

Supplemental General Release

This Supplemental General Release, dated as of the___ day of _____, 200_, is delivered by William L. Trubeck (the **"Executive")** to and for the benefit of the Released Parties (as defined below). The Executive acknowledges that this Supplemental General Release is being executed in accordance with Section 7 of the Separation and Release Agreement dated December 28, 2007 (the **"Separation Agreement").**

1. **General Release**. (a) The Executive, for himself and for his heirs, dependents, assigns, agents, executors, administrators, trustees and legal representatives (collectively, the **"Releasors")** hereby forever releases, waives and discharges the Released Parties (as defined below) from each and every claim, demand, cause of action, fee, liability or right of any sort (based upon legal or equitable theory, whether contractual, common-law, statutory, federal, state, local or otherwise), known or unknown, which Releasors ever had, now have, or hereafter may have against the Released Parties by reason of any actual or alleged act, omission, transaction, practice, policy, procedure, conduct, occurrence, or other matter from the beginning of the world up to and including the Effective Date, including without limitation, those in connection with, or in any way related to or arising out of, the Executive's employment or termination of employment or any other agreement, understanding, relationship, arrangement, act, omission or occurrence, with the Released Parties.

(b) Without limiting the generality of the previous paragraph, this Supplemental General Release is intended to and shall release the Released Parties from any and all claims, whether known or unknown, which Releasors ever had, now have, or may hereafter have against the Released Parties including, but not limited to: (1) any claim of discrimination or retaliation under the Age Discrimination in Employment Act, Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, as amended (excluding claims for accrued, vested benefits under any employee benefit or pension plan of the Released Parties subject to the terms and conditions of such plan and applicable law) and the Family and Medical Leave Act; (2) any claim under the Missouri Service Letter Statute, the Missouri Human Rights Act and the Civil Rights Ordinance of Kansas City, Missouri; (3) any other claim (whether based on federal, state or local law or ordinance, statutory or decisional) relating to or arising out of the Executive's employment, the terms and conditions of such employment, the termination of such employment and/or any of the events relating directly or indirectly to or surrounding the termination of such employment, including, but not limited to, breach of contract (express or implied), tort, wrongful discharge, detrimental reliance, defamation, emotional distress or compensatory or punitive damages; and (4) any claim for attorney's fees, costs, disbursements and the like.

(c) The foregoing release does not in any way affect: (1) the Executive's rights of indemnification to which the Executive was entitled immediately prior to the Termination Date (as defined in the Separation Agreement) under Section 4.06 of the Employment Agreement (as defined in the Separation Agreement); (2) the Executive's accrued, vested rights under any tax-qualified pension plan maintained by HRB Management, Inc. ("**HRB**"); and (3) the right of the Executive to take whatever steps may be necessary to enforce the terms of the Separation Agreement.

(d) For purposes of this Supplemental General Release, the **"Released Parties"** means HRB, all current and former parents, subsidiaries, related companies, partnerships, joint ventures and employee benefit programs (and the trustees, administrators, fiduciaries and insurers of such programs), and, with respect to each of them, their predecessors and successors, and, with respect to each such entity, all of its past, present, and future employees, officers, directors, members, stockholders, owners, representatives, assigns, attorneys, agents, insurers, and any other person acting by, through, under or in conceit with any of the persons or entities listed in this paragraph, and their successors (whether acting as agents for such entities or in their individual capacities).

2. **No Existing Suit.** The Executive represents and warrants that, as of the Effective Date of this Supplemental General Release, he has not filed or commenced any suit, claim, charge, complaint, action, arbitration, or legal proceeding of any kind against HRB or its subsidiaries or affiliates. The Executive acknowledges that this Supplemental General Release does not prohibit him from filing a charge of discrimination with the Equal Employment Opportunity Commission.

3. **Knowing and Voluntary Waiver.** By signing this Supplemental General Release, the Executive expressly acknowledges and agrees that: (a) he has carefully read it and fully understands what it means; (b) he has discussed this Supplemental General Release with an attorney of his choosing before signing it; (c) he has been given at least 21 calendar days to consider this Supplemental General Release; (d) he has agreed to this Supplemental General Release knowingly and voluntarily and was not subjected to any undue influence or duress; (e) the consideration provided him under Separation Agreement is sufficient to support the releases provided by him under this Supplemental General Release; (f) he may revoke his execution of this Supplemental General Release within seven days after he signs it by sending written notice of revocation as set forth below; and (g) on the eighth day after he executes this Supplemental General Release (the **"Effective Date"**), this Supplemental General Release becomes effective and enforceable, provided that the Executive does not revoke this Agreement during the revocation period. Any revocation of the Executive's execution of this Supplemental General Release must be submitted, in writing, to HRB Management, Inc., One H&R Block Way, Kansas City Missouri 64105, to the attention of the General Counsel, stating "I hereby revoke my execution of the Supplemental General Release." The revocation must be personally delivered to the General Counsel or mailed to the General Counsel and postmarked within seven days of the Executive's execution of this Supplemental

General Release. If the last day of the revocation period is a Saturday, Sunday or legal holiday, then the revocation period will be extended to the following day which is not a Saturday, Sunday or legal holiday. The Executive agrees that if he does not execute this Supplemental General Release or, in the event of revocation, he will not be entitled to receive any of the payments or benefits under Section 2 of the Separation Agreement. The Executive must execute this Supplemental General Release on or before January 21, 2008.

This Release is final and binding and may not be changed or modified.

Date: _____

_____
William L. Trubeck

Exhibit 10.13

CREDIT AND GUARANTEE AGREEMENT

dated as of

January 10, 2008

among

BLOCK FINANCIAL LLC,
as Borrower,

H&R BLOCK, INC.,
as Guarantor,

and

HSBC FINANCE CORPORATION,
as Lender

$3,000,000,000 REVOLVING CREDIT FACILITY

NOTE: CERTAIN MATERIAL HAS BEEN OMMITTED FROM THIS AGREEMENT PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24b-2. THE LOCATIONS OF THESE OMISSIONS ARE INDICATED THROUGHOUT THE AGREEMENT BY THE FOLLOWING MARKINGS: [***].

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CREDIT AND GUARANTEE AGREEMENT

CREDIT AND GUARANTEE AGREEMENT, dated as of January 10, 2008, among BLOCK FINANCIAL LLC, a Delaware limited liability company, as Borrower, H&R BLOCK, INC., a Missouri corporation, as Guarantor, and HSBC FINANCE CORPORATION, a Delaware corporation, as Lender.

WHEREAS, the Borrower has requested that the Lender provide a short-term revolving credit facility in an amount of $3,000,000,000;

WHEREAS, the Guarantor has agreed to guarantee all of the Borrower's obligations hereunder; and

WHEREAS, the Lender is willing to provide a short-term revolving credit facility to the Borrower on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the agreements herein and in reliance upon the representations and warranties set forth herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Defined Terms. Capitalized terms used in this Agreement that are not defined below or otherwise herein shall have the meanings set forth in the Appendix of Defined Terms and Rules of Construction attached as Appendix A to the Retail Settlement Products Distribution Agreement. As used in this Agreement, the following terms have the meanings specified below:

"Adjusted Net Worth" means, at any time, Consolidated Net Worth of the Guarantor without giving effect to reductions in stockholders' equity as a result of repurchases by the Guarantor of its own Capital Stock subsequent to April 30, 2005 in an aggregate amount not exceeding $350,000,000.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. For the avoidance of doubt, neither the Guarantor nor any of its Subsidiaries shall be deemed to Control any of its franchisees by virtue of provisions in the relevant franchise agreement regulating the business and operations of such franchisee.

"Agreement" means this Credit and Guarantee Agreement.

"Availability Period" means the period from and including the first day in 2008 on which the U.S. Internal Revenue Service accepts electronic filings of personal tax returns (or, if later, the Closing Date) to but excluding the earlier of the Revolving Termination Date and the date of termination of the Commitments.

"Average Weekly LIBOR" means [***] .

"Bank Revolvers" means, collectively, (i) the Five-Year Credit and Guarantee Agreement dated as of August 10, 2005 among the Borrower, the Guarantor, various financial institutions and JPMorgan Chase Bank N.A., as Administrative Agent, as amended by the First Amendment thereto dated as of November 28, 2006 and the Second Amendment thereto dated as of November 19, 2007, and any restatement, extension, renewal and replacement thereof (regardless of whether the amount available thereunder is changed or the term thereof is modified) and (ii) the Amended and Restated Five-Year Credit and Guarantee Agreement, dated as of August 10, 2005, among the Borrower, the Guarantor, various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent, as amended by the First Amendment thereto dated as of November 28, 2006 and the Second Amendment thereto dated as of November 19, 2007, and any restatement, extension, renewal and replacement thereof (regardless of whether the amount available thereunder is changed or the term thereof is modified).

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Block Financial LLC, a Delaware limited liability company and a wholly-owned indirect Subsidiary of the Guarantor.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Capital Stock" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing.

"Cash Equivalents" means (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition; (b) certificates of deposit, time deposits, eurodollar time deposits or overnight bank deposits having maturities of six months or less from the date of acquisition issued by (i) any "Lender" as defined in a Bank Revolver, (ii) any commercial bank organized under the laws of the United States or any

state thereof having combined capital and surplus of not less than $500,000,000 or (iii) any other bank if, and to the extent, covered by FDIC insurance; (c) commercial paper of an issuer rated at least A-1 by S&P or P-1 by Moody's, or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of commercial paper issuers generally, and maturing within six months from the date of acquisition; (d) repurchase obligations of any "Lender" as defined in a Bank Revolver or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than 30 days, with respect to securities issued or fully guaranteed or insured by the United States government; (e) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A2 by Moody's; (f) securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any "Lender" as defined in a Bank Revolver or any commercial bank satisfying the requirements of clause (b) of this definition; (g) money market mutual or similar funds that invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition; (h) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, as amended, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least $1,000,000,000; (i) interests in privately offered investment funds under Section 3(c)(7) of the U.S. Investment Company Act of 1940 where such interests are (i) freely transferable and (ii) rated AAA by S&P or Aaa by Moody's; and (j) one month LIBOR floating rate asset backed securities that are (i) freely transferable and (ii) rated AAA by S&P or Aaa by Moody's.

"Change in Control" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934, as amended, and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) of shares representing more than 25% of the aggregate ordinary voting power represented by the issued and outstanding Capital Stock of the Guarantor; (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Guarantor by Persons who were neither (i) nominated by the board of directors of the Guarantor nor (ii) appointed by directors so nominated; (c) the acquisition of direct or indirect Control of the Guarantor by any Person or group; or (d) the failure of the Guarantor to own, directly or indirectly, shares representing 100% of the aggregate ordinary voting power represented by the issued and outstanding Capital Stock of the Borrower.

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by the Lender (or, for purposes of Section 2.9(b), by any lending office of the Lender or by the Lender's holding company, if any) with any

request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Charges" has the meaning assigned to such term in Section 10.13.

"Closing Date" means the date on which the conditions specified in Section 4.2 are satisfied (or waived in accordance with Section 10.2).

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" means the commitment of the Lender to make Loans, subject to the terms and conditions of this Agreement, in an amount not to exceed (i) $3,000,000,000 from the first day in 2008 on which the U.S. Internal Revenue Service accepts electronic filings of personal tax returns through and including March 30, 2008 and (ii) thereafter, $120,000,000, as such commitment may be reduced from time to time pursuant to Section 2.4.

"Consolidated Net Worth" means, at any time, the total amount of stockholders' equity of the Guarantor and its consolidated Subsidiaries at such time determined on a consolidated basis in accordance with GAAP.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Control Agreement" means the Investment Account Control Agreement between the Borrower, the Lender and the Securities Intermediary referred to therein in substantially the form of Exhibit B hereto.

"Credit Parties" means the collective reference to the Borrower and the Guarantor.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Disclosed Matters" means (a) matters disclosed in the Borrower's public filings with the Securities and Exchange Commission prior to January 10, 2008 and (b) the actions, suits, proceedings and environmental matters disclosed in Schedule 3.6.

"dollars" or "$" refers to lawful money of the United States of America.

"Effective Date" means the date on which the conditions specified in Section 4.1 are satisfied (or waived in accordance with Section 10.2).

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, to the management, release or threatened release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any Credit Party or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with any Credit Party, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by any Credit Party or any of their ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by any Credit Party or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by any Credit Party or any of their ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by any Credit Party or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from any Credit Party or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurodollar", when used in reference to any Loan, means that such Loan is bearing interest at a rate determined by reference to the LIBO Rate.

"Events of Default" has the meaning assigned to such term in Article VIII.

"Excluded Taxes" means, with respect to the Lender or any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which the Lender is organized or in which its principal office is located or in which its applicable lending office is located and (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located.

"Federal Funds Effective Rate" means for each day, the rate per annum which is the average of the rates on the offered side of the Federal funds market quoted by three interbank Federal funds brokers, selected by the Lender, at approximately 2:00 p.m., New York City time, on such day for dollar deposits in immediately available funds, in an amount comparable to the outstanding principal amount of the Loans, as determined by the Lender and rounded upwards, if necessary, to the nearest 1/100 of 1%.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower or the Guarantor, as the context may require.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state, provincial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Guarantee Obligation" means, as to any Person, any obligation of such Person guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of such Person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (d) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation shall be deemed to be an amount equal as of any date of determination to the stated determinable amount of the primary obligation in respect of which such Guarantee Obligation is made (unless such Guarantee Obligation shall be expressly limited to a lesser amount, in which case such lesser amount shall apply) or, if not stated or determinable, the amount as of any date of determination of the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith.

"Guarantor" means H&R Block, Inc., a Missouri corporation.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Hedging Agreement" means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"HSBC RAL" means "HSBC RAL" as such term is defined in the Appendix of Defined Terms and Rules of Construction attached as Appendix A to Retail Settlement Products Distribution Agreement.

"HSBC TFS" means HSBC Taxpayer Financial Services, Inc., a Delaware corporation.

"HSBC TFS Letter" means a letter agreement between the Borrower, HSBC TFS and the Lender in substantially the form of Exhibit C hereto.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar

instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable and accrued expenses incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances and (k) for purposes of Section 6.2 only, all preferred stock issued by a Subsidiary of such Person. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. Indebtedness of a Person shall not include obligations with respect to funds held by such Person in custody for, or for the benefit of, third parties which are to be paid at the direction of such third parties (and are not used for any other purpose).

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnitee" has the meaning assigned to such term in Section 10.3(b).

"Indirect RAL Participation Transaction" means any transaction by the Guarantor or any Subsidiary involving (a) an investment in a partnership, limited partnership, limited liability company, limited liability partnership, business trust or other pass-through entity which is partially owned by the Guarantor or any Subsidiary, (b) the purchase by such pass-through entity of refund anticipation loans or participation interests in refund anticipation loans (and/or related rights and interests), and (c) the distribution of cash flow received by such pass-through entity with respect to such refund anticipation loans or participation interests therein to the owners of such pass-through entity.

"Information" has the meaning assigned to such term in Section 10.12.

"LIBO Rate" means [***] .

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities; provided that clause (c) above shall be deemed not to include stock options

granted by any Person to its directors, officers or employees with respect to the Capital Stock of such Person.

"Loan Documents" means this Agreement, the Security Agreement, the Control Agreement, the HSBC TFS Letter and the Notes, if any.

"Loans" means the loans made by the Lender to the Borrower pursuant to this Agreement.

"Margin" means [***] % per annum.

"Margin Stock" means any "margin stock" as defined in Regulation U of the Board.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, property or condition (financial or otherwise) of the Guarantor and the Subsidiaries taken as a whole, (b) the ability of any Credit Party to perform any of its obligations under this Agreement or (c) the rights of or benefits available to the Lenders under this Agreement.

"Material Indebtedness" means Indebtedness (other than the Loans), or obligations in respect of one or more Hedging Agreements, of any one or more of the Credit Parties and any Subsidiaries in an aggregate principal amount exceeding $40,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of any Credit Party or any Subsidiary in respect of any Hedging Agreement at any time shall be the aggregate amount (giving effect to any netting agreements) that the Credit Party or such Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

"Material Subsidiary" means any Subsidiary of any Credit Party, other than OOMC, the aggregate assets or revenues of which, as of the last day of the most recently ended fiscal quarter for which the Borrower has delivered financial statements pursuant to Section 5.1(a) or (b), when aggregated with the assets or revenues of all other Subsidiaries with respect to which the actions contemplated by Section 6.4 are taken, are greater than 5% of the total assets or total revenues, as applicable, of the Guarantor and its consolidated Subsidiaries, in each case as determined in accordance with GAAP.

"Maximum Rate" has the meaning assigned to such term in Section 10.13.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

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

"Obligations" means, collectively, the unpaid principal of and interest on the Loans and all other obligations and liabilities of the Borrower (including interest accruing

at the then applicable rate provided herein after the maturity of the Loans and interest accruing at the then applicable rate provided herein after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) to the Lender, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, the Security Agreement, the Control Agreement, the HSBC TFS Letter, any Note or any other document made, delivered or given in connection herewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including all fees and disbursements of counsel to the Lender that are required to be paid by the Borrower pursuant to the terms of any of the foregoing agreements).

"OOMC" means Option One Mortgage Corporation, a California corporation, and all of its subsidiaries.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

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

"Participation Agreement" means the First Amended and Restated HSBC Refund Anticipation Loan and IMA Participation Agreement, dated as of November 13, 2006, as amended from time to time, and any restatement, extension, renewal and replacement thereof, by and among the Borrower, HSBC Bank USA, National Association, HSBC TFS and HSBC Trust Company (Delaware), National Association.

"Participation Interest" means a "Participation Interest" as defined in the Participation Agreement.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Encumbrances" means:

(a) judgment Liens in respect of judgments not constituting an Event of Default under clause (k) of Article VIII;

(b) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.4;

(c) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in compliance with Section 5.4;

(d) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(e) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business; and

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Credit Parties or any Subsidiary;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which any Credit Party or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A., as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Proceeding" means any suit, action or proceeding arising out of or relating to this Agreement, the Security Agreement, the Control Agreement or the HSBC TFS Letter, or for recognition or enforcement of any judgment.

"Purchase Price" means "Purchase Price" as such term is defined in the Appendix of Defined Terms and Rules of Construction attached as Appendix A to Retail Settlement Products Distribution Agreement.

"RAL Receivables Amount" means, at any time, the difference (but not less than zero) between (i) the aggregate amount of funds received by the Guarantor, any Subsidiary or any qualified or unqualified special purpose entity created by any Subsidiary with respect to the transfer of refund anticipation loans, or participation interests in refund anticipation loans (and/or related rights and interests), to any third party in any RAL Receivables Transaction, at or prior to such time, minus (ii) the

aggregate amount received by all such third parties with respect to the transferred refund anticipation loans, or participation interests in refund anticipation loans (and/or related rights and interests), in all RAL Receivables Transactions, at or prior to such time, excluding from the amounts received by such third parties, the aggregate amount of any origination, set up, structuring or similar fees, all implicit or explicit financing expenses and all indemnification and reimbursement payments paid to such any third party in connection with any RAL Receivables Transaction.

"RAL Receivables Transaction" means any securitization, on — or off — balance sheet financing or sale transaction, involving refund anticipation loans, or participation interests in refund anticipation loans (and/or related rights and interests), that were acquired by the Guarantor, any Subsidiary or any qualified or unqualified special purpose entity created by any Subsidiary.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Restricted Margin Stock" means all Margin Stock owned by the Guarantor and its Subsidiaries to the extent the value of such Margin Stock does not exceed 25% of the value of all assets of the Guarantor and its Subsidiaries (determined on a consolidated basis) that are subject to the provisions of Section 6.3 and 6.4.

"Retail Settlement Products Distribution Agreement" means the HSBC Retail Settlement Products Distribution Agreement, dated as of September 23, 2005, as amended by the Joinder and First Amendment to Program Contracts dated as of November 10, 2006 and the Second Amendment to Program Contracts dated as of November 13, 2006, and as further amended from time to time, and any restatement, extension, renewal and replacement thereof, by and among the parties thereto, including, the Lender and the Guarantor.

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

"Revolving Termination Date" means the earlier of (i) June 30, 2008 and (ii) the first day after April 15, 2008 on which the aggregate outstanding amount of the Participation Interests purchased by the Borrower in HSBC RALs under the Participation Agreement which have been financed by the making of Loans is less than $60,000,000.

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

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

"Security Agreement" means a Security Agreement between the Borrower and the Lender in substantially the form of Exhibit A hereto.

"Servicing Agreement" means the First Amended and Restated HSBC Settlement Products Servicing Agreement dated as of November 13, 2006 , as amended from time to time, and any restatement, extension, renewal and replacement thereof, among HSBC Bank USA, National Association, HSBC TFS, HSBC Trust Company (Delaware), N.A., and the Borrower.

"Short-Term Debt" means, at any time, the aggregate amount of Indebtedness of the Guarantor and its Subsidiaries at such time (excluding seasonal Indebtedness of H&R Block Canada, Inc.) having a final maturity less than one year after such time, determined on a consolidated basis in accordance with GAAP, plus the aggregate amount of Indebtedness at such time under the Bank Revolvers, minus (a) to the extent otherwise included therein, Indebtedness outstanding at such time (i) under mortgage facilities secured by mortgages and related assets, (ii) incurred to fund servicing obligations required as part of servicing mortgage backed securities in the ordinary course of business, (iii) incurred and secured by broker-dealer Subsidiaries in the ordinary course of business and (iv) deposits and other customary banking related liabilities incurred by banking Subsidiaries in the ordinary course of business, (b) the excess, if any, of (i) the aggregate amount of cash and Cash Equivalents held at such time in accounts of the Guarantor and its Subsidiaries (other than broker-dealer Subsidiaries and banking Subsidiaries) to the extent freely transferable to the Credit Parties and capable of being applied to the Obligations without any contractual, legal or tax consequences over (ii) $15,000,000 and (c) to the extent otherwise included therein, the current portion of long term debt.

"Subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent. Notwithstanding the foregoing, no entity shall be considered a "Subsidiary" solely as a result of the effect and application of FASB Interpretation No. 46R (Consolidation of Variable Interest Entities). Unless the context shall otherwise require, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Guarantor, including the Borrower and the Subsidiaries of the Borrower.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Total Facility Commitments" means the sum of the total "Commitments" under and as defined in the Bank Revolvers.

"Total Facility Loan Outstandings" has the meaning assigned to such term in Section 6.2.

"Transactions" means the execution, delivery and performance by the Credit Parties of the Loan Documents, the borrowing of Loans, the use of the proceeds thereof, and the granting of the security provided for in the Security Agreement.

"Unrestricted Margin Stock" means all Margin Stock owned by the Guarantor and its Subsidiaries other than Restricted Margin Stock.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.2. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.3. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Lender that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Lender notifies the Borrower that the Lender requests an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

THE CREDITS

SECTION 2.1. Commitment. Subject to the terms and conditions set forth herein (including the proviso at the end of Section 6.2), the Lender agrees to make revolving loans ("Loans") to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in the Lender's Revolving Credit Exposure exceeding the Lender's Commitment as then in effect. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Loans.

SECTION 2.2. Loans. Subject to Section 2.8, all Loans shall be comprised entirely of Eurodollar Loans in accordance herewith. The Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

SECTION 2.3. Funding of Loans. As provided in the HSBC TFS Letter, HSBC TFS shall notify the Lender of the aggregate amount of the Purchase Price for the Participation Interests to be purchased by the Borrower under the Participation Agreement on any Business Day at the same time as HSBC TFS notifies the Borrower of such amount, but in any event not later than 9:30 a.m. New York City time on such Business Day. Subject to the terms and conditions of this Agreement, the Lender shall make a Loan in the amount so notified in respect of each Business Day by wire transfer of immediately available funds to or as instructed by HSBC TFS by 4:30 p.m., New York City time, on such Business Day; provided, that if the Borrower shall notify the Lender and HSBC TFS not later than one hour after the notification by HSBC TFS referred to in the preceding sentence that the Borrower does not wish to borrow all or some of the amount so notified by HSBC TFS, then the Lender shall make a Loan in such lesser amount, if any, specified in such notice of the Borrower. The Borrower hereby irrevocably (i) authorizes and instructs the Lender to make Loans by transfer of Loan proceeds directly to or as instructed by HSBC TFS as provided in the preceding sentence and (ii) acknowledges and agrees that Loans will not be disbursed in any other manner or for any other purpose than to fund the purchase by the Borrower of Participation Interests in HSBC RALs under the Participation Agreement. Notices under this Section 2.3 shall be made by telephone discussion with a representative of the Person being notified (and not by voicemail or other form of recorded message) and promptly confirmed by fax. Absent manifest error, the Lender shall be entitled to rely without further inquiry on notices and information received from HSBC TFS or the Borrower as contemplated in this Section 2.3

SECTION 2.4. Termination and Reduction of Commitment. (a) Unless previously terminated, the Commitment shall terminate on the Revolving Termination Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitment; provided that (i) each reduction of the Commitment shall be in an amount that is an integral multiple of $1,000,000 and not less than $25,000,000 and (ii) the Borrower shall not terminate or reduce the Commitment if, after giving effect to any concurrent prepayment of the

Loans in accordance with Section 2.6, the Revolving Credit Exposure would exceed the Commitment.

(c) The Borrower shall notify the Lender of any election to terminate or reduce the Commitment under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitment delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Lender) on or prior to the specified effective date if such condition is not satisfied. Any termination or reduction of the Commitment shall be permanent.

SECTION 2.5. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay to the Lender (i) the unpaid principal amount of the Loans on March 31, 2008 to the extent that such principal amount exceeds the Commitment on such date and (ii) the then unpaid principal amount of each Loan on the Revolving Termination Date.

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

(c) The entries made in the account maintained pursuant to paragraph (b) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of the Lender to maintain such account or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(d) The Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to the Lender a promissory note payable to the order of the Lender (or, if requested by the Lender, to the Lender and its assigns) and in a form approved by the Lender. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.4) be represented by one or more promissory notes in such form payable to the order of the payee named therein. In addition, upon receipt of an affidavit of an officer of the Lender as to the loss, theft, destruction or mutilation of the promissory note, the Borrower will issue, in lieu thereof, a replacement promissory note in the same principal amount thereof and otherwise of like tenor.

SECTION 2.6. Prepayment of Loans. (a) The Borrower (i) shall have the right at any time and from time to time voluntarily to prepay the Loans in whole or in part without premium or penalty, subject to prior notice in accordance with paragraph (b) of this Section, and (ii) shall prepay the Loans from time to time in whole or in part without premium or penalty in accordance with paragraph (c) of this Section.

(b) The Borrower shall notify the Lender by telephone discussion with a representative of the Lender (and not by voicemail or other form of recorded message) (confirmed by telecopy) of any voluntary prepayment of Loans under Section 2.6(a)(i), not later than 12:00 noon, New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of Loans to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.4, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.4.

(c) The Borrower shall prepay the principal of the Loans in an amount equal to (i) 97% of the amount of all payments constituting repayment of HSBC RALs in which the Borrower has purchased a Participation Interest that has been financed by the Lender which are remitted to the Borrower by HSBC TFS under Section 3.4(b)(iii) of the Servicing Agreement, and (ii) 97% of the amount of all repurchases of Participation Interests by HSBC TFS under Section 6 of the Participation Agreement as to Participation Interests that have been financed by the Lender. In the HSBC TFS Letter, the Borrower will irrevocably authorize and instruct (A) HSBC TFS, as Servicer under the Servicing Agreement, to pay 97% of all amounts from time to time to be remitted to the Borrower by the Servicer under Section 3.4(b)(iii) of the Servicing Agreement in respect of Participation Interests financed by the Lender directly to the Lender for application to the prepayment of the Loans under this Section 2.6(c) and (B) HSBC TFS to pay 97% of all amounts otherwise payable to the Borrower in respect of the repurchase under Section 6 of the Participation Agreement of Participation Interests in HSBC RALs that have been financed by the Lender directly to the Lender for application to the prepayment of the Loans under this Section 2.6(c). The Lender shall be entitled to rely without further inquiry on notices and information received from HSBC TFS as contemplated in this Section 2.6(c). The Lender shall credit payments received from HSBC TFS under this Section 2.6(c) to prepayment of the principal of the Loans on the date of receipt.

SECTION 2.7. Interest. (a) The Loans shall bear interest for each day at a rate per annum equal to [***] .

(b) Notwithstanding the foregoing, if any principal of or interest on any Loan or any other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to 3% plus the rate of interest otherwise applicable to the Loans hereunder.

(c) Accrued interest on each Loan shall be payable monthly in arrears on the fifth Business Day of the following month and on the Revolving Termination Date; provided that interest accrued pursuant to paragraph (b) of this Section shall be payable on demand. On the second Business Day of such following month, the Lender shall deliver to the Borrower and HSBC TFS by e-mail an invoice for the amount of accrued interest on the Loans for the preceding month, together with a schedule in reasonable detail showing how such amount was calculated.

(d) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Prime Rate under Section 2.8 shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The LIBO Rate (and in the case of determinations under Section 2.8, the Federal Funds Effective Rate and the Prime Rate) shall be determined by the Lender, and such determination shall be conclusive absent manifest error. The Lender shall as soon as practicable notify the Borrower of the effective date and the amount of each change in interest rate.

SECTION 2.8. Alternate Rate of Interest. If at any time:

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

(b) the Lender determines that the LIBO Rate will not adequately and fairly reflect the cost to the Lender of making or maintaining Loans;

then the Lender shall give notice thereof to the Borrower by telephone or telecopy as promptly as practicable thereafter and, until the Lender notifies the Borrower that the circumstances giving rise to such notice no longer exist, the Loans shall bear interest at a rate per annum equal to, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day [***] , and (b) the Federal Funds Effective Rate in effect on such day [***] . Any change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

SECTION 2.9. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, the Lender; or

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

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

(b) If the Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on the Lender’s capital or on the capital of the Lender’s holding company, if any, as a consequence of this Agreement or the Loans made by the Lender to a level below that which the Lender or the Lender’s holding

company could have achieved but for such Change in Law (taking into consideration the Lender's policies and the policies of the Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender or the Lender's holding company for any such reduction suffered.

(c) A certificate of the Lender setting forth the amount or amounts necessary to compensate the Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section (together with a statement of the reason for such compensation and a calculation thereof in reasonable detail) shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of the Lender to demand compensation pursuant to this Section shall not constitute a waiver of the Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate the Lender pursuant to this Section for any increased costs or reductions incurred more than six months prior to the date that the Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of the Lender's intention to claim compensation therefor; provided, further, that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.10. Taxes. (a) Any and all payments by or on account of any obligation of the Borrower or the Guarantor hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower or the Guarantor shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower or the Guarantor shall make such deductions and (iii) the Borrower or the Guarantor shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Lender and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by the Lender shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

SECTION 2.11. Payments Generally. (a) The Borrower shall make each payment required to be made by it hereunder (whether of principal or interest, or under Section 2.9 or 2.10, or otherwise) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Lender at its account at HSBC Bank USA, N.A., Buffalo, N.Y., ABA #021001088, Cash Ops W/T, A/C #001842609, or at such other bank or account as it shall specify from time to time by notice in writing to the Borrower. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars. Notwithstanding the foregoing, this Section 2.11 shall not apply to payments by HSBC TFS as contemplated by Section 2.6(c).

(b) If at any time insufficient funds are received by and available to the Lender to pay fully all amounts of principal, interest and any other amounts then due hereunder, such funds shall be applied (i) first, to pay interest then due hereunder, (ii) second, to pay principal then due hereunder, and (iii) third, any other amounts due and owing hereunder.

SECTION 2.12. Mitigation Obligations. If the Lender requests compensation under Section 2.9, or if the Borrower is required to pay any additional amount to the Lender or any Governmental Authority for the account of the Lender pursuant to Section 2.10, then the Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of the Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.9 or 2.10, as the case may be, in the future and (ii) would not subject the Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to the Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by the Lender in connection with any such designation or assignment.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each of the Credit Parties represents and warrants to the Lender that:

SECTION 3.1. Organization; Powers. Each of the Credit Parties and the Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has the power and authority to carry on its business as now conducted and, except where the failure to be so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required. The Borrower was converted from a Delaware corporation known as "Block Financial Corporation" on January 1, 2008 pursuant to Section 18-214 of the Delaware Limited Liability Company Act.

SECTION 3.2. Authorization; Enforceability. The Transactions are within each Credit Party's corporate or limited liability company, as the case may be, powers and have been duly authorized by all necessary corporate or limited liability company, as the case may be, and, if required, stockholder or member, as the case may be, 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, operating agreement or other organizational documents of any Credit Party or any Subsidiary or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, material agreement or other instrument (other than those to be terminated on or prior to the Closing Date) binding upon any Credit Party or any Subsidiary or their assets, or give rise to a right thereunder to require any payment to be made by any Credit Party or any Subsidiary, and (d) except as provided in the Loan Documents, will not result in the creation or imposition of any Lien on any asset of any Credit Party or any Subsidiary.

SECTION 3.4. Financial Condition; No Material Adverse Change. (a) Each Credit Party has heretofore furnished to the Lender consolidated balance sheets and statements of income and cash flows (and, in the case of the Guarantor, of stockholders' equity) (i) as of and for the fiscal year ended April 30, 2007 (A) reported on by KPMG LLP, an independent registered public accounting firm, in respect of the financial statements of the Guarantor, and (B) certified by its chief financial officer, in respect of the financial statements of the Borrower, and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended October 31, 2007. 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, 2007 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, 2007.

(b) From April 30, 2007 through the Effective Date, there has been no material adverse change in the business, assets, property or condition (financial or otherwise) of the Guarantor and its Subsidiaries, taken as a whole.

SECTION 3.5. Properties. (a) Each of the Credit Parties and the Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

(b) Each of the Credit Parties and the Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Credit Parties and the Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.6. Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Credit Party, threatened against or affecting any Credit Party or any Subsidiary that (i) have not been disclosed in the Disclosed Matters and as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) challenge or would reasonably be expected to affect the legality, validity or enforceability of this Agreement.

(b) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, neither of the Credit Parties nor any Subsidiary (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

SECTION 3.7. Compliance with Laws and Agreements. Each of the Credit Parties and the Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to be so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.8. Investment Company Status. Neither of the Credit Parties nor any of the Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

SECTION 3.9. Taxes. Each of the Credit Parties and the Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Guarantor, the Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of all such underfunded Plans.

SECTION 3.11. Disclosure. None of the reports, financial statements, certificates or other information furnished by or on behalf of the Credit Parties to the Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Credit Parties represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 3.12. Federal Regulations. No part of the proceeds of any Loans will be used for "purchasing" or "carrying" any "margin stock" (within the respective meanings of each of the quoted terms under Regulation U of the Board as now and from time to time hereafter in effect) in a manner or in circumstances that would constitute or result in non-compliance by any Credit Party or the Lender with the provisions of Regulations U, T or X of the Board. If requested by the Lender, the Borrower will furnish to the Lender a statement to the foregoing effect in conformity with the requirements of FR Form U-1 referred to in said Regulation U.

SECTION 3.13. Subsidiaries. As of the date hereof, the Guarantor has only the Subsidiaries set forth on Schedule 3.13.

SECTION 3.14. Insurance. Each Credit Party and each Subsidiary of each Credit Party maintains (pursuant to a self-insurance program and/or with financially sound and reputable insurers) insurance with respect to its properties and business and against at least such

liabilities, casualties and contingencies and in at least such types and amounts as is customary in the case of companies engaged in the same or a similar business or having similar properties similarly situated.

ARTICLE IV

CONDITIONS

SECTION 4.1. Effective Date. Except as otherwise provided in Sections 4.2 and 4.3, this Agreement shall become effective on the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.2):

(a) The Lender (or its counsel) shall have received from each party hereto a counterpart of this Agreement signed on behalf of such party.

SECTION 4.2. Closing Date. The obligations of the Lender to make Loans hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.2):

(a) The Effective Date shall have occurred.

(b) The Lender shall have received a reasonably satisfactory written opinion (addressed to the Lender and dated the Closing Date) of Stinson Morrison Hecker LLP, special counsel for the Credit Parties, substantially in the form of Exhibit D hereto, and covering such other matters relating to the Credit Parties, the Loan Documents or the Transactions as the Lender shall reasonably request. The Credit Parties hereby request such counsel to deliver such opinion.

(c) The Lender shall have received such documents and certificates as the Lender or its counsel may reasonably request relating to the organization, existence and good standing of the Credit Parties, the authorization of the Transactions and any other legal matters relating to the Credit Parties, the Loan Documents or the Transactions, all in form and substance satisfactory to the Lender and its counsel.

(d) The Lender shall have received a certificate, dated the Closing Date and signed by the President, a Vice President or a Financial Officer of each Credit Party, confirming compliance with the conditions set forth in paragraphs (a) and (b) of Section 4.3.

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

(f) The Lender shall have received a counterpart of the Security Agreement, duly executed and delivered by the Borrower, and a counterpart of the HSBC TFS Letter, duly executed and delivered by the parties thereto; and all filings and other actions necessary or

appropriate to perfect the security interest created by the Security Agreement shall have been made or taken.

(g) The Lender shall have received the results of searches of Uniform Commercial Code filings in such jurisdictions as it shall deem appropriate and such searches shall not reveal any filing that remains in effect and that describes any of the "Collateral" referred to in the Security Agreement.

(h) The Borrower shall have invested $60,000,000 in the HSBC Investor Money Market Fund managed by HSBC Investments (USA), Inc. and the Lender shall have received a counterpart of the Control Agreement with respect to that investment, duly executed and delivered by the parties thereto.

The Lender shall notify the Borrower of the Closing Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligation of the Lender to make Loans hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.2) at or prior to the Closing Date.

SECTION 4.3. Each Loan. The obligation of the Lender to make each Loan is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Credit Parties set forth in Article III of this Agreement (other than the representations and warranties set forth in subsections 3.4(b), 3.6(a)(i) and 3.6(b)) shall be true and correct in all material respects on and as of the date of such Loan (except to the extent related to a specific earlier date).

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

Each Loan shall be deemed to constitute a representation and warranty by each of the Credit Parties on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

ARTICLE V

AFFIRMATIVE COVENANTS

Until the Commitment has expired or been terminated and the principal of and interest on each Loan shall have been paid in full, each of the Credit Parties covenants and agrees with the Lender that:

SECTION 5.1. Financial Statements and Other Information. The Borrower will furnish to the Lender:

(a) within 90 days after the end of each fiscal year of the Guarantor, an audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows of the Guarantor and its consolidated Subsidiaries as of the end of and for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Deloitte & Touche LLP or another independent registered public accounting firm of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Guarantor and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) (i) in the case of the Guarantor, within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Guarantor and (ii) in the case of the Borrower, within 90 days after the end of each fiscal year of the Borrower, consolidated balance sheets and related statements of operations and cash flows of the Borrower and the Guarantor and their consolidated Subsidiaries, and the consolidated statement of stockholders' equity of the Guarantor, as of the end of and for such fiscal quarter (in the case of the Guarantor) and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by a Financial Officer of the Borrower and the Guarantor as presenting fairly in all material respects the financial condition and results of operations of the Borrower and the Guarantor and their consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Borrower and the Guarantor (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.1 and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.4 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials (other than (i) statements of ownership such as Forms 3, 4 and 5 and Schedule 13G, (ii) routine filings relating to employee benefits, such as Forms S-8 and 11-K, and (iii) routine filings by (A) HRB Financial Corporation and its Subsidiaries, including H&R Block Financial Advisors, Inc., (B) RSM McGladrey, Inc. and its Subsidiaries, including Birchtree Financial Services, Inc., (C) RSM Equico, Inc. and its Subsidiaries, including RSM Equico Capital Markets, LLC, (D) Option One Mortgage Corporation, (E) H&R Block Canada, Inc. and (F) H&R Block Limited) filed by any Credit Party or any Subsidiary with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or distributed by any Credit Party to its shareholders generally, as the case may be;

(e) a copy of any notice given by the Borrower under Section 4.1(b), Section 4.4(c) or Section 4.8 of the Participation Agreement, such copy to be provided at the same time as such notice is given under the Participation Agreement; and

(f) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of any Credit Party or any Subsidiary, or compliance with the terms of this Agreement, as the Lender may reasonably request.

SECTION 5.2. Notices of Material Events. The Borrower will furnish to the Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting any Credit Party or any Affiliate thereof that is reasonably likely to be adversely determined and, if so determined, would reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, would reasonably be expected to result in liability of the Borrower, the Guarantor or any Subsidiary in an aggregate amount exceeding $25,000,000; and

(d) any other development that results in, or would reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower and the Guarantor setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.3. Existence; Conduct of Business. Each Credit Party will, and will cause each of the Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation, liquidation, disposition or dissolution permitted under Section 6.4.

SECTION 5.4. Payment of Taxes. Each Credit Party will, and will cause each of the Subsidiaries to, pay its Tax liabilities that, if not paid, would reasonably be expected to have a Material Adverse Effect before the same shall become delinquent, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) such Credit Party or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest would not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.5. Maintenance of Properties; Insurance. Each Credit Party will, and will cause each of the Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain (pursuant to a self-insurance program and/or with financially sound and reputable insurers) insurance in such amounts and against such risks as is customarily maintained

by companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 5.6. Books and Records; Inspection Rights. Each Credit Party will, and will cause each of the Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to this Agreement and the transactions contemplated hereby. Each Credit Party will, and will cause each of the Subsidiaries to, permit any representatives designated by the Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested; provided that so long as no Event of Default exists, each Credit Party and each Subsidiary shall have the right to be present and participate in any discussions with its independent accountants. Nothing in this Section 5.6 shall permit the Lender to examine or otherwise have access to the tax returns or other confidential information of any customer of either Credit Party or any of their respective Subsidiaries.

SECTION 5.7. Compliance with Laws. Each Credit Party will, and will cause each of the Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.8. Use of Proceeds. The proceeds of the Loans will be used only to purchase Participation Interests in HSBC RALs pursuant to the Participation Agreement. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the regulations of the Board, including Regulations U and X.

SECTION 5.9 Additional Collateral. The Borrower shall provide additional collateral to the Lender from time to time as provided in the Security Agreement.

ARTICLE VI

NEGATIVE COVENANTS

Until the Commitment has expired or terminated and the principal of and interest on each Loan have been paid in full, each of the Credit Parties covenants and agrees with the Lender that:

SECTION 6.1. Adjusted Net Worth. The Guarantor will not permit Adjusted Net Worth as at the last day of any fiscal quarter of the Guarantor to be less than (a) for the fiscal quarter ending on January 31, 2008, $800,000,000 and (b) for each other fiscal quarter, $1,000,000,000.

SECTION 6.2. Indebtedness. The Credit Parties will not, and will not permit any Subsidiary to create, incur, assume or permit to exist any Indebtedness, except:

(a) subject to the proviso at the end of this Section 6.2, Indebtedness created under the Bank Revolvers;

(b) Indebtedness existing on the date hereof and set forth in Schedule 6.2 and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof;

(c) seasonal Indebtedness of H&R Block Canada, Inc., provided that the aggregate principal amount of all such Indebtedness incurred pursuant to this subsection (c) shall not exceed 250,000,000 Canadian dollars at any time outstanding;

(d) Indebtedness of the Borrower and the Guarantor, provided that (i) the obligations of the Credit Parties hereunder shall rank at least pari passu with such Indebtedness (including with respect to security) and (ii) the aggregate principal amount of all Indebtedness permitted by this subsection (d) shall not exceed $2,000,000,000 at any time outstanding;

(e) subject to the proviso at the end of this Section 6.2, (i) Indebtedness in connection with commercial paper issued in the United States through the Borrower which is guaranteed by the Guarantor and (ii) Indebtedness under bank lines of credit or similar facilities;

(f) Indebtedness in connection with Guarantees of the performance of any Subsidiary's obligations under or pursuant to (i) indemnity, fee, daylight overdraft and other similar customary banking arrangements between such Subsidiary and one or more financial institutions in the ordinary course of business, (ii) any office lease entered into in the ordinary course of business, and (iii) any promotional, joint-promotional, cross-promotional, joint marketing, service, equipment or supply procurement, software license or other similar agreement entered into by such Subsidiary with one or more vendors, suppliers, retail businesses or other third parties in the ordinary course of business, including indemnification obligations relating to such Subsidiary's failure to perform its obligations under such lease or agreement;

(g) acquisition-related Indebtedness (either incurred or assumed) and Indebtedness in connection with the Guarantor's guarantees of the payment or performance of primary obligations of Subsidiaries of the Guarantor in connection with acquisitions by such Subsidiaries, or Indebtedness secured by Liens permitted under subsection 6.3(f); provided that, during any fiscal year, the aggregate outstanding principal amount of all Indebtedness incurred pursuant to this subsection 6.2(g) shall not exceed at any time $325,000,000;

(h) Indebtedness of any Credit Party to any other Credit Party, of any Credit Party to any Subsidiary, of any Subsidiary to any Credit Party and of any Subsidiary to any other Subsidiary; provided that such Indebtedness shall not be prohibited by Section 6.5;

(i) Indebtedness in connection with repurchase agreements pursuant to which mortgage loans of a Credit Party or a Subsidiary are sold with the simultaneous agreement to repurchase the mortgage loans at the same price plus interest at an agreed upon rate; provided

that the aggregate outstanding principal amount of all Indebtedness incurred pursuant to this subsection 6.2(i) shall not at any time exceed $500,000,000; provided, further, that no agreed upon repurchase date shall be later than 90 business days after the date of the corresponding repurchase agreement;

(j) Indebtedness in connection with Guarantees or Guarantee Obligations which are made, given or undertaken as representations and warranties, indemnities or assurances of the payment or performance of primary obligations in connection with securitization transactions or other transactions permitted hereunder, as to which primary obligations the primary obligor is a Credit Party, a Subsidiary or a securitization trust or similar securitization vehicle to which a Credit Party or a Subsidiary sold, directly or indirectly, the relevant mortgage loans;

(k) Indebtedness of RSM, a Subsidiary of the Guarantor, to McGladrey & Pullen, LLP ("M&P") and certain related trusts under (i) that certain Asset Purchase Agreement dated as of June 28, 1999 among RSM, M&P, the Guarantor and certain other parties signatory thereto (the "M&P Purchase Agreement") and (ii) the Retired Partners Agreement and the Loan Agreement (as such terms are defined in the M&P Purchase Agreement); provided that the aggregate outstanding principal amount payable in respect of such Indebtedness permitted under this paragraph (k) shall not exceed $200,000,000 at any time;

(l) Indebtedness in connection with (i) Capital Lease Obligations in an aggregate outstanding principal amount not at any time exceeding $50,000,000 (excluding any Capital Lease Obligations permitted by subsection 6.2(p)), (ii) obligations under existing mortgages in an aggregate outstanding principal amount not exceeding $12,000,000 at any time, (iii) securities sold and not yet purchased, provided that the aggregate outstanding principal amount of all Indebtedness incurred pursuant to this clause (iii) (other than Indebtedness of Subsidiaries which act as broker-dealers) shall not at any time exceed $15,000,000, (iv) customer deposits in the ordinary course of business, (v) payables to brokers and dealers in the ordinary course of business and (vi) reimbursement obligations of broker-dealers relating to letters of credit in favor of a clearing corporation or Indebtedness of broker-dealers under other credit facilities, provided that (A) such letters of credit or such other credit facilities are used solely to satisfy margin deposit requirements and (B) the aggregate outstanding exposure of the Guarantor and the Subsidiaries under all such letters of credit and all such other credit facilities shall not exceed $200,000,000 at any time;

(m) subject to the proviso at the end of this Section 6.2, Indebtedness incurred in connection with the Borrower's Refund Anticipation Loan Program, including any Indirect RAL Participation Transaction; provided that (i) such Indebtedness is incurred during the period beginning on January 2 of any year and ending on June 29 of such year, (iii) such Indebtedness is repaid in full by June 30 of the year in which such Indebtedness is incurred and (iii) the covenants contained in any agreement relating to such Indebtedness, or guarantee thereof (other than covenants specific to the Borrower's Refund Anticipation Loan Program and the operation thereof), are no more restrictive than the covenants contained in this Agreement;

(n) subject to the proviso at the end of this Section 6.2, liabilities related to the RAL Receivables Transactions to the extent consistent with the definition thereof;

(o) Indebtedness in respect of letters of credit in an aggregate outstanding principal amount not to exceed $100,000,000;

(p) Indebtedness in an amount not exceeding $150,000,000 in connection with the acquisition, development or construction of the Guarantor's new headquarters;

(q) deposits and other liabilities incurred by banking Subsidiaries in the ordinary course of business;

(r) customary liabilities of broker-dealers incurred by broker-dealer Subsidiaries in the ordinary course of business;

(s) Indebtedness issued by a Subsidiary of the Borrower and primarily secured by mortgage loans sold as contemplated by Section 6.5(c) hereof to such Subsidiary by another Subsidiary of the Borrower;

(t) Indebtedness secured by Liens permitted by subsection 6.3(d) or 6.3(e);

(u) Indebtedness incurred solely to finance businesses described on Schedule 6.4(b) after the date hereof that neither the Credit Parties nor their respective Subsidiaries are currently engaged in to any material extent on the date hereof; provided that the aggregate principal amount of all Indebtedness incurred pursuant to this clause (u) shall not at any time exceed $400,000,000; and

(v) other Indebtedness (excluding Indebtedness of the types described in subsections 6.2(a), 6.2(b)(ii), 6.2(e) and 6.2(m)) in an aggregate principal amount not at any time exceeding $20,000,000;

provided, that the sum of the aggregate outstanding principal amount of all Indebtedness permitted pursuant to subsections 6.2(a), 6.2(e) and 6.2(m) plus the RAL Receivables Amount shall not at any time exceed the greater of (x) the Total Facility Commitments then in effect or (y) the sum of the then outstanding principal amount of the "Loans" under the Bank Revolvers (such sum, the "Total Facility Loan Outstandings"), except that, during the period from January 2 of any year through June 30 of such year, such sum may exceed the greater of the Total Facility Commitments then in effect or the then Total Facility Loan Outstandings by an amount up to the total of (A) the aggregate outstanding principal amount of Indebtedness described in Section 6.2(m) and (B) $500,000,000.

SECTION 6.3. Liens. Each Credit Party will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Permitted Encumbrances;

(b) (i) any Lien created under or securing a Bank Revolver and (ii) any Lien on any property or asset of any Credit Party or any Subsidiary existing on the date hereof and set

forth in Schedule 6.3; provided that (i) such Lien shall not apply to any other property or asset of any Credit Party or any Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) any Lien existing on any property or asset prior to the acquisition thereof by any Credit Party or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of any Credit Party or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens and transfers in connection with the securitization, financing or other transfer of any mortgage loans or mortgage servicing reimbursement rights (and/or, in each case, related rights, interests and servicing assets) owned by the Borrower or any of its Subsidiaries;

(e) Liens and transfers in connection with the securitization or other transfer of any credit card receivables (and/or related rights and interests) owned by the Borrower or any of its Subsidiaries;

(f) Liens on fixed or capital assets acquired, constructed or improved by any Credit Party or any Subsidiary to secure Indebtedness of such Credit Party or such Subsidiary incurred to finance the acquisition, construction or improvement of such fixed or capital assets; provided that (i) such Liens and the Indebtedness secured thereby are incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement, (ii) the Indebtedness secured thereby does not exceed 100% of the cost of acquiring, constructing or improving such fixed or capital assets and (iii) such Liens shall not apply to any other property or assets of any Credit Party or any Subsidiary;

(g) Liens arising in connection with repurchase agreements contemplated by Section 6.2(i); provided that such security interests shall not apply to any property or assets of any Credit Party or any Subsidiary except for the mortgage loans or securities, as applicable, subject to such repurchase agreements;

(h) Liens arising in connection with Indebtedness permitted by Sections 6.2(l)(v) or 6.2(q), which Liens are granted in the ordinary course of business;

(i) Liens not otherwise permitted by this Section 6.3 so long as the Obligations hereunder are contemporaneously secured equally and ratably with the obligations secured thereby;

(j) Liens not otherwise permitted by this Section 6.3, so long as the aggregate outstanding principal amount of the obligations secured thereby does not exceed (as to the Credit Parties and all Subsidiaries) $250,000,000 at any one time;

(k) Liens and transfers in connection with the RAL Receivables Transaction;

(l) Liens securing Indebtedness permitted by subsection 6.2(u); and

(m) Liens on Unrestricted Margin Stock.

SECTION 6.4. Fundamental Changes; Sale of Assets. (a) Each Credit Party will not, and will not permit any Material Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets (other than Unrestricted Margin Stock), or all or substantially all of the stock or assets related to its tax preparation business or liquidate or dissolve, except (i) transfers in connection with the RAL Receivables Transaction and other securitizations otherwise permitted hereby, (ii) sales and other transfers of mortgage loans (and/or related rights and interests and servicing assets) and (iii) if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing, (A) any Material Subsidiary other than the Borrower may merge into a Credit Party in a transaction in which the Credit Party is the surviving Person, (B) any wholly owned Material Subsidiary other than the Borrower may merge into any other wholly owned Material Subsidiary in a transaction in which the surviving entity is a wholly owned Subsidiary, (C) any Material Subsidiary other than the Borrower may sell, transfer, lease or otherwise dispose of its assets to the Guarantor or to another Material Subsidiary and (D) any Material Subsidiary other than the Borrower may liquidate or dissolve if the Guarantor determines in good faith that such liquidation or dissolution is in the best interests of the Guarantor and is not materially disadvantageous to the Lender; provided that any such merger involving a Person that is not a wholly owned Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 6.5.

(b) Except as set forth on Schedule 6.4(b), the Credit Parties will not, and will not permit any Material Subsidiary to, engage to any material extent in any business other than businesses of the type conducted by the Credit Parties and the Subsidiaries on August 10, 2005 and businesses reasonably related thereto.

SECTION 6.5. Transactions with Affiliates. Each Credit Party will not, and will not permit any Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) in the ordinary course of business at prices and on terms and conditions not less favorable to such Credit Party or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Guarantor and/or its Subsidiaries not involving any other Affiliate, and (c) transactions involving the transfer of mortgage loans and other assets for cash and other consideration of not less than the sum of (i) the lesser of (x) the fair market value of such mortgage loans and (y) the outstanding principal amount of such mortgage loans, and (ii) the fair market value of such other assets, to a Subsidiary of the Borrower that issues Indebtedness

permitted by Section 6.2(s); provided, that this Section 6.5 shall not apply to any transactions with OOMC.

SECTION 6.6. Restrictive Agreements. The Credit Parties will not, and will not permit any Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that by its terms prohibits, restricts or imposes any condition upon (a) the ability of any Credit Party or any Subsidiary to create, incur or permit to exist any Lien upon any of its material property or assets (unless such agreement or arrangement does not prohibit, restrict or impose any condition upon the ability of either Credit Party or any Subsidiary to create, incur or permit to exist any Lien in favor of the Lender created under the Loan Documents), or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Guarantor or any other Subsidiary or to Guarantee Indebtedness of the Guarantor or any other Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by this Agreement, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.6 (but shall apply to any extension, renewal, amendment or modification expanding the scope of any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the securitization, financing or other transfer of mortgage loans (and/or related rights and interests and servicing assets) owned by the Borrower or any of its Subsidiaries, (v) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured obligations permitted by this Agreement (including obligations secured by Liens permitted by Section 6.3(j)) if such restrictions or conditions apply only to the property or assets securing such obligations, (vi) clause (a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof and (vii) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to Indebtedness permitted hereunder pursuant to subsection 6.2(m) or the RAL Receivables Transaction

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ARTICLE VII

GUARANTEE

SECTION 7.1. Guarantee. (a) The Guarantor hereby unconditionally and irrevocably guarantees to the Lender and its successors, indorsees, transferees and assigns, the prompt and complete payment and performance by the Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations.

(b) The Guarantor further agrees to pay any and all expenses (including all fees and disbursements of counsel) which may be paid or incurred by the Lender in enforcing, or obtaining advice of counsel in respect of, any rights with respect to, or collecting, any or all of the Obligations and/or enforcing any rights with respect to, or collecting against, the Guarantor under this Article. This Article shall remain in full force and effect until the Obligations and the

obligations of the Guarantor under the guarantee contained in this Article shall have been satisfied by payment in full and the Commitment shall be terminated, notwithstanding that from time to time prior thereto the Borrower may be free from any Obligations.

(c) No payment or payments made by any Credit Party, any other guarantor or any other Person or received or collected by the Lender from any collateral security or Credit Party or any other Person by virtue of any action or proceeding or any set-off or appropriation or application, at any time or from time to time, in reduction of or in payment of the Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of the Guarantor hereunder which shall, notwithstanding any such payment or payments, remain liable hereunder for the Obligations until the Obligations are paid in full and the Commitment is terminated.

(d) The Guarantor agrees that whenever, at any time or from time to time, it shall make any payment to the Lender on account of its liability hereunder, it will notify the Lender in writing that such payment is made under this Article for such purpose.

SECTION 7.2. Delay of Subrogation. Notwithstanding any payment or payments made by the Guarantor hereunder, or any set-off or application of funds of the Guarantor by the Lender, the Guarantor shall not be entitled to be subrogated to any of the rights of the Lender against the Borrower or against any collateral security or guarantee or right of offset held by the Lender for the payment of the Obligations, nor shall the Guarantor seek or be entitled to seek any contribution or reimbursement from the Borrower in respect of payments made by the Guarantor hereunder, until all amounts owing to the Lender by the Borrower on account of the Obligations are paid in full and the Commitment is terminated. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full, such amount shall be held by the Guarantor in trust for the Lender, segregated from other funds of the Guarantor, and shall, forthwith upon receipt by the Guarantor, be turned over to the Lender in the exact form received by the Guarantor (duly indorsed by the Guarantor to the Lender, if required) to be applied against the Obligations, whether matured or unmatured, in such order as the Lender may determine. The provisions of this Section shall be effective notwithstanding the termination of this Agreement and the payment in full of the Obligations and the termination of the Commitment.

SECTION 7.3. Amendments, etc. with respect to the Obligations; Waiver of Rights. The Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against the Guarantor, and without notice to or further assent by the Guarantor, any demand for payment of any of the Obligations made by the Lender may be rescinded by the Lender, and any of the Obligations continued, and the Obligations, or the liability of any other party upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Lender, and this Agreement and any other documents executed and delivered in connection herewith may be amended, modified, supplemented or terminated, in whole or in part, in accordance with the provisions hereof as the Lender may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Lender for the payment of the Obligations may be sold, exchanged, waived, surrendered or released. The Lender shall not have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Obligations or for this Agreement or any property subject thereto. When making any demand hereunder against the Guarantor, the Lender may, but shall be under no obligation to, make a similar demand on the Borrower or any other guarantor, and any failure by the Lender to make any such demand or to collect any payments from the Borrower or any such other guarantor or any release of the Borrower or such other guarantor shall not relieve the Guarantor of its obligations or liabilities hereunder, and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Lender against the Guarantor. For the purposes hereof “demand” shall include the commencement and continuance of any legal proceedings.

SECTION 7.4. Guarantee Absolute and Unconditional. The Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by the Lender upon this Agreement or acceptance of this Agreement; the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this Agreement; and all dealings between the Borrower and the Guarantor, on the one hand, and the Lender, on the other, shall likewise be conclusively presumed to have been had or consummated in reliance upon this Agreement. The Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Borrower and the Guarantor with respect to the Obligations. This Article shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity, regularity or enforceability of this Agreement, any other documents executed and delivered in connection herewith, any of the Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by the Guarantor against the Lender, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or the Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrower for the Obligations, or of the Guarantor under this Article, in bankruptcy or in any other instance. When pursuing its rights and remedies hereunder against the Guarantor, the Lender may, but shall be under no obligation to, pursue such rights and remedies as it may have against the Borrower or any other Person or against any collateral security or guarantee for the Obligations

or any right of offset with respect thereto, and any failure by the Lender to pursue such other rights or remedies or to collect any payments from the Borrower or any such other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Borrower or any such other Person or of any such collateral security, guarantee or right of offset, shall not relieve the Guarantor of any liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Lender against the Guarantor. This Article shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantor and its successors and assigns, and shall inure to the benefit of the Lender and its successors, indorsees, transferees and assigns, until all the Obligations and the obligations of the Guarantor under this Agreement shall have been satisfied by payment in full and the Commitment shall be terminated, notwithstanding that from time to time during the term of this Agreement the Borrower may be free from any Obligations.

SECTION 7.5. Reinstatement. This Article shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Credit Party or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, any Credit Party or any substantial part of its property, or otherwise, all as though such payments had not been made.

SECTION 7.6. Payments. The Guarantor hereby agrees that all payments required to be made by it hereunder will be made to the Lender without set-off or counterclaim in accordance with the terms of the Obligations, including in the currency in which payment is due.

ARTICLE VIII

EVENTS OF DEFAULT

If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five business days;

(c) any representation or warranty made or deemed made by any Credit Party (or any of its officers) in or in connection with this Agreement or any amendment or modification hereof, or in any report, certificate, financial statement or other document furnished

pursuant to or in connection with this Agreement or any amendment or modification hereof, shall prove to have been incorrect in any material respect when made or deemed made;

(d) any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in Section 5.2, 5.3 (with respect to the Credit Parties' existence), 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 Lender to the Borrower;

(f) any Credit Party or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable (after expiration of any applicable grace or cure period);

(g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity; provided that this clause (g) shall not apply to (i) secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness or (ii) any obligation under a Hedging Agreement that becomes due as a result of a default by a party thereto other than a Credit Party or a Subsidiary;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of any Credit Party or any Material Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Credit Party or any Material Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) any Credit Party or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Material Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) any Credit Party or any Material Subsidiary shall become unable, admit in writing or fail generally to pay its debts as they become due;

(k) one or more final judgments for the payment of money shall be rendered against the Guarantor, the Borrower, any Subsidiary or any combination thereof and either (i) a creditor shall have commenced enforcement proceedings upon any such judgment in an aggregate amount (to the extent not covered by insurance as to which the relevant insurance company has not denied coverage) in excess of $40,000,000 (a "Material Judgment") or (ii) there shall be a period of 30 consecutive days during which a stay of enforcement of any Material Judgment shall not be in effect (by reason of pending appeal or otherwise) (it being understood that, notwithstanding the definition of "Default", no "Default" shall be triggered solely by the rendering of such a judgment or judgments prior to the commencement of enforcement proceedings or the lapse of such 30 consecutive day period, so long as such judgments are capable of satisfaction by payment at any time);

(l) an ERISA Event shall have occurred that, in the opinion of the Lender, when taken together with all other ERISA Events that have occurred, would reasonably be expected to result in a Material Adverse Effect;

(m) a Change in Control shall occur;

(n) the Guarantee contained in Article VII herein shall cease, for any reason, to be in full force and effect in any material respect or any Credit Party shall so assert;

(o) the Security Agreement, the Control Agreement or the HSBC TFS Letter shall for any reason cease to be valid and binding on or enforceable against any Credit Party that is party thereto; or any Credit Party shall so state in writing or bring an action to limit its obligations or liabilities thereunder;

(p) the Security Agreement shall for any reason (other than pursuant to the terms thereof) cease to create a valid, perfected and first priority security interest in the Collateral purported to be covered thereby;

(q) any representation or warranty made or deemed made by any Credit Party in the Security Agreement, the Control Agreement or the HSBC TFS Letter shall prove to have been incorrect in any material respect when made or deemed made; or

(r) any Credit Party shall fail to observe or perform any covenant or agreement (other than as specified in clauses (o), (p) and (q) of this Article) contained in the Security Agreement, the Control Agreement or the TFS Letter Agreement;

then, and in every such event (other than an event with respect to the Credit Parties described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Lender may, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitment, and thereupon the Commitment shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other

Obligations of the Credit Parties accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Credit Parties; and in case of any event with respect to the Credit Parties described in clause (h) or (i) of this Article, the Commitment shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations of the Credit Parties accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Credit Parties.

ARTICLE IX

[RESERVED]

ARTICLE X

MISCELLANEOUS

SECTION 10.1. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone and except as otherwise provided in Sections 2.3, 2.6 and 2.8, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to the Borrower or the Guarantor, to it at One H&R Block Way, Kansas City, Missouri 64105, Attention of Becky Shulman (Telecopy No. (816) 854-8043), David Staley (Telecopy No. (816) 854-8043) and Andrew Somora (Telecopy No. (816) 802-1043); and

(b) if to the Lender, to it at 2700 Sanders Road, Prospect Heights, Illinois 60070, attention: Treasurer (Telecopy No. (847) 205-7538), with copies to 2700 Sanders Road, Prospect Heights, Illinois 60070, attention: Deputy General Counsel- Corporate Law (Telecopy No.(847) 564-6366), HSBC Securities, Inc., 425 Fifth Avenue, Lower Level, New York, N.Y. 10018 (Telecopy No. (212) 525-2479), attention Vince Clark, HSBC Taxpayer Financial Services Inc., 200 Somerset Corporate Boulevard, Bridgewater, N.J. 08807 (Telecopy No. (908) 203-4211, attention: CEO and Managing Director, and HSBC Taxpayer Financial Services Inc., 90 Christiana Road, New Castle, DE 19707 (Telecopy No. (302) 327-2507, attention: General Counsel); provided, that notices under Section 2.3 need only be given to Mr. Kyle Hartung at telephone number (847) 564-6281, confirmed by telecopy at (847) 564-6138.

Any party hereto may change its address, telephone number or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other

communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt. For so long as any Affiliate of the Lender is a "Lender" under either of the Bank Revolvers, the Lender will accept delivery of any financial statement or other information to be delivered under Section 5.1(a), (b) and(d) hereunder that is posted to Intralinks. The Lender, the Borrower or the Guarantor may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

SECTION 10.2. Waivers; Amendments. (a) No failure or delay by the Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lender hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Credit Parties therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Credit Parties and the Lender.

SECTION 10.3. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay all reasonable and documented out-of-pocket expenses incurred by the Lender, including the reasonable and documented fees, charges and disbursements of any counsel for the Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including in connection with any workout, restructuring or negotiations in respect thereof.

(b) The Credit Parties shall jointly and severally indemnify the Lender and each Related Party of the Lender (each such Person being called an "Indemnitee"), against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of the material breach by any Credit Party of any representation, warranty, covenant or agreement in this Agreement, the Security Agreement, the Control Agreement or the HSBC TFS Letter; provided that such indemnity shall not be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of any Indemnitee or any of its Related Parties.

(c) No party to this Agreement shall be liable for lost profits, incidental, consequential, exemplary, special or punitive damages arising under or in connection with this Agreement, the Security Agreement, the Control Agreement or the HSBC TFS Letter, or the transaction contemplated hereby or thereby.

SECTION 10.4. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender (and any attempted assignment or transfer by any Credit Party without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of the Lender) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) The Lender may assign to one or more assignees all or a portion of its rights under this Agreement (including all or a portion of the Loans at the time owing to it); provided that the Borrower must give its prior written consent to such assignment (which consent shall not be unreasonably withheld); provided, further, that any consent of the Borrower otherwise required under this paragraph shall not be required if an Event of Default has occurred and is continuing. Any assignment or transfer by the Lender of rights under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by the Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(c) The Lender may, without the consent of any Credit Party, sell participations to one or more banks or other entities (a "Participant") in all or a portion of the Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (i) the Lender's obligations under this Agreement shall remain unchanged, (ii) the Lender shall remain solely responsible to the other parties hereto for the performance of the obligations and (iii) the Credit Parties shall continue to deal solely and directly with the Lender in connection with the Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which the Lender sells such a participation shall provide that the Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver of or under this Agreement that shall (i) increase the Commitment, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of the Commitment, (iv) release any security provided for in the Security Agreement, (v) release the guarantee contained in Article VII or (vi) change any of the provisions of this Section. Subject to paragraph (d) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.9

and 2.10 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section.

(d) A Participant shall not be entitled to receive any greater payment under Section 2.9 or 2.10 than the Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent.

(e) The Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of the Lender, including any such pledge or assignment to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release the Lender from any of its obligations hereunder or substitute any such assignee for the Lender as a party hereto.

SECTION 10.5. Survival. All covenants, agreements, representations and warranties made by the Credit Parties herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitment has not expired or terminated. The provisions of Sections 2.9, 2.10, 10.3, 10.9, 10.10 and 10.l5 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitment or the termination of this Agreement or any provision hereof.

SECTION 10.6. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the documents provided for herein constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.1, this Agreement shall become effective when it shall have been executed by the Lender and when the Lender shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.7. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality

and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.8. Right of Setoff. If an Event of Default shall have occurred and be continuing, the Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all indebtedness at any time owing by the Lender to or for the credit or the account of either Credit Party against any of and all the obligations of such Credit Party now or hereafter existing under this Agreement held by the Lender, irrespective of whether or not the Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of the Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 10.9. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each Credit Party hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in connection with any Proceeding, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any Proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such Proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Lender may otherwise have to bring any Proceeding relating to this Agreement against any Credit Party or its properties in the courts of any jurisdiction.

(c) Each Credit Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any Proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such Proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.1 in connection with a Proceeding. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law in connection with a Proceeding.

SECTION 10.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES

THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 10.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.12. Confidentiality. The Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section by it or (ii) becomes available to the Lender on a nonconfidential basis from a source other than any Credit Party; provided, that the Lender may file this Agreement with the Securities and Exchange Commission. For the purposes of this Section, "Information" means all information received from any Credit Party relating to any Credit Party or its business, other than any such information that is available to the Lender on a nonconfidential basis prior to disclosure by such Credit Party; provided that, in the case of information received from any Credit Party after the date hereof, such information is clearly identified at the time of delivery as confidential. The Lender shall be considered to have complied with its obligation under this Section if it has exercised the same degree of care to maintain the confidentiality of such Information as it would accord to its own confidential information.

SECTION 10.13. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to the Lender in respect of other Loans or periods shall be increased

(but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by the Lender.

SECTION 10.14. USA Patriot Act.

The Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender to identify the Borrower in accordance with the Act.

[THIS SPACE LEFT BLANK INTENTIONALLY]

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 LLC, as Borrower

By: /s/ Becky S. Shulman
Name: Becky S. Shulman
Title: SVP and Treasurer

H&R BLOCK, INC., as Guarantor

By: /s/ Becky S. Shulman
Name: Becky S. Shulman
Title: SVP and Treasurer

HSBC FINANCE CORPORATION, as Lender

By: /s/ William H. Kesler
Name: William H. Kesler
Title: Senior Vice President — Treasurer

SCHEDULE 3.4(a)

Guarantee Obligations

- Guarantor's obligation pursuant to the $250,000,000 Amended and Restated Bridge Credit and Guarantee Agreement (HSBC) dated as of December 20, 2007, among the Guarantor, the Borrower, the lenders party thereto and HSBC Bank USA, National Association.
- Guarantor's obligation pursuant to the $250,000,000 Amended and Restated Bridge Credit and Guarantee Agreement (BNPP) dated as of December 20, 2007, among the Guarantor, the Borrower, the lenders party thereto and BNP Paribas.

Disclosed Matters

None.

Subsidiaries

The following is a list of the direct and indirect subsidiaries of H&R Block, Inc., a Missouri corporation.

Company Name	Domestic Jurisdiction
4230 W. Green Oaks, Inc.	Michigan
Aculink Mortgage Solutions, LLC	Florida
AcuLink of Alabama, LLC	Alabama
BFC Transactions, Inc.	Delaware
Birchtree Financial Services, Inc.	Oklahoma
Birchtree Insurance Agency, Inc.	Missouri
Block Financial LLC	Delaware
Burr Oak Technical Solutions, Inc.	Delaware
CFS-McGladrey, LLC	Massachusetts
Cfstaffing, Ltd.	British Columbia
Companion Insurance, Ltd.	Bermuda
Companion Mortgage Corporation	Delaware
Creative Financial Staffing of Western Washington, LLC	Massachusetts
EquiCo Europe Limited	United Kingdom
Equico, Inc.	California
Express Tax Service, Inc.	Delaware
Financial Marketing Services, Inc.	Michigan
Financial Stop Inc.	British Columbia
First Option Asset Management Services, Inc.	California
First Option Asset Management Services, LLC	California
FM Business Services, Inc.	Delaware
Franchise Partner, Inc.	Nevada
H&R Block (India) Private Limited	India
H&R Block (Nova Scotia), Incorporated	Nova Scotia
H&R Block Bank	Missouri
H&R Block Canada Financial Services, Inc.	Federally Chartered
H&R Block Canada, Inc.	Federally Chartered
H&R Block Eastern Enterprises, Inc.	Missouri
H&R Block Enterprises, Inc.	Missouri
H&R Block Financial Advisors, Inc.	Michigan
H&R Block Global Solutions (Hong Kong) Limited	Hong Kong
H&R Block Group, Inc.	Delaware
H&R Block Insurance Agency of Massachusetts, Inc.	Massachusetts
H&R Block Insurance Agency, Inc.	Delaware
H&R Block Limited	New South Wales
H&R Block Management, LLC	Delaware
H&R Block Services, Inc.	Missouri
H&R Block Tax and Business Services, Inc.	Delaware
H&R Block Tax and Financial Services Limited	United Kingdom
H&R Block Tax Institute, LLC	Missouri

Company Name	Domestic Jurisdiction
H&R Block Tax Services, Inc.	Missouri
HRB Advance LLC	Delaware
HRB Center LLC	Missouri
HRB Concepts LLC	Delaware
HRB Corporate Enterprises LLC	Delaware
HRB Corporate Services LLC	Missouri
HRB Digital LLC	Delaware
HRB Digital Technology Resources LLC	Delaware
HRB Expertise LLC	Missouri
HRB Financial Corporation	Michigan
HRB Innovations, Inc.	Delaware
HRB International LLC	Missouri
HRB Products LLC	Missouri
HRB Professional LLC	Delaware
HRB Progression LLC	Delaware
HRB Property Corporation	Michigan
HRB Realty Corporation	Michigan
HRB Support Services LLC	Delaware
HRB Tax & Technology Leadership LLC	Missouri
HRB Tax & Technology Software LLC	Missouri
HRB Technology Holding LLC	Delaware
HRB Texas Enterprises, Inc.	Missouri
OLDE Discount of Canada	Federally Chartered
OOMC Holdings LLC	Delaware
OOMC Residual Corporation	New York
Option One Advance Corporation	Delaware
Option One Insurance Agency, Inc.	California
Option One Loan Warehouse LLC	Delaware
Option One Mortgage Acceptance Corporation	Delaware
Option One Mortgage Capital Corporation	Delaware
Option One Mortgage Corporation	California
Option One Mortgage Corporation (India) Private Limited	Pune
Option One Mortgage Securities Corp.	Delaware
Option One Mortgage Securities II Corp.	Delaware
Option One Mortgage Securities III Corp.	Delaware
Option One Mortgage Securities IV LLC	Delaware
Option One Mortgage Services, Inc.	Massachusetts
O'Rourke Career Connections, LLC	California
PDI Global, Inc.	Delaware
Pension Resources, Inc.	Illinois
Premier Mortgage Services of Washington, Inc.	Washington
Premier Property Tax Services, LLC	California
Premier Trust Deed Services, Inc.	California
RedGear Technologies, Inc.	Missouri
RSM (Bahamas) Global, Ltd.	The Bahamas
RSM Employer Services Agency of Florida, Inc.	Florida
RSM Employer Services Agency, Inc.	Georgia
RSM Equico Canada, Inc.	Federally Chartered
RSM Equico Capital Markets, LLC	Delaware
RSM Equico, Inc.	Delaware

Company Name	Domestic Jurisdiction
RSM McGladrey Business Services, Inc.	Delaware
RSM McGladrey Business Solutions, Inc.	Delaware
RSM McGladrey Employer Services, Inc.	Georgia
RSM McGladrey Financial Process Outsourcing India Pvt. Ltd.	India
RSM McGladrey Financial Process Outsourcing, LLC	Minnesota
RSM McGladrey Insurance Services, Inc.	Delaware
RSM McGladrey TBS, LLC	Delaware
RSM McGladrey, Inc.	Delaware
ServiceWorks, Inc.	Delaware
TaxNet Inc.	California
TaxWorks, Inc.	Delaware
The Tax Man, Inc.	Massachusetts
West Estate Investors, LLC	Missouri
Woodbridge Mortgage Acceptance Corporation	Delaware

SCHEDULE 6.2

Existing Indebtedness

- The Irrevocable Standby Letter of Credit issued on March 22, 2004 by KeyBank National Association in favor of Old Republic Insurance Company for an amount up to $16,509,269.
- Irrevocable Standby Letter of Credit issued on December 18, 2003 by KeyBank National Association in favor of Pacific Employer's Insurance Company and ACE American Insurance Company for an amount up to $865,650.
- Irrevocable Standby Letter of Credit issued on February 16, 2005 by KeyBank National Association in favor of Chubb National Company for an amount up to $3,500,000.
- Promissory Note dated December 6, 2001 in the principal amount of $5,500,000 between MyBenefitSource.com, Inc. (now RSM McGladrey Employer Services, Inc.) and AUSA Holdings Company.
- The Guarantor's and Subsidiaries' obligations under surety bonds and fidelity bonds issued pursuant to state mortgage licensing requirements.
- The $250,000,000 Amended and Restated Bridge Credit and Guarantee Agreement (HSBC) dated as of December 20, 2007, among the Guarantor, the Borrower, the lenders party thereto and HSBC Bank USA, National Association.
- The $250,000,000 Amended and Restated Bridge Credit and Guarantee Agreement (BNPP) dated as of December 20, 2007, among the Guarantor, the Borrower, the lenders party thereto and BNP Paribas.

SCHEDULE 6.3

Existing Liens

None.

ADDITIONAL BUSINESSES

- Businesses that offer products and services typically provided by finance companies, banks and other financial service providers, including consumer finance and mortgage-loan related products and services, credit products, insurance products, check cashing, money orders, wire transfers, stored value cards, bill payment services, notary services and similar products and services.
- Businesses that offer financial, or financial-related, products and services that can be marketed, provided or distributed by leveraging the retail locations of Guarantor's Subsidiaries or the relationships of such Subsidiaries with their clients as a tax return preparer or financial advisor or service provider.

SCHEDULE 6.6

Existing Restrictions

- Indenture dated as of October 20, 1997, by and between the Credit Parties and Bankers Trust Company, as trustee (the "October 20, 1997 Indenture").
- Any other Indenture entered into by any Credit Party to the extent that (a) the Indebtedness thereunder is permitted by Section 6.2(d) of this Agreement and (b) such other Indenture has substantially similar terms to the October 20, 1997 Indenture.
- Repurchase Agreements of the type referred to in Section 6.2(i) of this Agreement.
- Certain Subsidiaries must maintain capital requirements which could impair their ability to pay dividends or other distributions.

EXHIBIT A

[FORM OF SECURITY AGREEMENT]

SECURITY AGREEMENT

SECURITY AGREEMENT dated as of January 10, 2008 between BLOCK FINANCIAL LLC ("Debtor"), a Delaware limited liability company, and HSBC FINANCE CORPORATION ("Secured Party"), a Delaware corporation.

WHEREAS, Debtor, Secured Party and H&R Block, Inc. have entered into a Credit and Guarantee Agreement dated as of January 10, 2008 (as amended, restated or otherwise modified and in effect from time to time, the "Credit Agreement") pursuant to which Secured Party has agreed, subject to the terms and conditions thereof, to make loans to Debtor from time to time.

WHEREAS, Secured Party has required, as a condition to its making loans under the Credit Agreement, that Debtor execute and deliver this Agreement.

NOW, THEREFORE, in consideration of the premises and to induce Secured Party to make loans to Debtor under the Credit Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. Capitalized terms used herein without definition are used herein as defined in the Credit Agreement. In addition, the following terms shall have the following meanings:

"Additional Collateral Amount" means, at any time there is a Collateral Deficiency, the amount by which the Required Collateral Amount exceeds the fair market value of the Securities Account, as determined by the Securities Intermediary or the Transfer Agent or another service provider.

"BFC Program Contracts" means, collectively, the Indemnification Agreement, the Participation Agreement and the Servicing Agreement.

"Collateral" is defined in Section 2 hereof.

"Collateral Deficiency" means at any time that the fair market value of the Collateral held in the Securities Account, as determined by the Securities Intermediary or the Transfer Agent or another service provider, shall be less than the Required Collateral Amount.

"Contract Obligor" means any Person that is obligated to Debtor under a BFC Program Contract.

"Control Agreement" means the Investment Account Control Agreement between Debtor, Secured Party and the Securities Intermediary with respect to the Securities Account, in substantially the form of Exhibit B to the Credit Agreement.

"Direct Pay Provisions" means the provisions of paragraph 2 of the HSBC TFS Letter.

"HSBC RAL" means "HSBC RAL" as such term is defined in the Appendix of Defined Terms and Rules of Construction attached as Appendix A to Retail Settlement Products Distribution Agreement.

"HSBC TFS" means HSBC Taxpayer Financial Services, Inc., a Delaware corporation.

"HSBC TFS Letter" means a letter agreement between Debtor, HSBC TFS and Secured Party in substantially the form of Exhibit C to the Credit Agreement.

"Indemnification Agreement" means the HSBC Settlement Products Indemnification Agreement dated as of September 23, 2005 among HSBC Bank USA, N.A., HSBC TFS, Household Tax Masters Acquisition Corporation, Beneficial Franchise Company Inc., H&R Block Services, Inc., H&R Block Tax Services, Inc., H&R Block Enterprises, Inc., H&R Block Eastern Enterprises, Inc., HRB Digital LLC (successor by merger to H&R Block Digital Tax Solutions, LLC), H&R Block and Associates, L.P. (now dissolved), HRB Innovations Inc. (formerly known as HRB Royalty, Inc.) and Debtor, as amended by the Joinder and First Amendment to Program Contracts dated as of November 10, 2006 and the Second Amendment to Program Contracts dated as of November 13, 2006, and as further amended from time to time, and any restatement, extension, renewal and replacement thereof.

"Participation Agreement" means the First Amended and Restated HSBC Refund Anticipation Loan and IMA Participation Agreement, dated as of November 13, 2006, as amended from time to time, and any restatement, extension, renewal and replacement thereof, by and among the Borrower, HSBC Bank USA, National Association, HSBC TFS and HSBC Trust Company (Delaware), National Association.

"Participation Interest" means a "Participation Interest" under and as defined in the Credit Agreement.

"Required Collateral Amount" means at any time the greater of (i) $60,000,000 and (ii) the quotient of (a) the amount determined in good faith by the Secured Party to be the excess of (A) its forecast of the amount of delinquent HSBC RALs originated in 2008 as of December 31, 2008 (without consideration of any subsequent recoveries) over (B) $96,300,000, divided by (b) .89, which quotient shall be multiplied by .49999999. The Secured Party, acting in good faith, may compute the Required Collateral Amount from time to time in its discretion, and any such computation of the Required Collateral Amount shall be based on the Secured Party's statistical and reasonable judgmental forecast and models and methods in accordance with its practices and policies then in effect and shall be conclusive and binding in the absence of manifest error. The Secured Party's forecast of the amount of delinquent HSBC RALs originated in 2008 as of December 31, 2008 (without consideration of any subsequent recoveries) as of the date of this Agreement is $96,270,623.

"Securities Account" means account number 615878 maintained by Debtor with the Securities Intermediary, all cash balances, securities, instruments, financial assets and investment property at any time and from time to time credited to, received or receivable in respect of such account, and all securities entitlements and claims thereunder or in connection therewith.

"Securities Intermediary" means HSBC Investor Funds.

"Servicing Agreement" means the First Amended and Restated HSBC Settlement Products Servicing Agreement dated as of November 13, 2006 , as amended from time to time, and any restatement, extension, renewal and replacement thereof, among HSBC Bank USA, National Association, HSBC TFS, HSBC Trust Company (Delaware), N.A., and Debtor.

"Transfer Agent" has the meaning specified in the Control Agreement.

"Uniform Commercial Code" means the Uniform Commercial Code as in effect from time to time in the State of New York; provided, however, if, by reason of mandatory provisions of law, the attachment, perfection or priority of Secured Party's security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

The terms "control", entitlement holder", "entitlement order", "financial asset", "instrument", "investment property", "proceeds", "security", "security entitlement", "securities intermediary" and "supporting obligation" shall have the respective meanings set forth in the Uniform Commercial Code.

2. Security Interest. As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Obligations, Debtor hereby assigns and pledges to Secured Party and grants to Secured Party a security interest in and to all of Debtor's right, title and interest in the following property and interests in property, whether now owned or hereafter acquired by Debtor and wherever located (collectively, the "Collateral"):

(a) the BFC Program Contracts, including (without limitation) the Participation Interests purchased by Debtor under the Participation Agreement, all rights of Debtor related to the HSBC RALs to which such Participation Interests relate, and all monies due and to become due in respect thereof; provided, that the security interest created hereby shall not extend to the rights reserved to Debtor pursuant to the proviso in Section 3 hereof;

(b) the Securities Account (including without limitation any Additional Collateral Amount deposited therein pursuant to Section 5(d) hereof); and

(c) all proceeds, supporting obligations, income, benefits, substitutions, additions and replacements of and to any of the property described in this Section 2

including, without limitation, all rights, claims and benefits against any Contract Obligor or other Person obligated on any Collateral, and all related books, correspondence, files, records, invoices and other papers, including, without limitation, all computer runs, programs and files.

3. Certain Rights of Debtor. Notwithstanding any other term or provision of this Agreement, as long as no Event of Default has occurred, Debtor may exercise all of its rights under the BFC Program Contracts, other than the following, which Debtor may not exercise: (a) the right to receive payments from HSBC TFS under the Direct Pay Provisions of the amounts to be transferred by HSBC TFS to Secured Party thereunder, (b) the right to sell, assign, pledge or grant a security interest in or Lien on the Collateral and (c) its right to modify, amend or waive its rights under the BFC Program Contracts that would affect in any way the Participation Interests that have been financed by Secured Party pursuant to the Credit Agreement, provided, further, that even after an Event of Default has occurred and is continuing under the Credit Agreement, Debtor will have the right, on a prospective basis, (i) under Section 4.1 of the Participation Agreement, to participate or not participate in subsequently originated HSBC RALs and to change the Applicable Percentage (as defined in the Participation Agreement) with respect thereto, (ii) under Section 4.4 of the Participation Agreement, to elect not to purchase a participation interest in certain groups of subsequently originated HSBC RALs; and (iii) under Section 4.8 of the Participation Agreement to sell, assign or transfer its right to purchase participation interests on subsequently originated HSBC RALs that are not financed by Secured Party.

4. Representations and Warranties of Debtor. Debtor represents and warrants to Secured Party as follows:

(a) Binding Effect. This Agreement has been, and the Control Agreement and the HSBC TFS Letter will be, duly executed and delivered by Debtor, and this Agreement constitutes, and the Control Agreement and the HSBC TFS Letter will constitute, legal, valid and binding agreements of Debtor, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) Ownership and Liens. Debtor is and will be the owner of the Collateral and no Lien exists or will exist upon such Collateral at any time except as provided for in this Agreement. Debtor is the sole entitlement holder with respect to the Securities Account.

(c) Perfection. This Agreement is effective to create in favor of Secured Party a valid security interest in and Lien upon all of Debtor's right, title and interest in and to the Collateral and, upon the filing of an appropriate Uniform Commercial Code financing statement in the Office of the Secretary of State of the State of Delaware, such security interest will be a duly perfected security interest in all of the Collateral and no further recordings or filings are or will be required in connection with the creation, perfection or enforcement of such security interest and Lien, other than (i) the filing of continuation statements or financing change statements in accordance with applicable law and (ii) additional filings if Debtor changes its name, identity or organizational structure or the jurisdiction in which it is organized.

5. Agreements of Debtor. Debtor hereby agrees with Secured Party as follows:

(a) Direct Payment to Secured Party. Debtor shall enter into the HSBC TFS Letter with Secured Party and HSBC TFS. Debtor shall, forthwith upon becoming aware or being made aware that it has received any amount in payment under the Direct Pay Provisions at any time, pay such amount to Secured Party, and any such amount which may be so received by Debtor shall, from the time of Debtor being or becoming aware of such receipt, not be commingled by Debtor with any of its other funds or property but, until paid to Secured Party, shall be held separate and apart from such other funds and property and in trust for Secured Party. Debtor authorizes and empowers Secured Party (i) to ask, demand, receive, receipt and give acquittance for any and all amounts which may be or become due or payable at any time to Debtor under the Direct Pay Provisions and (ii) in its discretion to file any claims or take any action or proceeding, either in its own name or in the name of Debtor or otherwise, which Secured Party may deem to be necessary or advisable to collect amounts due under the Direct Pay Provisions.

(b) Performance of BFC Program Contracts. Debtor shall remain liable under the BFC Program Contracts to perform all of its obligations thereunder and shall duly and punctually perform and observe all of the terms and provisions of the BFC Program Contracts on the part of Debtor to be performed or observed, subject to any applicable grace or cure periods contained in the BFC Program Contracts. Secured Party does not assume and shall not have any obligations or liabilities under the BFC Program Contracts by reason of or arising out of this Agreement, nor shall Secured Party be obligated to make any inquiry as to the nature or sufficiency of any payment received under the BFC Program Contracts or to collect or enforce the BFC Program Contracts. Debtor shall not agree to or suffer or permit any amendment, modification or waiver of or under the BFC Program Contracts that would affect in any way the Participation Interests that have been financed by Secured Party pursuant to the Credit Agreement.

(c) Other Documents and Actions. Debtor shall, within 10 days of request by Secured Party, give, execute, deliver, file or record any financing statement, notice, instrument, agreement or other document that may be necessary or desirable in the reasonable judgment of Secured Party to create, preserve, perfect or validate the security interest granted pursuant hereto or to enable Secured Party to exercise and enforce the rights of Secured Party hereunder with respect to such security interest.

(d) Additional Collateral. Not later than one Business Day after the date of any written demand by the Secured Party made upon the Debtor at any time after February 15, 2008 when there is a Collateral Deficiency, the Borrower shall deposit into the Securities Account cash in the amount of the Additional Collateral Amount stated in such demand, which shall thereupon constitute part of the Collateral. Any such demand shall include a computation of the Additional Collateral Amount and the Secured Party's forecast of the amount of delinquent HSBC RALs originated during 2008 as of December 31, 2008 and shall be conclusive and binding in the absence of manifest error. Without limiting the foregoing, the Additional Collateral Amount so deposited shall be made available from funds of the Debtor and not from collections distributable to the Secured Party under the Direct Pay Provisions.

(e) Control Agreement. Debtor shall take any and all actions required or requested by Secured Party from time to time to cause Secured Party to maintain exclusive control the Securities Account and for that purpose Debtor shall enter into the Control Agreement with Secured Party and the Securities Intermediary. Debtor agrees that Debtor shall not withdraw any money or property from the Securities Account or modify or terminate the Control Agreement or any customer agreement relating to the Securities Account without the prior written consent of Secured Party.

(f) Other Liens. Debtor shall not create, permit or suffer to exist, and shall defend the Collateral against and take such other action as is necessary to remove, any Lien on the Collateral and shall defend the right, title and interest of Secured Party in and to the Collateral and in and to all Proceeds thereof against the claims and demands of all Persons whatsoever.

(g) Preservation of Rights. Whether or not any Event of Default has occurred or is continuing, Secured Party may, but shall not be required to, take any actions Secured Party reasonably deems necessary or appropriate to preserve any Collateral or any rights against third parties to any of the Collateral and Debtor shall, within 30 days of demand by Secured Party, pay, or reimburse Secured Party for, all expenses incurred in connection therewith.

(h) Changes in Name, etc. The name of Debtor that appears above its signature on this Agreement is its full and correct legal name as it appears in its certificate of formation. Debtor shall notify Secured Party promptly in writing prior to any change in Debtor's name, identity, limited liability company structure or state of formation.

(i) Financing Statements. Debtor hereby irrevocably authorizes Secured Party, at Debtor's expense, to file such financing and continuation statements relating to this Agreement, without Debtor's signature, as Secured Party may deem appropriate, and appoints Secured Party as Debtor's attorney-in-fact to execute any such statements in Debtor's name and to perform all other acts which Secured Party deems appropriate to perfect and continue the security interest created hereby.

6. Remedies. During the period during which an Event of Default shall have occurred and be continuing:

(a) Secured Party shall have, in addition to other rights and remedies provided for herein or otherwise available to it, all of the rights and remedies of a Secured Party upon default under the Uniform Commercial Code (whether or not the Uniform Commercial Code applies to the affected Collateral) and Secured Party may, without notice, demand or legal process of any kind except as may be required by law, at any time or times (i) if Secured Party shall have requested that Debtor assemble any tangible Collateral pursuant to Section 6(a)(ii) hereof and Debtor shall have failed to do so in a commercially reasonable time, enter Debtor's premises and take physical possession of such tangible Collateral and maintain such possession on Debtor's premises, at no cost to Secured Party, or remove such tangible Collateral or any part thereof to such other place or places as Secured Party may desire, (ii) require Debtor to, and Debtor hereby agrees to, assemble any tangible Collateral as directed by Secured Party and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to

Secured Party and Debtor and (iii) without notice except as specified below, sell, lease, assign, grant an option or options to purchase or otherwise dispose of the Collateral or any part thereof at public or private sale, at any exchange, broker's board or at any of the offices of Secured Party or elsewhere, for cash, on credit or for future delivery, and upon such other terms as Secured Party may deem commercially reasonable. Debtor agrees that, to the extent notice of sale shall be required by law, at least 10 days' notice to Debtor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor and such sale may, without further notice, be made at the time and place to which it was so adjourned;

(b) Secured Party may make any compromise or settlement deemed desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments or otherwise modify the terms of, any of the Collateral;

(c) Secured Party may, in the name of Secured Party or in the name of Debtor or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so; and

(d) Secured Party may take any action and exercise any right or remedy available to it under the Control Agreement, including any right to give instructions or entitlement orders to the Securities Intermediary under the Control Agreement and to dispose of any Collateral in the Securities Account as provided in Section 6(a).

7. Deficiency; Application of Proceeds. If the proceeds of sale, collection or other realization of or upon the Collateral are insufficient to cover the costs and expenses of such realization and the payment in full of the Obligations, Debtor shall remain liable for any deficiency. The proceeds of any collection, sale or other realization of all or any part of the Collateral shall be applied first, to payment of all expenses payable or reimbursable by Debtor under the Loan Documents in connection with such collection, sale or other realization on the Collateral, and then as provided in the Credit Agreement.

8. Power of Attorney. Debtor hereby irrevocably constitutes and appoints Secured Party, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtor and in the name of Debtor or in its own name, from time to time in the discretion of Secured Party, after the occurrence and during the continuance of an Event of Default, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute and deliver any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives Secured Party the power and right, on behalf of Debtor, without notice to or assent by Debtor, to do the following upon the occurrence and during the continuance of an Event of Default:

(a) to ask, demand, collect, receive and give acquittance and receipts for any and all moneys due and to become due under any Collateral and, in the name of Debtor or its own name or otherwise, to take possession of and endorse and collect any checks, drafts, notices acceptances or other instruments for the payment of monies due under any Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Secured Party for the purpose of collecting any and all such moneys due under any Collateral whenever payable and to file any claim or to take any other action or proceeding or otherwise deemed appropriate by Secured Party for the purpose of collecting any and all such moneys due under any Collateral;

(b) to pay or discharge charges or Liens levied or placed on or threatened against the Collateral;

(c) to direct any Contract Obligor or other party liable under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to Secured Party or as Secured Party may direct, and to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due in respect of or arising out of any Collateral;

(d) to sign and indorse any invoices, drafts against debtors, assignments, verifications and notices in connection with or relating to the Collateral;

(e) to commence and prosecute any suits, actions or proceedings to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral;

(f) to participate in the defense of any suit, action or proceeding brought against Debtor with respect to any Collateral, or to defend same with Debtor's consent;

(g) to settle, compromise or adjust any such suit, action or proceeding as it relates to the Collateral and, in connection therewith, to give such discharges or releases as Secured Party may deem appropriate;

(h) to notify each Contract Obligor in respect of any BFC Program Contracts that such Collateral has been assigned to Secured Party and that any payments due or to become due in respect of such Collateral are to be made directly to Secured Party; and to communicate in its own name with any party to any BFC Program Contract with regard to the assignment of the right, title and interest of Debtor in and under the BFC Program Contracts hereunder and other matters relating thereto;

(i) to execute, in connection with any sale of Collateral provided for in Section 6 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(j) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes and to do, at Secured Party's option and at Debtor's expense, at any time or from time to time, all acts and things which Secured Party reasonably

deems necessary to protect, preserve or realize upon the Collateral and Secured Party's Lien therein, in order to effect the intent of this Agreement, all as fully and effectively as Debtor might do.

The power of attorney granted hereunder is a power coupled with an interest, shall be irrevocable until this Agreement is terminated pursuant to Section 9, and shall not limit the rights of Secured Party when no Event of Default shall have occurred and be continuing.

9. Termination. This Agreement and the security interests granted hereunder shall not terminate until the termination of the Commitment of the Secured Party under the Credit Agreement and the full and complete payment and satisfaction of all Obligations (regardless of whether the Credit Agreement shall have earlier terminated), at which time Secured Party shall notify (i) the Securities Intermediary of the termination of the Control Agreement pursuant to Section 15 thereof and (ii) HSBC TFS of the termination of the HSBC TFS Letter pursuant to paragraph 3 thereof.

10. Further Assurances. At any time and from time to time, within 10 days of request of Secured Party, and at the sole expense of Debtor, Debtor shall duly execute and deliver any and all such further instruments, documents and agreements and take such further actions as Secured Party may reasonably require in order for Secured Party to obtain the full benefits of this Agreement, including, without limitation, using Debtor's best efforts to secure all consents and approvals necessary or appropriate for the assignment to Secured Party of any Collateral held by Debtor or in which Debtor has any rights not heretofore assigned.

11. Limitation on Duty of Secured Party. The powers conferred on Secured Party under this Agreement are solely to protect the Secured Party's interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, Secured Party shall have no duty as to any of the Collateral. Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither Secured Party nor any of its officers, directors, employees or agents shall be responsible to Debtor for any act or failure to act, except for gross negligence or willful misconduct. Without limiting the foregoing, Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if such Collateral is accorded treatment substantially equivalent to that which Secured Party, in its individual capacity, accords its own property consisting of the type of Collateral involved, it being understood and agreed that Secured Party shall have no responsibility for taking any necessary steps, other than steps taken in accordance with the standard of care set forth above, to preserve rights against any Person with respect to any Collateral.

12. Private Sales. Debtor recognizes that Secured Party may be unable to effect a public sale of certain of the Collateral by reason of prohibitions contained in the Securities Act of 1933, as amended, and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such Collateral for their own account for investment and not with a view to the distribution or resale thereof. Debtor acknowledges and

agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that, solely by reason of such circumstances, any such private sale shall be deemed to have been made in a commercially reasonable manner; provided, that nothing in this Section 12 shall otherwise relieve Secured Party of any duty to proceed in a commercially reasonable manner in connection with such private sale. Secured Party shall be under no obligation to delay a sale of any of the Collateral for the period of time necessary to permit registration of any Collateral for public sale under such Act or applicable state securities laws.

13. Miscellaneous.

(a) No Waiver. No failure on the part of Secured Party to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Secured Party of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law.

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(c) Notices. All notices, demands and requests that any party is required or elects to give to any other party shall be given in accordance with the provisions of the Credit Agreement.

(d) Amendments. The terms of this Agreement may be waived, altered or amended only by an instrument in writing duly executed by Debtor and Secured Party.

(e) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of each of the parties hereto; provided, that Debtor shall not assign or transfer its rights or delegate its obligations hereunder without the prior written consent of Secured Party.

(f) Counterparts; Headings. This Agreement may be executed in any number of counterparts and by any party on any counterpart, all of which together shall constitute one and the same instrument. The headings in this Agreement are for convenience of reference only and shall not alter or otherwise affect the meaning hereof.

(g) Severability. If any provision hereof is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of Secured Party in order to carry out the intentions of the parties hereto as nearly as may be possible, and the invalidity or unenforceability of any provision in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties have caused this Security Agreement to be duly executed and delivered as of the date first written above.

BLOCK FINANCIAL LLC

By: _____
Name:
Title:

HSBC FINANCE CORPORATION

By: _____
Name:
Title:

EXHIBIT B

[FORM OF CONTROL AGREEMENT]

INVESTMENT ACCOUNT CONTROL AGREEMENT

INVESTMENT ACCOUNT CONTROL AGREEMENT dated as of January 10, 2008 among BLOCK FINANCIAL LLC, a Delaware limited liability company ("Debtor"), HSBC FINANCE CORPORATION ("Secured Party"), a Delaware corporation, and HSBC INVESTOR FUNDS (the "Securities Intermediary"), a Massachusetts business trust.

WHEREAS, Debtor, Secured Party and H&R Block, Inc. have entered into a Credit and Guarantee Agreement dated as of January 10, 2008 (as amended, restated or otherwise modified and in effect from time to time, the "Credit Agreement") pursuant to which Secured Party has agreed, subject to the terms and conditions thereof, to make loans to Debtor from time to time.

WHEREAS, Secured Party has required, as a condition to its making loans under the Credit Agreement, that Debtor execute and deliver to Secured Party a Security Agreement (as amended, restated or otherwise modified and in effect from time to time, the "Security Agreement"), which Security Agreement creates a security interest in certain property of Debtor, including the Securities Account, as hereinafter defined, maintained with Securities Intermediary by Debtor in which certain cash balances, securities, financial assets and other investment property are held.

WHEREAS, Secured Party, Debtor and Securities Intermediary have agreed to enter into this Agreement to perfect Secured Party's security interests in the Collateral, as defined below.

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

Section 1. Meaning of "UCC". All references herein to the "UCC" shall mean the Uniform Commercial Code as in effect in the State of New York.

Section 2. Establishment of Securities Account. The Securities Intermediary hereby confirms that (i) the Securities Intermediary has established account number 615878 in the name Debtor (such account and any successor account, the "Securities Account"), (ii) the Securities Account is a "securities account" as such term is defined in Section 8-501(a) of the UCC, (iii) pursuant to that the Security Agreement, Secured Party has a security interest in Debtor's right, title and interest in and to such Securities Account and all cash balances, securities, instruments, investment property and financial assets maintained therein from time to time, including any Additional Collateral Amount (as defined in the Security Agreement) deposited into the Securities Account at any time (collectively, "Collateral") and all securities entitlements relative thereto, (iv) the Securities Intermediary shall, subject to the terms of this Agreement, treat Secured Party as entitled to exercise the rights relating to any Collateral credited to the Securities Account, (v) all property delivered to the Securities Intermediary pursuant to the Security Agreement will be promptly credited to the Securities Account and become Collateral, and (vi) all Collateral credited to the Securities Account shall be registered in the name of the Secured

Party, endorsed to the Secured Party or in blank, and in no case will any Collateral credited to the Securities Account be registered in the name of the Debtor, payable to the order of the Debtor or specially endorsed to the Debtor except to the extent the foregoing have been specially endorsed to the Secured Party or in blank.

Section 3. "Financial Assets" Election. The Securities Intermediary hereby agrees that each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Securities Account shall be treated as a "financial asset" within the meaning of Section 8-102(a)(9) of the UCC.

Section 4. Sole Control. Secured Party shall have sole control over the Securities Account. Securities Intermediary shall not accept any direction, instructions, or entitlement orders with respect to the Securities Account or the Collateral credited thereto from any person other than Secured Party, except as provided in Section 6 and unless otherwise ordered by a court of competent jurisdiction.

Section 5. Entitlement Orders. The Securities Intermediary hereby agrees that if Secured Party delivers to the Securities Intermediary and its transfer agent identified in Section 14 (the "Transfer Agent") an "entitlement order" (within the meaning of Section 8-102(a)(8) of the UCC) relating to the Securities Account, the Securities Intermediary shall comply with such entitlement order (and shall cause the Transfer Agent to so comply) without further consent by the Debtor or any other person, and Debtor hereby irrevocably authorizes such compliance. Secured Party will only issue an entitlement order following an "Event of Default" under the Credit Agreement and for the purpose of directing the Securities Intermediary to distribute Collateral to the Secured Party for application to the obligations of the Debtor under the Credit Agreement and the Security Agreement.

Section 6. Procedures for Securities Account. (a) The Debtor may from time to time deposit in the Securities Account cash as Additional Collateral Amounts as provided in the Security Agreement.

(b) The Securities Intermediary shall, or shall cause the Transfer Agent or another servicer provider to, determine the fair market value of the assets in the Securities Account from time to time in accordance with its then current policies and procedures on the request of the Secured Party and shall notify, or cause the Transfer Agent or such other service provider to notify, the Secured Party of such fair market value.

(c) Without Secured Party's prior written consent: (i) neither Debtor nor any party other than Secured Party may withdraw any Collateral from the Securities Account and (ii) the Securities Intermediary will not comply with any entitlement order or request to withdraw any Collateral from the Securities Account given by any party other than Secured Party.

Section 7. Subordination of Lien; Waiver of Set-Off. In the event that the Securities Intermediary has or subsequently obtains by agreement, operation of law or otherwise a security interest in the Securities Account or any Collateral credited thereto, the Securities Intermediary hereby agrees that such security interest shall be subordinate to the security interest of the Secured Party. The Collateral will not be subject to deduction, set-off, banker's lien, or any

other right in favor any person other than the Secured Party except for the payment of the customary fees and expenses of the Securities Intermediary.

Section 8. Choice of Law. Both this Agreement and the Securities Account shall be governed by the laws of the State of New York. Regardless of any provision in any other agreement, for purposes of the UCC, New York shall be deemed to be the Securities Intermediary's location and the Securities Account (as well as the securities entitlements related thereto) shall be governed by the laws of the State of New York.

Section 9. Conflict with other Agreements. There are no other agreements entered into between the Securities Intermediary and the Debtor with respect to the Securities Account except for a certain account application dated December 15, 2006 (the "Account Agreement"), which the Securities Intermediary and the Debtor agree remains in full force and effect in accordance with its terms. In the event of any conflict between this Agreement (or any portion thereof) and any other agreement now existing (including the Account Agreement) or hereafter entered into, the terms of this Agreement shall prevail.

Section 10. Indemnification The Securities Intermediary shall have no liability under this Agreement except in the case of its gross negligence or willful misconduct. Debtor agrees to indemnify Securities Intermediary and Transfer Agent against all claims, liabilities and expenses incurred, sustained or payable by Securities Intermediary or Transfer Agent arising out of this Agreement except to the extent directly caused by the Securities Intermediary's or the Transfer Agent's gross negligence or willful misconduct.

Section 11. Amendments. No amendment or modification of this Agreement or waiver of any right hereunder shall be binding on any party hereto unless it is in writing and is signed by all of the parties hereto.

Section 12. Notice of Adverse Claims. Except for the claims and interests of the Secured Party and of Debtor in the Securities Account, the Securities Intermediary does not know of any claim to, or interest in, the Securities Account or in any financial asset credited thereto. If any person asserts any lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Securities Account or in any Collateral carried therein, the Securities Intermediary will promptly notify the Secured Party and Debtor thereof.

Section 13. Successors. The terms of this Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective corporate successors or heirs and personal representatives.

Section 14. Notices. All notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

Secured Party:	HSBC Finance Corporation 2700 Sanders Road Prospect Heights, IL 60070 Attention: Treasurer Fax no.: . (847) 205-7538

with copies to:

HSBC Finance Corporation
2700 Sanders Road
Prospect Heights, IL 60070
Attention: Deputy General Counsel-Corporate
Law Fax no.: (847) 564-6366

HSBC Securities, Inc.
425 Fifth Avenue, Lower Level
New York, N.Y. 10018
(Telecopy No. (212) 525-2479)
Attention: Vince Clark

HSBC Taxpayer Financial Services Inc.
200 Somerset Corporate Boulevard
Bridgewater, N.J. 08807
(Telecopy No. (908) 203-4211)
attention: CEO and Managing Director

HSBC Taxpayer Financial Services Inc.
90 Christiana Road
New Castle, DE 19707
(Telecopy No. (302) 327-2507)
attention: General Counsel

Debtor:

Block Financial LLC
One H&R Block Way
Kansas City, MO 64105
Attention: Becky Shulman (Telecopy No. (816) 854-8043), David Staley (Telecopy No. (816) 854-8043) and Andrew Somora (Telecopy No. (816) 802-1043)

Securities Intermediary:

HSBC Investor Funds
c/o HSBC Investments (USA) Inc.
452 Fifth Avenue
New York, NY 10018
Attention: Richard Fabietti
Telephone: 212 525-2387
Fax No.: 917 525-1032

	with a copy to:
	HSBC Investments (USA) Inc. 452 Fifth Avenue New York, NY 10018 Attention: James M. Curtis Telephone: 212 525-6961 Fax No.: 917 229-5219
Transfer Agent:	Citi Fund Services Ohio, Inc. 3455 Stelzer Road Columbus, Ohio 43219 Attention: Ayre Spencer TA Risk Management Telephone: 1-877-244-2424 Telecopy: (614) 428-3061

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt. Debtor, Secured Party or Securities Intermediary may, in its sole discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Section 15. Termination. The rights and powers granted herein to the Secured Party have been granted in order to perfect its security interests in the Securities Account, are powers coupled with an interest and will neither be affected by the bankruptcy of Debtor nor by the lapse of time. This Agreement, the rights and powers granted herein to the Secured Party, and the obligations of the Securities Intermediary hereunder shall automatically terminate upon the termination of the Secured Party's security interests pursuant to the terms of the Security Agreement. The Secured Party shall promptly provide written notice of such termination to the Securities Intermediary.

Section 16. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing and delivering one or more counterparts.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first written above.

BLOCK FINANCIAL LLC

By: _____
Name:
Title:

HSBC FINANCE CORPORATION

By: _____
Name:
Title:

HSBC INVESTOR FUNDS,
as Securities Intermediary

By: _____
Name:
Title:

EXHIBIT C

[FORM OF HSBC TFS LETTER]

HSBC TAXPAYER FINANCIAL SERVICES, INC.
90 Christiana Road
New Castle, Delaware 19720

As of January 10, 2008

HSBC Finance Corporation
2700 Sanders Road
Prospect Heights, IL 60070

Block Financial LLC
One H&R Block Way
Kansas City, MO 64105

Ladies and Gentlemen:

HSBC Taxpayer Financial Services ("HSBC TFS") acknowledges that HSBC Finance Corporation (the "Lender") and Block Financial LLC (the "Borrower") have notified HSBC TFS that they are party to (1) a Credit and Guarantee Agreement dated as of January 10, 2008 (as amended, restated or otherwise modified and in effect from time to time, the "Credit Agreement") with H&R Block, Inc., as Guarantor, pursuant to which the Lender has agreed, subject to the terms and conditions thereof, to make loans to the Borrower from time to time and (2) a Security Agreement dated as of January 10, 2008 (as amended, restated or otherwise modified and in effect from time to time, the "Security Agreement") pursuant to which the Borrower has granted to the Lender a security interest in certain property, including the Borrower's right, title and interest in and to the Servicing Agreement and the Participation Agreement to secure the obligations of the Borrower under the Credit Agreement. The parties are entering into this letter agreement to set forth certain agreements among them.

1. Definitions. Capitalized terms used herein that are not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

2. Instructions. As contemplated in the Credit Agreement and the Security Agreement, the Borrower hereby authorizes and instructs HSBC TFS: (1) to give notice to the Lender of the Purchase Price of all Participation Interests to be purchased by the Borrower under the Participation Agreement, such notice to be given to the Lender simultaneously with the giving of notice to the Borrower under Section 4.3 of the Participation Agreement but in any case not later than 9:30 a.m., New York City time; (2) to accept from the Lender for the account of the Borrower the proceeds of Loans made by the Lender to the Borrower under the Credit Agreement in payment of the Purchase Price of Participation Interests to the extent of the amount of such Loans; (3) to pay 97% of all amounts from time to time payable to the Borrower by HSBC TFS under Section 6 of the Participation Agreement in respect of the repurchase of Participation Interests which have been financed by the Lender direct to the Lender to such account as it shall specify from time to time; and (4) to pay 97% of all amounts from time to time to be remitted to the Borrower by HSBC TFS under Section 3.4(b)(iii) of the Servicing Agreement in respect of principal of HSBC RALs in which the Borrower has purchased Participation Interests which have been financed by the Lender directly to the Lender to such account as it shall specify from time to time; provided, that so long as no Event of Default has occurred and is continuing under the Credit Agreement, HSBC TFS is authorized and instructed to pay 3% of all amounts from time to time to be remitted to the Borrower by HSBC TFS under Section 3.4(b)(ii) of the Servicing Agreement in respect of HSBC RALs in which the Borrower has purchased Participation Interests which have been financed by the Lender directly to the Borrower to such account as it shall specify from time to time.

The Borrower and HSBC TFS agree that the authorizations and instructions in the preceding paragraph may not be waived, modified or revoked without the prior written agreement of the Lender. HSBC TFS hereby acknowledges and agrees to the instructions in the preceding paragraph. The Lender agrees that it shall give prompt written notice to HSBC TFS and the Borrower when all Loans borrowed and other amounts payable under the Credit Agreement have been paid in full and no further Commitment exists thereunder, at which time the authorizations and instructions in the preceding paragraph and the agreements of the parties in this letter agreement shall terminate.

3. Miscellaneous. Except as provided in paragraph 2, all notices and other communications provided for in this letter agreement shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

Lender:

HSBC Finance Corporation
2700 Sanders Road
Prospect Heights, IL 60070
Attention: Treasurer
Fax no.: (847) 205-7538

with a copy to:

HSBC Finance Corporation
2700 Sanders Road
Prospect Heights, IL 60070

	Attention: Deputy General Counsel- Corporate Law Fax no.: (847) 564-6366 HSBC Securities, Inc. 425 Fifth Avenue, Lower Level New York, N.Y. 10018 (Telecopy No. (212) 525-2479) Attention: Vince Clark HSBC Taxpayer Financial Services Inc. 200 Somerset Corporate Boulevard Bridgewater, N.J. 08807 (Telecopy No. (908) 203-4211) attention: CEO and Managing Director HSBC Taxpayer Financial Services Inc. 90 Christiana Road New Castle, DE 19707 (Telecopy No. (302) 327-2507) attention: General Counsel
Borrower:	Block Financial One H&R Block Way Kansas City, MO 64105 Attention: Becky Shulman (Telecopy No. (816) 854-8043), David Staley (Telecopy No. (816) 854-8043) and Andrew Somora (Telecopy No. (816) 802-1043)
HSBC TFS:	HSBC Taxpayer Financial Services Inc. 90 Christiana Road New Castle, Delaware 19720 Attention: CEO and Managing Director Telephone: 908-203-4441 Fax No.: 302-327-2533

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this letter agreement shall be deemed to have been given on the date of receipt. Without limiting paragraph 2 hereof, the Lender, the Borrower or HSBC TFS may, in its sole discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant

to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

This letter agreement shall be governed by and construed in accordance with the law of the State of New York.

By executing this letter agreement in the space below, each of the Borrower, HSBC TFS and the Lender agree to the terms and provision of this letter agreement.

Very truly yours,

HSBC TAXPAYER FINANCIAL SERVICES, INC.

By: _____
Name:
Title:

Accepted and agreed:

HSBC FINANCE CORPORATION

By: _____
Name:
Title:

Accepted and agreed:

BLOCK FINANCIAL LLC

By: _____
Name:
Title:

EXHIBIT D

[FORM OF OPINION OF STINSON MORRISON HECKER LLP]

January 10, 2008

HSBC Finance Corporation
2700 Sanders Road
Prospect Heights, Illinois 60070

Ladies and Gentlemen:

We have acted as special counsel for Block Financial LLC (the "**Borrower**") and H&R Block, Inc. (the "**Guarantor**" and, together with the Borrower, the "Credit Parties"), in connection with the Credit and Guarantee Agreement, dated as of January 10, 2008 (the "**Credit Agreement**"), by and among the Borrower, the Guarantor and HSBC Finance Corporation (the "**Lender**"). Unless otherwise defined herein, capitalized terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement, and capitalized terms defined in the Security Agreement (defined below) and used herein, but not defined in the Credit Agreement, shall have the meanings given to them in the Security Agreement.

In connection with this opinion letter, we have examined originally executed counterparts or other copies identified to our satisfaction of the following documents (the "**Reviewed Documents**"):

(a) the Credit Agreement;

(b) the Security Agreement, dated as of January 10, 2008 (the "**Security Agreement**"), between the Borrower and the Lender;

(c) the Investment Account Control Agreement dated as of January 10, 2008 (the "**Control Agreement**"), among the Borrower, the Lender and HSBC Investor Funds (the "**Securities Intermediary**");

(d) the letter agreement, dated as of January 10, 2008 (the "**HSBC TFS Letter**") among the Borrower, the Lender and HSBC TFS;

(e) the Form UCC-1 Financing Statement naming the Borrower, as Debtor, and the Lender, as Secured Party, filed or to be filed by Lender in the office of the Secretary of State of Delaware in the form attached hereto as Exhibit A (the "**Financing Statement**");

(f) the following documents regarding the Borrower: (i) the certificate of conversion and certificate of formation and any amendments thereto certified as of the date hereof by the Secretary of the Borrower, (ii) the Operating Agreement, dated as of January 1, 2008, and any amendments thereto certified as of the date hereof by the Secretary of the Borrower, (iii) a copy of the resolutions of the sole member of the Borrower certified as of the date hereof by the Secretary of the Borrower and (iv) a certificate of good standing dated January 8, 2008 issued by the Secretary of State of Delaware;

(g) the following documents regarding the Guarantor: (i) the articles of incorporation and any amendments thereto certified as of the date hereof by the Secretary of the Guarantor, (ii) the by-laws and any amendments thereto certified as of the date hereof by the Secretary of the Guarantor, (iii) a copy of the resolutions of the Board of Directors of the Guarantor certified as of the date hereof by the Secretary of the Guarantor and (iv) a certificate of good standing dated January 8, 2008 issued by the Secretary of State of Missouri; and

(h) such other, agreements, certificates, documents, orders, pleadings, records and papers, including, without limitation, certificates of public officials and certificates of representatives of the Borrower and the Guarantor, as we have deemed appropriate, in our professional judgment, to render the opinions set forth below.

The documents specified in items (a) through (d) above are hereinafter collectively called the "**Loan Documents**" and individually, a "**Loan Document**."

In rendering the opinions and confirmations set forth herein, we have made, without investigation on our part, the following assumptions:

a. (i) Each Reviewed Document submitted to us as an original is authentic; (ii) each Reviewed Document submitted to us as a certified, conformed, telecopied, photostatic, electronic or execution copy conforms to the original of such document, and each such original is authentic; (iii) all signatures appearing on Reviewed Documents are genuine; (iv) the execution, delivery and performance of each Loan Document have been duly authorized by all requisite corporate, limited liability company, partnership or other action on the part of, and each Loan Document has been duly executed and delivered by, the parties thereto other than the Credit Parties, and each Loan Document is, under all applicable laws, the valid and binding obligation of the parties thereto (other than the Credit Parties) enforceable against such parties (other than the Credit Parties) in accordance with its terms; (v) all natural persons who have signed or will sign any of the Reviewed Documents had, or will have, as the case may be, the legal capacity to do so at the time of such signature; and (vi) excluding Reviewed Documents, there is no agreement, understanding, course of dealing or performance, usage of trade, or writing defining, supplementing, amending, modifying, waiving or qualifying the terms of any of the Loan Documents.

b. The statements, recitals, representations and warranties as to matters of fact set forth in the Loan Documents are accurate and complete. All certificates and similar documents provided to us by public officials are accurate and complete. The certificates provided to us by either or both of the Credit Parties are accurate and complete as to the factual matters set forth therein.

c. There is no circumstance (such as, but not limited to mutual mistake of fact or misunderstanding, fraud in the inducement, duress, undue influence, waiver or estoppel) extrinsic to the Loan Documents which might give rise to a defense against enforcement of any of the Loan Documents.

d. The conduct of the parties and their respective agents in connection with the Loan Documents and the transactions contemplated thereby has complied with any requirements of good faith, fair dealing, and conscionability.

e. The Collateral exists, and the Borrower has sufficient rights in the Collateral to grant a security interest therein under Section 9-203 of the New York UCC (defined below), the Missouri UCC (defined below) or the Delaware UCC (defined below), as applicable, and we express no opinion as to the nature or extent of the rights or title of the Borrower in and to any of the Collateral.

f. Each opinion recipient is without notice of any defense against enforcement of any rights created by, or any adverse claim to any property or security interest transferred or created as a part of or contemplated by, the Loan Documents.

g. The Financing Statement has been, or will be, properly filed and indexed in the Uniform Commercial Code records of the Secretary of State of Delaware.

h. The Securities Intermediary is a "securities intermediary" (as defined in § 8-102(a)(14) of the New York UCC) with respect to the Collateral which is the subject of the Control Agreement.

Based upon the foregoing, and subject to the assumptions, qualifications and limitations set forth herein, we are of the opinion that as of this date:

1. Borrower is a limited liability company validly existing and in good standing under the laws of the State of Delaware, Guarantor is a corporation validly existing and in good standing under the laws of the State of Missouri, and each Credit Party has the limited liability company or corporate (as applicable) power to own its properties and to carry on its

business as presently conducted by it as described in the Guarantor's Form 10-K for the year ended April 30, 2007, as amended, or any of the Guarantor's subsequent filings with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934.

2. Each Credit Party has all requisite limited liability company or corporate (as applicable) power and authority to execute, deliver and perform its obligations under the Loan Documents to which it is a party and has taken all necessary limited liability company or corporate (as applicable) action to authorize the execution and delivery of, and the performance of its obligations under, the Loan Documents to which it is a party.

3. Each Credit Party has duly executed and delivered the Loan Documents to which it is a party and such Loan Documents constitute the legal, valid and binding agreements of such Credit Party, enforceable against such Credit Party in accordance with their respective terms.

4. The execution and delivery by each Credit Party of each Loan Document to which it is a party do not, and the performance of its obligations thereunder will not, (a) violate the Borrower's certificate of formation or Operating Agreement, dated as of January 1, 2008, or the Guarantor's articles of incorporation or by-laws, as the case may be, (b) violate any applicable law, statute or regulation of the United States or the State of Missouri that we, based upon the scope of our representation of and our experience with such Credit Party, reasonably recognize as applicable to such Credit Party with respect to transactions of the type contemplated by the Loan Documents, (c) violate any order, writ, judgment, injunction, decree, determination or award of any court or other Governmental Authority binding upon such Credit Party of which we have knowledge, or (d) breach, constitute a default under, result in the acceleration of (or entitle any party to accelerate) the maturity of, any obligation of a Credit Party under, or result in or require the creation of any lien upon or security interest in (other than pursuant to the Loan Documents) any of its property pursuant to the terms of, the Bank Revolvers and the other financing agreements and instruments and the BFC Program Contracts listed on Exhibit B attached hereto.

5. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority of the United States, the State of Missouri or the State of Delaware is required for the execution and delivery by a Credit Party, or the validity or enforceability against such Credit Party, of each Loan Document to which it is a party other than (i) such as have been obtained, made or given and are in full force in effect, (ii) the filing of financing statements (including the Financing Statement) under the Uniform Commercial Code pursuant to the requirements of the Loan Documents and (iii) any authorization, approval, notice, filing or other action which is not a condition required to be satisfied on or before the Effective Date but is itself a future obligation of such Credit Party under a Loan Document.

6. To our knowledge, there is no suit, action or proceeding pending against either Credit Party before any court, governmental or regulatory authority, agency or commission, or board of arbitration or overtly threatened against either Credit Party in writing which (whether pending or threatened) challenges the legality, validity or enforceability of any Loan Document.

7. The Security Agreement is effective to create in favor of the Lender a valid security interest in all right, title and interest of the Borrower in the Collateral described in the Security Agreement to secure the Obligations. Assuming that the Financing Statement was filed in the office of the Secretary of State of Delaware (the "**Filing Office**"), the security interest of the Lender in the Collateral has been duly perfected in that portion of the Collateral in which a security interest may be perfected by the filing of a financing statement under the Delaware UCC. Without limiting the foregoing, the security interest of the Lender in the Securities Account has been perfected pursuant to the execution and delivery of the Control Agreement.

8. The making of the Loans and the application of the proceeds thereof as provided in the Credit Agreement do not violate Regulations T, U and X of the Board of Governors of the Federal Reserve Board.

9. The Borrower is not an "investment company" or a company "controlled by" an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

Our opinions set forth above are subject to the following additional qualifications and limitations:

a. The enforceability of each Loan Document is subject to the effect of applicable bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium, assignment for the benefit of creditors and other similar laws affecting the rights and remedies of creditors. This qualification includes, without limitation, the avoidance, fraudulent transfer and preference provisions of the federal Bankruptcy Code of 1978 (11 U.S.C. §§ 101 *et seq.*), as amended, and the fraudulent transfer and conveyance laws of the State of Missouri, and we render no opinion that any transaction provided for in the Loan Documents would not be subject to avoidance or otherwise adversely affected under such provisions or laws.

b. The enforceability of each Loan Document is subject to the effect of principles of equity (including those respecting the availability of specific performance), whether considered in a proceeding at law or in equity, and the limitations imposed by applicable procedural requirements of applicable state or federal law.

c. The enforceability of each Loan Document is subject to (1) the effect of generally applicable rules of law that limit or deny the enforceability of provisions (i) purporting to waive defenses or rights or the obligations of good faith, fair dealing, diligence and reasonableness; (ii) purporting to authorize a party to take discretionary independent actions for the account of, or as agent or attorney-in-fact for, a Credit Party under a Loan Document; or (iii) purporting to provide for the indemnification or exculpation of a party with respect to such party's intentional acts or gross negligence, with respect to securities law violations or to the extent that such provisions violate public policy considerations; and (2) the effect of generally applicable rules of law that may, where a portion of the contract may be unenforceable, limit the enforceability of the balance of the contract to

circumstances in which the unenforceable portion is not an essential part of the transaction or contract.

d. We express no opinion as to the enforceability of (i) any contractual provision which either directly or indirectly limits or tends to limit the time in which any suit or action may be instituted by a party; (ii) any contractual provision which requires a party to execute and deliver additional agreements or instruments other than agreements or instruments which are limited in effect to effectuating the express terms of a Loan Document and do not expand or modify such terms; (iii) any waiver by a party of personal service of process or any consent of a party to service of process upon it in a manner that does not satisfy the requirements of applicable law; (iv) any waiver by a party of its right to a jury trial, (v) any provision of a Loan Document that purports to waive or modify the rules identified in Section 9-602 of the applicable Uniform Commercial Code; and (vi) any contractual provision which would have the effect of giving the Lender cumulative or duplicative remedies, to the extent such cumulative or duplicate remedies purport to or would have the effect of compensating the Lender in amounts in excess of the actual amount of the indebtedness owed to the Lender and other loss suffered by the Lender.

e. The enforceability of any right of set-off in any of the Loan Documents is subject to the effect of common law principles pertaining to set-off, such as mutuality of obligations, maturity of obligations, and the like.

f. The enforceability of a Loan Document which purports to be a guarantee of, or the grant of a lien or security interest for, the payment or performance of obligations of another person ("guaranteed obligations"), including, without limitation, the applicable provisions of the Credit Agreement, is subject to the effect of generally applicable rules of law that may discharge the guarantor or grantor of such lien or security interest to the extent that (i) action or inaction by the beneficiary of the guaranteed obligations impairs the value of collateral securing guaranteed obligations to the detriment of such guarantor or grantor or (ii) the guaranteed obligations are materially modified.

g. With respect to the recovery of attorneys' fees under the Loan Documents, to the extent that the laws of the State of Missouri are applicable, the provisions of Mo. Rev. Stat. § 408.092 limit the right to recover attorneys' fees in connection with a "credit agreement" (as defined in Mo. Rev. Stat. § 432.045.1) and reads in pertinent part as follows:

> Notwithstanding any other provision of law to the contrary, attorneys' fees are permitted to enforce a credit agreement provided the enforcing attorney is a licensed member of the Missouri Bar or is authorized to practice law in Missouri, and such fees meet one of the following requirements:
>
> (1) Such fees are included in a written credit agreement, and are not otherwise prohibited by law; or

(2) Such fees do not exceed fifteen percent of the outstanding credit balance in default, provided such credit was extended by a for-profit business or credit union. ...

At the court's discretion, additional fees may be awarded to the attorney for the prevailing party.

A "credit agreement" is defined in Mo. Rev. Stat. § 432.045.1 as "an agreement to lend or forebear repayment of money, to otherwise extend credit, or to make other financial accommodation."

h. With respect to the enforceability of any contractual provision stating that the Credit Agreement or any of the other Loan Documents or the obligations, rights or remedies of the parties thereunder shall be governed by or construed or determined in accordance with the laws of the State of New York, we call your attention to the following: Missouri courts generally apply the rules of Section 187 of the Restatement (Second) of Conflicts of Law (1971) in deciding whether to give effect to the parties' choice of the state whose law will govern the interpretation of their contractual rights and duties. *State ex rel. Geil v. Corcoran*, 623 S.W.2d 557, 559 (Mo. Ct. App. 1981); *Davidson & Associates, Inc. v. Internet Gateway*, 334 F. Supp. 2d 1164, 1175 (E.D. Mo. 2004). Section 187 of the Restatement provides in pertinent part as follows:

(1) The law of the state chosen by the parties to govern their contractual rights and duties will be applied if the particular issue is one which the parties could have resolved by an explicit provision in their agreement directed to that issue.

(2) The law of the state chosen by the parties to govern their contractual rights and duties will be applied even if the particular issue is one which the parties could not have resolved by an explicit provision in their agreement directed to that issue unless either:

(a) the chosen state has no substantial relationship to the parties or the transaction and there is no other reasonable basis for the parties' choice, or

(b) application of the law of the chosen state would be contrary to a fundamental policy of a state which has a materially greater interest than the chosen state in the determination of the particular issue and which, under the rule of § 188 [of the Restatement], would be the state of the applicable law in the absence of an effective choice of law by the parties.

While the Missouri choice of law rules are, nevertheless, not entirely settled, we believe that a state or federal court sitting in the State of Missouri, properly presented with the question and properly applying the choice of law rules of the State of Missouri should honor the provisions of a Loan Document stating that, to the extent provided therein, the rights and duties of the parties thereto are

to be governed by the laws of the State of New York (except as to matters of procedure which may be governed by the laws of the forum state) unless either (a) the State of New York has no substantial relationship to the parties to such Loan Document or the transactions contemplated by such Loan Document and there is no reasonable basis for such parties' choice or (b) application of the laws of the State of New York would be contrary to a fundamental policy of the State of Missouri and the State of Missouri has materially greater interest than the State of New York in the determination of the particular issue.

i. With respect to the enforceability of any contractual provision in the Credit Agreement or any other Loan Document whereby the parties submit to the jurisdiction of the federal and New York State courts located in the City or County of New York in connection with any suit, action or proceeding related to such agreement or any of the matters contemplated thereby, we call your attention to the following: Missouri courts generally follow the holding of the Missouri Supreme Court in *High Life Sales Co. v. Brown-Forman Corp.*, 823 S.W.2d 493 (Mo. 1992) that a forum selection clause in a contract should be enforced unless it is unfair or unreasonable to do so. *Id.* at 494. Factors considered by Missouri courts in determining the fairness of enforcing forum selection clauses include (1) whether a forum selection clause is a part of an adhesive contract (*i.e.*, "one in which the parties have unequal standing in terms of bargaining power (usually a large corporation versus an individual) and often involv[ing] take-it-or-leave-it provisions in printed form contracts", *id.* at 497), (2) whether the forum selection clause was neutral and reciprocal (*Id.*) and (3) whether inclusion of the forum selection clause in the contract was the product of fraud or coercion (*Marano Enterprises v. Z-Teca Restaurants, L.P.*, 254 F.3d 753, 757 (8th Cir. 2001)). There are also Missouri cases which have found a forum selection clause to be unreasonable (*e.g.*, *High Life Sales*).

j. In addition to the other qualifications set forth in this opinion letter regarding the enforceability of a Loan Document under the laws of the State of Missouri, certain waivers, procedures, remedies and other provisions of any Loan Document covered by such opinion may be rendered unenforceable or limited by the laws, regulations or judicial decisions of the State of Missouri within the scope of this opinion letter, but such laws, regulations and judicial decisions would not render any of such Loan Documents invalid as a whole under the laws of the State of Missouri and would not make the remedies available under such Loan Documents inadequate for the practical realization of the principal rights and benefits purporting to be afforded thereby, except for the economic consequences of any judicial, administrative or other delay or procedure which may be imposed by applicable law.

k. With respect to our opinions regarding security interests set forth in opinion paragraph 7 above, we advise you that (i) any security interest in "proceeds" (as defined in the New York UCC, the Missouri UCC or the Delaware UCC, as applicable) of Collateral may be limited as to perfection and effectiveness to the extent provided in Section 9-315 of the New York UCC, the Missouri UCC or the Delaware UCC, as applicable; and (ii) the Lender's rights under the Loan Documents are subject to the rights of the following parties under circumstances described in the applicable sections of the New York UCC, the Missouri UCC or the Delaware UCC, as applicable, set forth below: (a) purchasers of

chattel paper or instruments under the circumstances described in Section 9-330 or (b) holders in due course of negotiable instruments, holders to whom negotiable documents of title have been duly negotiated, or protected purchasers of securities, in each case, under the circumstances described in Section 9-331.

l. We note that in order to continue the perfection of the security interest in that portion of the Collateral which has been perfected by the filing of the Financing Statement under the Delaware UCC for more than five (5) years, a continuation statement must be filed as to such Financing Statement in the Filing Office within six (6) months prior to the expiration of each consecutive five-year period (with the first such period commencing on the date the Financing Statement was duly filed) and in all respects in compliance with Article 9, Part 5 of the Delaware UCC.

m. We call your attention to the fact that with respect to any security interest in Collateral perfected by the filing of the Financing Statement under the Delaware UCC, the Financing Statement will not be effective to perfect a security interest under the Delaware UCC in (i) any Collateral acquired by the Borrower more than four (4) months after it changes it name so as to make the Financing Statement seriously misleading, unless a new appropriate financing statement indicating its new name is properly filed before the expiration of such four (4) months and (ii) any Collateral four (4) months after it changes its jurisdiction of organization (or if earlier, when perfection under the Delaware UCC would have ceased) unless such security interest is perfected in such new jurisdiction before that termination occurs.

n. We are expressing no opinion as to the priority of any lien or security interest created by the Loan Documents.

o. We call your attention that Section 522 of the federal Bankruptcy Code limits the extent to which property acquired by a debtor after the commencement of a case under the federal Bankruptcy Code may be subject to a security interest arising from a security agreement entered into by such debtor before the commencement of such case.

p. We do not express any opinion as to the attachment or perfection of a security interest in deposit accounts, letter-of-credit rights, money or commercial tort claims as those terms are defined in the New York UCC, the Missouri UCC or the Delaware UCC, as applicable.

q. We express no opinion with respect to any laws, rules or regulations governing the issuance or sale of securities.

r. In connection with any matters confirmed by us with respect to the existence or absence of facts, conditions or circumstances, the words “to our knowledge”, “of which we have knowledge”, “known to us” and words of similar import mean that in the course of performing legal services on behalf of any Credit Party, we are without conscious awareness of facts or other information that such confirmed matters are untrue, and in preparing this opinion letter, we have not undertaken any independent verification of such confirmed matters beyond our recollection of legal services currently or previously

performed by us for the Credit Parties, and have made no investigation or inquiry with any Credit Party or any other persons regarding such confirmed matters except as stated above in this opinion letter. For purposes of the preceding sentence, the terms "to our knowledge", "of which we have knowledge", "known to us" and similar phrases refer to the actual present knowledge of those lawyers of Stinson Morrison Hecker LLP who have devoted substantive attention to the matters relating to the Loan Documents and the other transactions of the Credit Parties occurring on the date hereof, and not to the knowledge of Stinson Morrison Hecker LLP as a firm or its partners or employees generally.

s. Our opinions set forth in this opinion letter are based upon the facts in existence and the laws in effect on the date hereof, and we expressly disclaim any obligation to update or supplement our opinions in response to changes in the law becoming effective hereafter or future events or circumstances affecting the transactions contemplated by the Loan Documents.

Our opinions and statements expressed herein are restricted to matters governed by (a) the federal laws of the United States of America; (b) the laws of the State of Missouri, including, without limitation, the Uniform Commercial Code as in effect in the State of Missouri, Mo. Rev. Stat. §§ 400.1-101 *et seq.* (the "**Missouri UCC**"); (c) with respect to the opinions given as to the Borrower set forth in opinion paragraphs 1, 2, 3, 4(a) and 5, the Delaware Limited Liability Company Act, 6 Del. Code Ann. §§ 18-101 *et seq.*; (d) with respect to the opinions given as to the Borrower set forth in the first and third sentences of opinion paragraph 7, Article 9 of the Uniform Commercial Code as in effect in the State of New York, 38 New York Consol. Laws §§ 9-101 *et seq.* (the "**New York UCC**"); and (e) with respect to the opinions given as to the Borrower set forth in opinion paragraph 5 and the second sentence of opinion paragraph 7, Article 9 of the Uniform Commercial Code as in effect in the State of Delaware, 6 Del. Code Ann. §§ 9-101 *et seq.* (the "**Delaware UCC**"). Except as indicated in the preceding sentence, we express no opinion as to any matter rising under the laws of any other jurisdiction, including, without limitation, the statutes, ordinances, rules and regulations of counties, towns, municipalities and special political subdivisions of the State of Missouri. To the extent that any Reviewed Document is governed by or subject to the laws of any state or jurisdiction not specified above in this paragraph with respect to such opinion or confirmation, we have assumed that the laws of such state or jurisdiction (without regard to conflicts of laws principles) are substantively identical to the laws of the State of Missouri.

This opinion letter is solely for the benefit of the addressee hereof in connection with the execution and delivery of the Loan Documents and may not be relied upon for any other purpose or by any other person for any purpose, without in each instance our prior written consent. We understand that this opinion letter may be included in closing binders with respect to the transactions contemplated by the Loan Documents.

Very truly yours,

EXHIBIT A

Financing Statement

[Attached]

EXHIBIT B

Financing Agreements and Instruments

1. Indenture dated October 20, 1997 among Block Financial LLC (the "**Company**"), H&R Block, Inc. (the "**Guarantor**") and Deutsche Bank Trust Company Americas (f/k/a Bankers Trust Company) (the "**First Trustee**"), together with:
    a. The First Supplemental Indenture dated as of April 18, 2000 among the Company, the Guarantor, the First Trustee and The Bank of New York, as separate trustee under the Indenture (the "**Second Trustee**").
    b. The Company's 8.50% Notes due 2007, which are guaranteed by the Guarantor pursuant to the guarantees endorsed on said Notes.
    c. The Officers' Certificate of the Company dated October 26, 2004 establishing the terms of the Notes described in d. below.
    d. The Company's 5.125% Notes due 2014, which are guaranteed by the Guarantor pursuant to the guarantees endorsed on said Notes.
2. The Amended and Restated Five-year Credit and Guarantee Agreement dated as of August 10, 2005 among the Company, the Guarantor, the financial institutions which are Lender parties thereto, and JP Morgan Chase Bank, N.A., as Administrative Agent (in such capacity, the "**Administrative Agent**"), as amended by the First Amendment dated as of November 28, 2006 among the Company, the Guarantor, the Lender parties and the Administrative Agent and the Second Amendment dated as of November 19, 2007 among the Company, the Guarantor, the Lender parties and the Administrative Agent.
3. The Five-Year Credit and Guarantee Agreement dated as of August 10, 2005 among the Company, the Guarantor, the financial institutions which are Lender parties thereto, and the Administrative Agent, as amended by the First Amendment dated as of November 28, 2006 among the Company, the Guarantor, the Lender parties and the Administrative Agent and the Second Amendment dated as of November 19, 2007 among the Company, the Guarantor, the Lender parties and the Administrative Agent.
4. The HSBC Retail Settlement Products Distribution Agreement, dated as of September 23, 2005 among HSBC Bank USA, National Association, HSBC TFS, Beneficial Franchise Company Inc., Household Tax Masters Acquisition Corporation, H&R Block Services, Inc., H&R Block Tax Services, Inc., H&R Block Enterprises, Inc., H&R Block Eastern Enterprises, Inc., HRB Digital LLC (successor by merger to H&R Block Digital Tax Solutions, LLC), H&R Block and Associates, L.P. (now dissolved), HRB Innovations Inc. (formerly known as HRB Royalty, Inc.), HSBC Finance Corporation and the Guarantor, as amended by the Joinder and First Amendment to Program Contracts dated as of November 10, 2006 and the Second Amendment to Program Contracts dated as of November 13, 2006, by and among the parties thereto, including, the Lender and the Guarantor, and as further amended from time to time, and any restatement, extension, renewal and replacement thereof.

5. The First Amended and Restated HSBC Refund Anticipation Loan and IMA Participation Agreement, dated as of November 13, 2006, by and among the Borrower, HSBC Bank USA, National Association, HSBC TFS and HSBC Trust Company (Delaware), National Association, as amended from time to time, and any restatement, extension, renewal and replacement thereof.

6. The First Amended and Restated HSBC Settlement Products Servicing Agreement dated as of November 13, 2006, among HSBC Bank USA, National Association, HSBC TFS, HSBC Trust Company (Delaware), N.A., and the Borrower, as amended from time to time, and any restatement, extension, renewal and replacement thereof.

7. The HSBC Settlement Products Indemnification Agreement dated as of September 23, 2005 among HSBC Bank USA, National Association, HSBC TFS, Household Tax Masters Acquisition Corporation, Beneficial Franchise Company Inc., H&R Block Services, Inc., H&R Block Tax Services, Inc., H&R Block Enterprises, Inc., H&R Block Eastern Enterprises, Inc., HRB Digital LLC (successor by merger to H&R Block Digital Tax Solutions, LLC), H&R Block and Associates, L.P. (now dissolved), HRB Innovations Inc. (formerly known as HRB Royalty, Inc.) and the Company, as amended by the Joinder and First Amendment to Program Contracts dated as of November 10, 2006 and the Second Amendment to Program Contracts dated as of November 13, 2006, and as further amended from time to time, and any restatement, extension, renewal and replacement thereof.

8. The Amended and Restated Bridge Credit and Guarantee Agreement (HSBC), dated as of December 20, 2007, among the Borrower, the Guarantor, the lenders party thereto and HSBC Bank USA, National Association, as administrative agent.

9. The Amended and Restated Bridge Credit and Guarantee Agreement (BNPP), dated as of December 20, 2007, among the Borrower, the Guarantor, the lenders party thereto and BNP Paribas, as administrative agent.

Exhibit 10.14

EXECUTION COPY

SECOND AMENDED AND RESTATED NOTE PURCHASE AGREEMENT

among

OPTION ONE ADVANCE TRUST 2007-ADV2
as Issuer,

GREENWICH CAPITAL FINANCIAL PRODUCTS, INC.
as Committed Purchaser and Agent,

THE CIT GROUP/BUSINESS CREDIT, INC.
as Committed Purchaser

DB STRUCTURED PRODUCTS, INC.
as Committed Purchaser and Administrative Agent

and

MONTEREY FUNDING LLC and MONTAGE FUNDING LLC
as Conduit Purchasers

Dated as of January 18, 2008

OPTION ONE ADVANCE TRUST 2007-ADV2
ADVANCE RECEIVABLES BACKED NOTES, SERIES 2007-ADV2

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SECOND AMENDED AND RESTATED NOTE PURCHASE AGREEMENT

SECOND AMENDED AND RESTATED NOTE PURCHASE AGREEMENT dated as of January 18, 2008 (this "Note Purchase Agreement" or "Agreement"), among Option One Advance Trust 2007-ADV2, a Delaware statutory trust, as issuer (the "Issuer"), Greenwich Capital Financial Products, Inc., a Delaware corporation (as "Greenwich Purchaser" and as "Agent" under the Indenture), The CIT Group/Business Credit, Inc., a Delaware corporation (as "CIT Purchaser"), DB Structured Products, Inc., a Delaware corporation ("DBSP"), as a Committed Purchaser and as administrative agent for Monterey and Montage (in such capacity, the "Administrative Agent"), Monterey Funding LLC, a Delaware limited liability company ("Monterey") and Montage Funding LLC, a Delaware limited liability company ("Montage" and, together with the Greenwich Purchaser, the CIT Purchaser, DBSP and Monterey, the "Purchasers").

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 Receivables Purchase Agreement (as defined below). Additionally, the following terms shall have the following meanings:

"Administrative Agent" is defined in the preamble.

"Closing" shall have the meaning set forth in Section 2.02.

"Committed Purchasers" means the Greenwich Purchaser, the CIT Purchaser, DBSP and their successors and assigns.

"Commitment" means the commitment of each Committed Purchaser to purchase Additional Note Balances pursuant to Section 2.01 in an amount equal to the Maximum Note Principal Balance of the Note acquired by it hereunder, in the case of DBSP, minus the outstanding principal balance of such Note funded or maintained by a related Conduit Purchaser. The Commitments of the Committed Purchasers are set forth on Schedule A hereto.

"Commitment Interest" With respect to any Committed Purchaser and as of any date of determination, the percentage equal to a fraction, the numerator of which is the Maximum Note Principal Balance with respect to (and as indicated on) such Committed Purchaser's Purchased Note(s) and the denominator of which is the Maximum Note Balance.

"Conduit Purchasers" means any Purchaser which is designated as a "Conduit Purchaser" on the signature pages hereto or in any assignment agreement pursuant to which it becomes a party to this Agreement. The initial Conduit Purchasers are Monterey and Montage.

"Confidential Information" shall mean any and all materials and information concerning Option One, the Depositor or the Issuer and their subsidiaries and Affiliates, and their business, which information is non-public, confidential or proprietary in nature, and shall include, without limitation, (i) information transmitted in written, oral, magnetic or any other medium, (ii) all copies and reproductions, in whole or in part, of such information and (iii) all summaries, analyses, compilations, studies, notes or other records which contain, reflect, or are generated from such information; *provided*, *that* Confidential Information does not include, with respect to a Person, information that: (a) is or becomes generally available to the public other than as a result of an action by the Agent, the Administrative Agent or any Purchaser or their representatives or (b) becomes available to the Agent, the Administrative Agent or any Purchaser on a non-confidential basis from a person other than Option One, the Depositor, the Issuer and/or any one or more of their subsidiaries or Affiliates who is not, to the knowledge of the Agent, the Administrative Agent or any Purchaser, as applicable, otherwise bound by a confidentiality agreement with Option One, or is not, to the knowledge of the Agent, the Administrative Agent or any Purchaser, as applicable, otherwise prohibited from transmitting the information to the Agent, the Administrative Agent or any Purchaser.

"Foreign Owner" means any Owner or Participant that is organized under the laws of a jurisdiction other than those in which the Seller, the Depositor or the Issuer are 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.

"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 Agent, each Purchaser and any of their officers, directors, employees, agents, representatives, assignees and Affiliates and any Person who controls any of the Agent or any Purchaser or their Affiliates within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act.

"Indemnified Proceeding" shall have the meaning provided in Section 8.02.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indenture" means the Indenture dated as of October 1, 2007 between the Issuer and Wells Fargo Bank, National Association, as Indenture Trustee as amended from time to time in accordance with the terms thereof.

"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.

"Maximum Note Balance" shall have the meaning set forth in the Indenture.

"Maximum Note Principal Balance" means, with respect to each Purchased Note, the amount set forth on Schedule A for such Purchased Note.

"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 or the Indenture.

"Owner" shall mean each Purchaser or Support Party that is a beneficial owner of an interest in a Note as reflected on the books of such Purchaser, the Agent or the Administrative Agent in accordance with this Agreement and the Transaction Documents.

"Participant" shall have the meaning specified in Section 9.01 of this Agreement.

"Participation" shall have the meaning specified in Section 9.01 of the Agreement.

"Permitted Transferee" shall mean (i) each Purchaser, (ii) the Administrative Agent (in its individual capacity), (iii) the Agent in its individual capacity, (iv) any Affiliate of any Purchaser, the Agent or the Administrative Agent, (v) any commercial paper conduit administered or managed by the Agent, the Administrative Agent or any Affiliate thereof, the commercial paper notes of which are rated in the highest short term rating category by at least two of S&P, Moody's or Fitch, Inc. and (vi) any other Person who has been consented to by the Issuer (which consent shall not be unreasonably withheld, delayed or conditioned); *provided*, *that*, from and after the occurrence of an Event of Default or a Funding Termination Event, the consent of the Issuer shall not be required.

"Purchased Notes" means the Option One Advance Trust 2007-ADV2, Advance Receivables Backed Notes, Series 2007-ADV2 issued by the Issuer pursuant to the Indenture.

"Purchasers" means the Committed Purchasers, the Conduit Purchasers, their respective successors and assigns and any other Noteholder hereunder.

"Receivables Purchase Agreement" means the Receivables Purchase Agreement dated as of October 1, 2007, between the Issuer, the Depositor and the Receivables Seller, as the same may be amended, modified or supplemented from time to time.

"Receivables Seller" means Option One Mortgage Corporation.

"Reference Rate" means the rate of interest publicly announced by Wells Fargo Bank, National Association, its successors or any other commercial bank designated by the Agent to the Issuer from time to time, in New York, New York from time to time as its prime rate or base rate. The prime rate or base rate is determined from time to time by such bank as a means of pricing some loans to its borrowers and neither is tied to any external rate of interest or index nor necessarily reflects the lowest rate of interest actually charged by such bank to any particular class or category of customers. Each change in the Reference Rate shall be effective from and including the date such change is publicly announced as being effective.

"Regulatory Change" 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 Owner (or, for purposes of Section 8.03(b), by any lending office of such Owner or by such Owner'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.

"Support Advances" shall mean any loans or advances, or any participation or other interest, funded or held by Support Party pursuant to a Support Facility (but excluding any such loans or advances made to fund the applicable Conduit Purchaser's obligations to pay interest, fees or other similar amounts relating to the funding of its making or maintaining its interest in a Note).

"Support Facility" shall mean any liquidity or credit support agreement in favor a Conduit Purchaser which relates to this Agreement, the Note held by or on behalf of such Conduit Purchaser and the other Transaction Documents (including any agreement to purchase an assignment of or participation in such Conduit Purchaser's interest in such Note).

"Support Party" shall mean any bank, insurance company or other financial institution or Person extending or having a commitment to extend funds to or for the account of a Conduit Purchaser (including by agreement to purchase an assignment of, or participation in, the Note held by or on behalf of such Conduit Purchaser) under a Support Facility. Deutsche Bank AG, New York Branch shall be deemed to be a Support Party for Monterey and Montage.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

SECTION 1.02. Other Definitional Provisions.

(a) All terms defined in this Note Purchase Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(b) As used herein and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in Section 1.01, and accounting terms partially defined in Section 1.01 to the extent not defined, shall have the respective meanings given to them under generally accepted accounting principles. To the extent that the definitions of accounting terms herein are inconsistent with the meanings of such terms under generally accepted accounting principles, the definitions contained herein shall control.

(c) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Note Purchase Agreement shall refer to this Note Purchase Agreement as a whole and not to any particular provision of this Note Purchase Agreement; and Section, subsection, Schedule and Exhibit references contained in this Note Purchase Agreement are references to Sections, subsections, and Exhibits in or to this Note Purchase Agreement unless otherwise specified.

(d) 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.

ARTICLE II

COMMITMENT; CLOSING AND PURCHASES OF ADDITIONAL NOTE BALANCES

SECTION 2.01. Commitment.

(a) (i) At any time during the Funding Period at least two (2) Business Days prior to a proposed Funding Date (or, with respect to any Funding Date described in clause (iii) of the definition thereof in the Indenture, at least one (1) Business Day prior to each such Funding Date), to the extent that the aggregate outstanding Note Principal Balance (after giving effect to the proposed purchase) is less than the lesser of (x) the Aggregate Collateral Value and (y) the Maximum Note Balance, and subject to the terms and conditions hereof and in accordance with the other Transaction Documents, the Issuer may deliver to the Agent, on behalf of the Purchasers, a written request that the Purchasers purchase Additional Note Balances (each such request, a "Purchase Request"). Each Purchase Request shall identify the proposed Funding Date, the Receivables Balance of the Receivables that will be sold and/or contributed to the Issuer on such Funding Date and the Cash Purchase Price thereof. Subject to the terms and conditions and in reliance upon the covenants, representations and warranties set forth herein and in the other Transaction Documents, on the identified Funding Date, each Conduit Purchaser may in its sole and absolute discretion, and each Committed Purchaser shall, severally and not jointly, purchase its Commitment Interest of the Additional Note Balances requested in the Purchase Request; provided, however, that the portion of such Additional Note Balance required to be purchased by the Deutsche Purchaser shall be reduced by the amount of such Additional Note Balance that the Conduit Purchasers purchase pursuant to Section 2.01(a)(ii); provided, further, that no Committed Purchaser shall be obligated to purchase an Additional

Note Balance to the extent that, after giving effect to such purchase, the existing principal balance of the Note held by it would exceed its Commitment.

(ii) In the event that any Conduit Purchaser elects, in its sole discretion, to purchase any portion of DBSP's Commitment Interest of any Additional Note Balance requested in a Purchase Request hereunder pursuant to Section 2.01(a)(i), the portion of such Additional Note Balance required to be purchased by DBSP shall be reduced by the amount purchased by such Conduit Purchaser.

(b) (i) Except as otherwise provided in this Section 2.01(b), all purchases of Additional Note Balances under this Agreement shall be made by the Committed Purchasers simultaneously and proportionately based on each Committed Purchaser's respective Commitment Interest, it being understood that no Committed Purchaser shall be responsible for any default by any other Committed Purchaser with respect to such other Committed Purchaser's obligation to purchase an Additional Note Balance requested hereunder. The Commitment of any Committed Purchaser shall not be enforced as a result of the default by any other Committed Purchaser in that other Committed Purchaser's obligation to purchase an Additional Note Balance requested hereunder and any amounts paid in connection with the obligation to purchase shall be refunded with no penalty. No Committed Purchaser shall be obligated to purchase Additional Note Balances required to be made by it by the terms of this Agreement if any other Committed Purchaser fails to do so. For the avoidance of doubt, in the event that the Agent or a Committed Purchaser having a Commitment Interest greater than or equal to 30% provides notice of a Funding Termination Event in accordance with the terms and provisions of the Indenture, then no Committed Purchaser shall be obligated to purchase Additional Note Balances otherwise required to be made by it by the terms of this Agreement.

(ii) Notwithstanding any other provision of this Agreement, and in order to reduce the number of fund transfers among the parties hereto, the Issuer, the Agent and the Purchasers agree that the Agent may (but shall not be obligated to), and the Issuer and the Purchasers hereby irrevocably authorize the Agent to, fund, on behalf of the Purchasers, purchases of Additional Note Balances pursuant to this Section 2.01; provided, however, that the Agent shall in no event fund such purchase of Additional Note Balances if the Agent shall have determined pursuant to Section 3.01(b) 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 Balances. If the Issuer gives a Purchase Request requesting a purchase of Additional Note Balances and the Agent elects not to fund such proposed purchase of Additional Note Balances on behalf of the Purchasers, then promptly after receipt of the Purchase Request requesting such purchase of Additional Note Balances, the 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 Agent notifies the Purchasers that it will not fund a requested purchase of Additional Note Balances on behalf of the Purchasers, each Conduit Purchaser may in its sole and absolute discretion, and each Committed Purchaser shall, purchase its Commitment Interest of the Additional Note Balance pursuant to Section 2.01(a), by remitting the required funds to the Issuer pursuant to and in accordance with Section 3.01(c) hereto. If the Agent elects to fund a requested purchase of Additional Note Balances, the Agent will remit the required funds for such Purchase Request to the Issuer pursuant to and in accordance with Section 3.01(c) hereto.

(iii) If the Agent has notified the Purchasers that the Agent, on behalf of the Purchasers, will fund a particular purchase of Additional Note Balances pursuant to Section 2.01(b)(ii), the Agent may assume that each Committed Purchaser has made such amount available to the Agent on such day and the 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 Agent makes such corresponding amount available to the Issuer and such corresponding amount is not in fact made available to the Agent by a Committed Purchaser, the Agent shall be entitled to recover such corresponding amount on demand from such Committed Purchaser together with interest thereon, for each day from the date such payment was due until the date such amount is paid to the Agent, at the Reference Rate. During the period in which such Purchaser has not paid such corresponding amount to the Agent, notwithstanding anything to the contrary contained in this Agreement or any other Transaction Document, the amount so advanced by the Agent to the Issuer shall, for all purposes hereof, be a purchase of Additional Note Balances made by the Agent for its own account. Upon any such failure by a Committed Purchaser to pay the Agent, the Agent shall promptly thereafter notify the Issuer of such failure and the Issuer shall immediately pay such corresponding amount to the Agent for its own account.

(iv) Nothing in this Section 2.01(b) shall be deemed to relieve any Committed Purchaser from its obligations to fulfill its Commitment hereunder or to prejudice any rights that the Agent or the Issuer may have against any Committed Purchaser as a result of any default by such Committed Purchaser hereunder.

(c) From time to time during the Funding Period, the Issuer may request that the Agent consent to add transactions to the definition of Securitization Trusts, and such additional transactions may be added to the definition of Securitization Trusts with the written consent of the Agent (such consent at the sole discretion of the Agent). The Issuer understands and acknowledges that the Agent does not hereby commit to add any such transactions and any agreement to do so is subject to completion by the Purchasers of due diligence to their satisfaction regarding such transactions and execution of such additional documentation as the Agent deems appropriate in its sole discretion.

SECTION 2.02. Closing. The closing (the "Closing") of the execution of this Agreement shall take place at 2:00 PM at the offices of Thacher Proffitt & Wood LLP, 2 World Financial Center, New York, New York 10281 on January 18, 2008 (the "Effective Date") or if the conditions precedent to closing set forth in Section 4.01 of this Agreement shall not have been satisfied or waived by such date, as soon as possible after such conditions shall have been satisfied or waived, or at some other time or date and place as the parties hereto shall agree upon.

ARTICLE III

FUNDING DATES

SECTION 3.01. Funding Dates.

(a) Subject to the conditions and terms set forth herein and in Sections 7.01 and 7.02 of the Indenture with respect to each Funding Date, the Issuer may request, each Conduit Purchaser may in its sole and absolute discretion, and each Committed Purchaser shall, severally and not jointly, to purchase Additional Note Balances from the Issuer from time to time in accordance with, and upon the satisfaction, as of the applicable Funding Date, of each of the following additional conditions:

(i) With respect to each Funding Date, each of the Funding Conditions set forth in Section 7.02 of the Indenture shall have been satisfied;

(ii) Each of the representations and warranties of the Servicer and the Receivables Seller made in the Transaction Documents shall be true and correct as if made as of such Funding Date (except to the extent they expressly relate to an earlier or later time);

(iii) The Servicer and the Receivables Seller shall be in compliance with all of their respective covenants contained in the Transaction Documents;

(iv) No Event of Default or default shall have occurred under the Indenture and be continuing; and

(v) With respect to each Funding Date, the Agent 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 Agent, desirable to perfect or evidence the assignments required to be effected on such Funding Date in accordance with the Receivables Purchase Agreement including, without limitation, the assignment of the Receivables and the proceeds thereof required to be assigned pursuant to the Indenture.

(b) The Agent shall determine in its reasonable discretion whether each of the above conditions have been met and such determination shall be binding on the parties hereto.

(c) The price paid by the Purchasers on each Funding Date for the Additional Note Balance purchased on such Funding Date shall be equal to the amount of such Additional Note Balance purchased by such Purchaser and shall be remitted not later than 3:00 PM New York City time on such Funding Date by wire transfer of immediately available funds to the Funding Account.

(d) Each Purchaser or its designee shall record on the schedule attached to its related Purchased Note, the date and amount of any Additional Note Balance purchased by it; provided, that failure to make such recordation on such schedule or any error in such schedule shall not adversely affect such Purchaser's rights with respect to its Note Principal Balance and its right to receive interest payments in respect of the Note Principal Balance actually held.

(e) On or prior to the date hereof, the Purchased Notes representing the interest of each Committed Purchaser in the Issuer shall be delivered to the applicable indenture trustee for each Committed Purchaser.

ARTICLE IV

CONDITIONS PRECEDENT TO EFFECTIVENESS

SECTION 4.01. Closing Subject to Conditions Precedent. The effectiveness of this Agreement 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 Purchasers, as applicable, in their sole discretion):

(a) Performance by the Issuer, the Servicer the Depositor and the Receivables Seller. All the terms, covenants, agreements and conditions of the Transaction Documents to be complied with and performed by the Issuer, the Depositor, the Servicer and the Receivables Seller on or before the Effective 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 Receivables Seller made in the Transaction Documents shall be true and correct in all material respects as of the Effective Date (except to the extent they expressly relate to an earlier or later time).

(c) Officer's Certificate. The Agent shall have received in form and substance reasonably satisfactory to the Agent an officer's certificate from the Depositor, the Receivables Seller and the Servicer and a certificate of an Authorized Officer of the Issuer, dated the Effective Date, each certifying to the satisfaction of the conditions set forth in the preceding paragraphs (a) and (b), in each case, together with incumbency, by-laws, resolutions and good standing.

(d) Opinions of Counsel to the Issuer, the Depositor, the Receivables Seller and the Servicer. Counsel to the Issuer, the Depositor, the Receivables Seller and the Servicer shall have delivered to the Agent and the Purchasers favorable opinions, dated as of the date of the Effective Date, or reliance letters dated as of the Effective Date with respect to legal opinions rendered on the Closing Date, in each case, satisfactory in form and substance to the Agent, the Purchasers and their counsel, relating to corporate matters, enforceability, true sale, non-consolidation, and perfection and an opinion as to which state's law applies to security interest and perfection matters. In addition to the foregoing, the Receivables Seller shall have caused its counsel to deliver a favorable opinion dated as of the Effective Date, or a reliance letter dated as of the Effective Date with respect to a legal opinion rendered on the Closing Date, with respect 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 satisfactory in form and substance of the Agent, the Purchasers and their counsel.

(e) Officer's Certificate of Indenture Trustee. The Agent and the Purchasers shall have received in form and substance reasonably satisfactory to the Agent and the Purchasers an Officer's Certificate from the Indenture Trustee, dated as of the date of the Effective Date, with respect to the Indenture, together with incumbency, by-laws, resolutions and good standing.

(f) Opinions of Counsel to the Indenture Trustee. Counsel to the Indenture Trustee shall have delivered to the Agent and the Purchasers a favorable opinion, dated as of the Effective Date and reasonably satisfactory in form and substance to the Agent, the Purchasers and their counsel related to the enforceability of the Indenture.

(g) Opinions of Counsel to the Owner Trustee. Delaware counsel to the Owner Trustee of the Issuer shall have delivered favorable opinions regarding the formation, existence and standing of the Issuer and of the Issuer's execution, authorization and delivery of each of the Transaction Documents to which it is a party and such other matters as were reasonably requested, dated as of the date of the Effective Date and reasonably satisfactory in form and substance to the Agent, the Purchasers and their counsel.

(h) Filings and Recordations. The Agent 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 Agent, desirable to perfect or evidence the assignment by the Receivables Seller to the Depositor of the Receivables Seller's ownership interest in the Aggregate Receivables conveyed pursuant to the Receivables 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 Agent, desirable to perfect or evidence the assignment by the Depositor to the Issuer of the Receivables Seller's and the Depositor's ownership interest in the Aggregate Receivables conveyed pursuant to the Receivables Purchase Agreement 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 Agent, desirable to perfect or evidence the grant of a first priority perfected security interest in the Issuer's ownership interest in the Aggregate Receivables in favor of the Indenture Trustee, subject to no Liens prior to the Lien created by the Indenture.

(i) Documents. The Agent shall have received a duly executed counterpart of each of the Transaction Documents, the Second Amended and Restated Fee Side Letter and the Deutsche Side Letter, that certain letter agreement dated as of the Effective Date between the Agent and DBSP, in form acceptable to the Agent, the Purchased Notes and each and every document or certification delivered by any party in connection with any of the Transaction Documents or the Purchased Notes, and each such document shall be in full force and effect.

(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 Transaction 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 Transaction Documents, the Purchased Notes and the documents related thereto shall have been obtained or made.

(l) Accounts. The Agent shall have received evidence reasonably satisfactory to it that each Account has been established in accordance with the terms of the Indenture, and

that the Issuer shall have deposited an amount equal to the amount required to be deposited in the Reserve Account pursuant to the Indenture.

(m) Fees and Expenses. The fees and expenses payable by the Issuer and the Seller on or prior to the Effective Date pursuant to Section 7.02(b) of this Agreement or any other Transaction Document (including, without limitation, the Fee Side Letter) shall have been paid.

(n) Other Documents. The Issuer, the Depositor, the Receivables Seller and the Servicer shall have furnished such other opinions, information, certificates and documents as the Agent or any Purchaser may have reasonably requested.

(o) Securitization Trust Acknowledgment. The Agent shall have received acknowledgment notices from the Securitization Trustee of each Securitization Trust acknowledging the receipt of notice from the Receivables Seller of the transfer by the Receivables Seller of the Receivables to the Issuer that the Indenture Trustee is an "Advance Financing Person" and that if there is an "Advance Facility" referenced in the applicable Pooling and Servicing Agreement related to any Securitization Trust, the Transaction Documents shall constitute the "Advance Facility" (as and to the extent such terms or terms of substantially similar import are used in such Pooling and Servicing Agreement).

(p) Verification Agent. The Receivables Seller shall have engaged the Verification Agent pursuant to an agreement reasonably satisfactory to the Agent.

(q) Proceedings in Contemplation of Sale of Purchased Notes. All actions and proceedings undertaken by the Issuer, the Depositor, the Receivables Seller and the Servicer in connection with the issuance and sale of the Purchased Notes as herein contemplated shall be satisfactory in all respects to the Agent, each Purchaser and their respective counsel.

(r) Funding Termination Events. No Event of Default, Funding Termination Event or Funding Interruption Event shall then be occurring.

(s) Due Diligence. Each Purchaser shall have completed its due diligence examination of the Issuer, the Depositor, the Receivables Seller and the Receivables to its sole satisfaction.

(t) Satisfaction of Conditions. Each condition to the purchase of Additional Note Balance described in Section 3.01(a) of this Agreement shall have been satisfied.

If any condition specified in this Section 4.01 shall not have been fulfilled when and as required to be fulfilled, this Agreement may be terminated by the Greenwich Purchaser by notice to the Receivables Seller 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

The Issuer hereby makes the representations and warranties set forth in ARTICLE IX of the Indenture to the Purchasers, as of the Closing Date, and as of each Funding Date, as applicable, and the Purchasers shall be deemed to have relied on such representations and warranties in making (or committing to make) purchases of Additional Note Balances on each Funding Date.

SECTION 5.01. Issuer. The representations and warranties set forth in ARTICLE IX of the Indenture are true and correct as of the date hereof.

(a) The Issuer has been duly organized and is validly existing and in good standing as a statutory trust under the laws of the State of Delaware, with requisite trust power and authority to own its properties and to transact the business in which it is now engaged, and is duly qualified to do business and is in good standing (or is exempt from such requirements) in each State of the United States where the nature of its business requires it to be so qualified and the failure to be so qualified and in good standing would have a material adverse effect on the Issuer or any adverse effect on the interests of the Purchasers.

(b) The issuance, sale, assignment and conveyance of the Purchased Note and the Additional Note Balances, the performance of the Issuer's obligations under each Transaction 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 Transaction Documents), charge or encumbrance upon any of the property or assets of the Issuer or any of its Affiliates pursuant to the terms of, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it or any of its Affiliates is bound or to which any of its property or assets is subject, nor will such action result in any violation of the provisions of its organizational documents or any Governmental Rule applicable to the Issuer, in each case which could be expected to have a material adverse effect on the transactions contemplated therein.

(c) No Governmental Action which has not been obtained is required by or with respect to the Issuer in connection with the execution and delivery to the Purchasers of the Purchased Note. No Governmental Action which has not been obtained is required by or with respect to the Issuer in connection with the execution and delivery of any of the Transaction Documents to which the Issuer is a party or the consummation by the Issuer of the transactions contemplated thereby except for any requirements under state securities or "blue sky" laws in connection with any transfer of the Purchased Note.

(d) The Issuer possesses all material licenses, certificates, authorities or permits issued by the appropriate state, federal or foreign regulatory agencies or bodies necessary to conduct the business now operated by it, and has not received any notice of proceedings relating to the revocation or modification of any such license, certificate, authority or permit

which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would materially and adversely affect its condition, financial or otherwise, or its earnings, business affairs or business prospects.

(e) Each of the Transaction 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 Transaction Documents to which it is a party will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, any agreement or instrument to which the Issuer is a party or by which the Issuer is bound or to which any of its properties are subject or of any statute, order or regulation applicable to the Issuer of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Issuer or any of its properties, in each case which could be expected to have a material adverse effect on any of the transactions contemplated therein.

(g) The Issuer is not in violation of its organizational documents or in default under any agreement, indenture or instrument the effect of which violation or default would be material to the Issuer or the transactions contemplated by the Transaction Documents. The Issuer is not a party to, bound by or in breach or violation of any indenture or other agreement or instrument, or subject to or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Issuer that materially and adversely affects, or may in the future materially and adversely affect (i) the ability of the Issuer to perform its obligations under any of the Transaction Documents to which it is a party or (ii) the business, operations, financial condition, properties, assets or prospects of the Issuer.

(h) There are no actions or proceedings against, or investigations of, the Issuer pending, or, to the knowledge of the Issuer threatened, before any Governmental Authority, court, arbitrator, administrative agency or other tribunal (i) asserting the invalidity of any of the Transaction Documents or (ii) seeking to prevent the issuance of the Purchased Note or the consummation of any of the transactions contemplated by the Transaction Documents or the Purchased Note or (iii) that, if adversely determined, could materially and adversely affect the business, operations, financial condition, properties, assets or prospects of the Issuer or the validity or enforceability of, or the performance by the Issuer of its respective obligations under, any of the Transaction Documents to which it is a party or (iv) seeking to affect adversely the income tax attributes of the Purchased Note.

(i) The Issuer is not, and neither the issuance and sale of the Purchased Note to the Purchasers nor the activities of the Issuer pursuant to the Transaction Documents, shall render the Issuer an "investment company" or under the "control" of an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended (the "Investment Company Act").

(j) The Issuer is solvent and has adequate capital for its business and undertakings.

(k) The chief executive offices of the Issuer are located at Option One Advance Trust 2007-ADV2, c/o Wilmington Trust Company, as Owner Trustee, 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.

(l) There are no contracts, agreements or understandings between the Issuer and any Person granting such Person the right to require the filing at any time of a registration statement under the Act with respect to the Purchased Note.

SECTION 5.02. Securities Act. Assuming the accuracy of the representations and warranties of and compliance with the covenants of the Purchasers, contained herein, the sale of the Purchased Notes and the sale of Additional Note Balances pursuant to this Agreement are each exempt from the registration and prospectus delivery requirements of the 1933 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 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 any Purchased Note, would render the issuance and sale of the Purchased Notes as contemplated hereby a violation of Section 5 of the 1933 Act or the registration or qualification requirements of any state securities laws, nor has any such Person authorized, nor will it authorize, any Person to act in such manner.

SECTION 5.03. No Fee. Neither the Issuer nor any of its 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 6.01(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 1934 Act.

SECTION 5.07. Taxes, etc. Any taxes, fees and other charges of Governmental Authorities applicable to the Issuer, except for franchise or income taxes, in connection with the execution, delivery and performance by the Issuer of each Transaction Document to which it is a party, the issuance of the Purchased Note or otherwise applicable to the Issuer have been paid or will be paid by the Issuer at or prior to the Closing Date or Funding Date, to the extent then due.

SECTION 5.08. Financial Condition. On the date hereof and on each Funding Date, the Issuer is not or will not be insolvent or the subject of any voluntary or involuntary bankruptcy proceeding.

ARTICLE VI

COVENANTS OF THE ISSUER

SECTION 6.01. Information from the Issuer. So long as any Purchased Note remains outstanding, the Issuer shall furnish to the Agent and each Purchaser:

(a) such information (including financial information), documents, records or reports with respect to the Receivables or the Issuer as the Agent or any of the Purchasers or the Purchasers may from time to time reasonably request;

(b) as soon as possible and in any event within two (2) Business Days after the occurrence thereof, notice of any Event of Default, Securitization Termination Event, Funding Termination Event or Funding Interruption Event; and

(c) promptly and in any event within 30 days after the occurrence thereof, written notice of a change in address or the jurisdiction of organization of the Issuer, the Depositor or the Receivables Seller; and

(d) promptly, and in any event within 5 days after the occurrence thereof, written notice of (i) any legal action brought in any jurisdiction against the Depositor or the Issuer, or any legal action brought in any jurisdiction against the Seller in which the plaintiff is seeking a judgment for the payment of money in excess of $15,000,000.00, (ii) any final judgment or judgments held against the Depositor or the Issuer or any final judgment or judgments held against the Seller for the payment of money in excess of $15,000,000.00 in the aggregate, (iii) any other events that could reasonably be likely to have a Material Adverse Effect with respect to the Seller, the Depositor or the Issuer, (iv) any claim for liability brought in any jurisdiction against the Seller, the Depositor or the Issuer relating to ERISA, or any contribution failure with respect to any “defined benefit plan” (as defined in ERISA) sufficient to give rise to a lien under Section 302(f) of ERISA, and (v) the creation or assertion of any Lien on the Aggregate Receivables;

SECTION 6.02. Access to Information. So long as any Purchased Note remains outstanding, the Issuer 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 permit any of the Agent, the Purchasers, or their agents or representatives to do the following in such a manner that does not unreasonably interfere with the conduct by the Issuer or any of its Affiliates of their business:

(a) examine all books, records and documents (including computer tapes and disks) in the possession or under the control of the Issuer relating to the Receivables or the Transaction Documents as may be reasonably requested, and

(b) visit the offices and property of the Issuer for the purpose of examining such materials described in clause (a) above.

SECTION 6.03. Ownership and Security Interests; Further Assurances. The Issuer will take all action necessary to maintain the Indenture Trustee's security interest in the Receivables and the other items pledged to the Indenture Trustee pursuant to the Indenture.

The Issuer agrees to take any and all acts and to execute any and all further instruments reasonably necessary or reasonably requested by the Agent or any of the Purchasers to more fully effect the purposes of this Note Purchase Agreement.

SECTION 6.04. Covenants. The Issuer shall duly observe and perform each of its covenants set forth in each of the Transaction Documents to which it is a party.

SECTION 6.05. Amendments. Except as otherwise provided in Section 8.01 of the Indenture, the Issuer shall not make, or permit any Person to make, any amendment, modification or change to, or provide any waiver under any Transaction Document to which the Issuer is a party without the prior written consent of the Purchasers with aggregate Note Principal Balance of not less than 66 2/3% of the aggregate Note Principal Balance of the Outstanding Notes.

SECTION 6.06. With Respect to the Exempt Status of the Purchased Notes.

(a) Neither the Issuer nor any of its respective Affiliates, nor any Person acting on its behalf will, directly or indirectly, (i) 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 1933 Act or under any state securities laws, or (ii) permit the Issuer to become an "investment company" registered or required to be registered under the 1940 Act.

(b) Neither the Issuer nor any of its Affiliates, nor any Person acting on its behalf will engage in any form of general solicitation or general advertising (within the meaning of Regulation D promulgated under the 1933 Act) in connection with any offer or sale of the Purchased Notes.

SECTION 6.07. Additional Deliveries

On or prior to any Funding Date, the Issuer will furnish or cause to be furnished to the Purchasers and any subsequent purchaser therefrom of Additional Note Balance, if any Purchaser or such subsequent purchaser so requests, a letter from such Persons furnishing a certificate or opinion on the Closing Date as described in Section 4.01 hereof or on or before any Funding 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 solely in the case of a certificate and not in the case of an opinion made on and as of the Closing Date or such Funding Date, as the case may be.

ARTICLE VII

ADDITIONAL COVENANTS

SECTION 7.01. 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 7.02. Expenses.

(a) The Issuer covenants 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.

(b) The Issuer covenants that, upon the Closing taking place, the Issuer shall pay to the Agent from net proceeds of the sale of the Notes contemplated hereunder the portion of the Facility Fee set forth in subclause (i) of the definition thereof.

(c) The Issuer covenants to pay as and when billed by the Agent or any Purchaser all of the reasonable out-of-pocket costs and expenses incurred in connection with the consummation and administration of the transactions contemplated hereby and in the other Transaction Documents including, without limitation, (i) all reasonable fees, disbursements and expenses of counsel to the Agent and the Purchasers, (ii) all reasonable fees and expenses of the Indenture Trustee, (iii) all reasonable fees and expenses of the Verification Agent, in connection therewith and all reasonable costs and expenses incurred in connection with the enforcement of rights and remedies hereunder, shall be paid by the Issuer.

SECTION 7.03. Mutual Obligations. On and after the Closing, each party hereto will do, execute and perform all such other acts, deeds and documents as the other party may from time to time reasonably require in order to carry out the intent of this Note Purchase Agreement.

SECTION 7.04. Restrictions on Transfer. Each of the Purchasers 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 7.05. Securities Act. The Purchasers agree that they will acquire the Purchased Notes, as applicable, pursuant to this Note Purchase Agreement without a view to any public distribution thereof, and will not offer to sell or otherwise dispose of the Purchased Notes (or any interest therein) in violation of any of the registration requirements of the Act or any applicable state or other securities laws, or by means of any form of general solicitation or general advertising (within the meaning of Regulation D under the 1933 Act) and will comply with the requirements of the Indenture. The Purchasers acknowledge that they have no right to require the Issuer or any other Person to register the Purchased Notes under the 1933 Act or any other securities law.

SECTION 7.06. Agreement and Consent to Agent. The Purchasers agree with, and consent to, each of the provisions in the Indenture regarding the Agent.

ARTICLE VIII

INDEMNIFICATION

SECTION 8.01. Indemnification. The Issuer hereby agrees to indemnify and hold harmless each Indemnified Party in accordance with, and pursuant to, Section 9.11 of the Indenture.

SECTION 8.02. Procedure and Defense. In case any litigation, claim, suit, 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 8.01 (each such litigation, claim, suit, action or proceeding being referred to an "Indemnified Proceeding"), such Indemnified Party shall follow the procedures set forth in Section 9.11 of the Indenture. The Indemnified Party shall have the rights and defense set forth in Section 9.11 of the Indenture.

SECTION 8.03. Requirements of Law.

(a) If any Regulatory Change 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 Owner or (ii) impose on any Owner any other condition affecting this Agreement, maintaining its respective Commitment or the purchase of Additional Note Balances in accordance with the terms and provisions of this Agreement, and the result of any of the foregoing shall be to increase the cost to such Owner of complying with the terms and provisions of this Agreement, maintaining its respective Commitment or purchasing such Additional Note Balances or to reduce the amount of any sum received or receivable by such Owner hereunder (whether of principal, interest or otherwise), then the Issuer shall pay to such Owner such additional amount or amounts as will compensate such Owner for such additional costs incurred or reduction suffered.

(b) If any Owner determines that any Regulatory Change regarding capital requirements has or would have the effect of reducing the rate of return on such Owner's capital or on the capital of such Owner's holding company, if any, as a consequence of this Agreement,

the maintenance of its respective Commitment or the purchase of Additional Note Balances to a level below that which such Owner or such Owner's holding company could have achieved but for such Regulatory Change (taking into consideration such Owner's policies and the policies of such Owner's holding company with respect to capital adequacy), then from time to time the Issuer shall pay to such Owner such additional amount or amounts as will compensate such Owner or such Owner's holding company for any such reduction suffered.

(c) A certificate of an Owner setting forth the amount or amounts necessary to compensate such Owner or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section 8.03 (together with a statement of the reason for such compensation and a calculation thereof in reasonable detail) shall be delivered to the Issuer and the Agent and shall be conclusive absent manifest error. The Issuer shall pay such Owner the amount shown as due on any such certificate in accordance with the terms and provisions of Section 2.10(c) of the Indenture.

(d) Failure or delay on the part of any Owner to demand compensation pursuant to this Section shall not constitute a waiver of such Owner's right to demand such compensation; provided, that the Issuer shall not be required to compensate an Owner pursuant to this Section 8.03 for any increased costs or reductions incurred more than six (6) months prior to the date that such Owner notifies the Issuer of the Regulatory Change giving rise to such increased costs or reductions and of such Owner's intention to claim compensation therefor; provided, further, that, if the Regulatory Change giving rise to such increased costs or reductions is retroactive, then the six (6) month period referred to above shall be extended to include the period of retroactive effect thereof

SECTION 8.04. Taxes.

(a) Any and all payments by or on account of any obligation of the Seller, Depositor or Issuer hereunder or pursuant to the Indenture (including, but not limited to, all amounts payable with respect to the Notes) shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided, that if the Seller, the Depositor or the Issuer 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 8.04), the Agent, the Administrative Agent, any Owner or any Participant (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 none of the Seller, the Depositor or the Issuer shall be required to increase any such amounts payable to the Agent, the Administrative Agent, any such Owner or any such Participant (as the case may be) with respect to any Indemnified or Other Taxes that are attributable to such party's failure to comply with the requirements of paragraph (e) of this Section 8.04; (ii) the Seller, the Depositor or the Issuer shall make such deductions; and (iii) the Seller, the Depositor or the Issuer shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Seller, the Depositor or the Issuer shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Seller, the Depositor and the Issuer shall indemnify the Agent, the Administrative Agent, each Owner and each Participant, within ten (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 8.04) paid by the Seller, the Depositor or the Issuer, 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 Seller, the Depositor, the Issuer and the Agent by an Owner or a Participant or by the Agent or the Administrative Agent on its own behalf or on behalf of an Owner or Participant, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Seller, the Depositor or the Issuer to a Governmental Authority, such party shall deliver to the Agent and 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 Agent and the Administrative Agent.

(e) Any Foreign Owner that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Seller, the Depositor or the Issuer is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement, shall deliver to the Seller, the Depositor and the Issuer (with a copy to the Agent and the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Seller, the Depositor or the Issuer, 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.

ARTICLE IX

TRANSFERS OF NOTES

SECTION 9.01. Transfers of Notes

(a) Any sale, transfer, assignment, participation, pledge, hypothecation or other disposition (a "Transfer") of a Note or any interest therein may be made only in accordance with this Section 9.01 and any applicable provisions of the Indenture. Any partial Transfer of an interest in a Note (other than to an existing Purchaser or by a Conduit Purchaser under a Support Facility, which may be in any amount) or a Commitment by a Purchaser shall be in respect of, at least $5,000,000 in the aggregate, which may be composed of (A) a portion of the outstanding principal balance of the Note funded or maintained by such Purchaser or (B) to the extent in excess of such portion of the outstanding principal balance of such Note, such Purchaser's Commitment hereunder. Any Transfer of an interest in a Note otherwise permitted by this Section 9.01 and any applicable provisions of the Indenture will be permitted only if it consists of a pro rata percentage interest in all payments made with respect to the Purchaser's interest in such Note. No Note or any interest therein may be Transferred by Assignment or Participation to any Person (each, a "Transferee") unless the Transferee is a Permitted Transferee and prior to

the Transfer, the Transferee shall have executed and delivered to the Agent and the Issuer a Transferee Certificate in substantially the form of Exhibit B to the Indenture.

(b) Each of the Issuer and Option One authorizes each Purchaser to disclose to any Transferee and Support Party and to any prospective Transferee or Support Party which is a Permitted Transferee any and all Confidential Information in the Purchaser's possession concerning this Agreement or the Transaction Documents or concerning Option One, the Depositor, the Issuer, the Receivables or such party which has been delivered to such Purchaser pursuant to this Agreement or the Transaction Documents (including information obtained pursuant to rights of inspection granted hereunder) or which has been delivered to such Purchaser by or on behalf of the Issuer or Option One in connection with such Purchaser's credit evaluation of the Receivables, the Issuer or Option One prior to becoming a party to, or purchasing an interest in this Agreement or the Notes; *provided, that* prior to any such disclosure, such Transferee or Support Party or prospective Transferee or Support Party shall have agreed in writing to maintain the confidentiality of all Confidential Information provided to it in accordance with the provisions of this Agreement.

(c) Each Purchaser may, in accordance with applicable law, at any time grant participations in all or part of its Commitment or its interest in the Notes, including the payments due to it under this Agreement and the Transaction Documents (each, a "Participation"), to any Permitted Transferee (each such Permitted Transferee, a "Participant"); *provided, however*, that no Participation shall be granted to any Person unless; (i) the conditions to Transfer specified in this Agreement shall have been satisfied, and (ii) such Participation consists of a pro rata percentage interest in all payments made with respect to such Purchaser's beneficial interest (if any) in the Notes. In connection with any such Participation, each Purchaser shall maintain a register of each Participant and the amount of each related Participation. Each Purchaser hereby acknowledges and agrees that (A) any such Participation will not alter or affect such Purchaser's direct obligations hereunder, and (B) none of the Indenture Trustee, the Issuer or Option One shall have any obligation to have any communication or relationship with any Participant. Each Purchaser and each Participant shall comply with the provisions of Section 8.04(c) of this Agreement. No Participant shall be entitled to Transfer all or any portion of its Participation, without the prior written consent of the applicable Purchaser. Each Participant shall be entitled to receive additional amounts and indemnification pursuant to Sections 8.01, 8.03 and 8.04 hereof as if such Participant were a Purchaser and such Sections applied to its Participation; provided, that, in the case of Section 8.04, such Participant has complied with the provisions of Section 8.04(c) hereof as if it were a Purchaser. Each Purchaser shall give the Agent notice of the consummation of any sale by it of a Participation. It shall be a further condition to the grant of any Participation that the Participant shall have certified, represented and warranted that (i) it is entitled to (A) receive payments with respect to its participation without deduction or withholding of any United States federal income taxes and (B) an exemption from United States backup withholding tax, and (ii) to the extent such Participant has not otherwise directly provided such forms to the Issuer and the Indenture Trustee, (A) prior to the date on which the first interest payment is due to such Participant, such Participant will provide to the Issuer and Indenture Trustee, the forms described in Section 8.04(c) as though the Participant were a Purchaser, and (B) such Participant similarly will provide subsequent forms as described in Section 8.04(c) with respect to such Participant as though it were a Purchaser.

(d) Each Purchaser may in accordance with applicable law, sell or assign (each, an "Assignment") to any Permitted Transferee (each, an "Assignee") all or any part of its Commitment (if any) or its interest in the Notes and its rights and obligations under this Agreement and the Transaction Documents pursuant to an agreement (a "Transfer Supplement"), executed by such Assignee and the Purchaser and delivered to the Agent; *provided*, *however*, that no such assignment or sale shall be effective unless and until the conditions to Transfer specified in this Agreement shall have been satisfied. From and after the effective date determined pursuant to such Transfer Supplement, (x) the Assignee thereunder shall be a party hereto and, to the extent provided in such Transfer Supplement, have the rights and obligations of a Purchaser hereunder as set forth therein and (y) the transferor Purchaser shall, to the extent provided in such Transfer Supplement, be released from its Commitment and other obligations under this Agreement; *provided*, *however*, that after giving effect to each such Assignment, the obligations released by any such Purchaser shall have been assumed by an Assignee or Assignees. Such Transfer Supplement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Assignee and the resulting adjustment of Commitment Interests arising from the Assignment.

(e) Upon instruction to register a transfer of a Purchaser's interest in the Notes (or portion thereof) and surrender for registration of transfer of such Purchaser's Note(s) (if applicable) and delivery to the Issuer and the Indenture Trustee of a Transferee Certification, executed by the registered owner (and the beneficial owner if it is a Person other than the registered owner), and receipt by the Indenture Trustee of a copy of the duly executed related Transfer Supplement and such other documents as may be required under this Agreement or the Indenture, such interest in the Notes (or portion thereof) shall be transferred in the records of the Indenture Trustee and, if requested by the Assignee, new Notes shall be issued to the Assignee and, if applicable, the transferor Purchaser in amounts reflecting such Transfer as provided in the Indenture.

(f) Each Purchaser may pledge its interest in the Notes to any Federal Reserve Bank as collateral in accordance with applicable law.

(g) Each Support Party shall be entitled to receive additional payments and indemnification pursuant to Sections 8.01, 8.03 and 8.04 hereof as though it were a Purchaser and such Section applied to its interest in or commitment to acquire an interest in the Notes; *provided*, *that* such Support Party shall not be entitled to additional payments pursuant to (i) Section 8.03 by reason of Regulatory Changes which occurred prior to the date it became a Support Party or (ii) Section 8.04 attributable to its failure to satisfy the requirements of Section 8.04(c) as if it were a Purchaser; *provided*, *further*, that unless such Support Party is a Permitted Transferee or has been consented to by the Issuer, such Support Party shall be entitled to receive additional amounts pursuant to Sections 8.03 or 8.04 only to the extent that its related Conduit Purchaser would have been entitled to receive such amounts in the absence of the Commitment and Support Advances from such Support Party. The provisions of Section 8.03 shall apply to the Administrative Agent and to such of its Affiliates as may from time to time administer, make referrals to or otherwise provide services or support to the Conduit Purchasers (in each case as though such Administrative Agent or Affiliate were a Purchaser and such Section applied to its administration of or other provisions of services or support to such Conduit

Purchaser in connection with the transactions contemplated by this Agreement), whether as an administrator, administrative agent, referral agent, managing agent or otherwise.

(h) Each Support Party claiming increased amounts described in Sections 8.03 or 8.04 hereof shall furnish, through its related Conduit Purchaser, to the Issuer, the Administrative Agent, the Indenture Trustee and the Agent a certificate setting forth the basis and amount of each request by such Support Party for any such amounts referred to in Sections 8.03 or 8.04, such certificate to be conclusive with respect to the factual information set forth therein absent manifest error.

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. Severability of Provisions. If any one or more of the agreements, provisions or terms of this Agreement shall for any reason whatsoever be held invalid, then the unenforceable agreements, provisions or terms shall be deemed severable from the remaining agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other agreements, provisions or terms of this Agreement.

SECTION 10.03. 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 10.04. 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 10.05. Integration. This Agreement contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof, superseding all prior oral or written understandings.

SECTION 10.06. Negotiation. This Agreement and the other Transaction Documents are the result of negotiations among the parties hereto, and have been reviewed by the respective counsel to the parties hereto, and are the products of all parties hereto. Accordingly, this Agreement and the other Transaction Documents shall not be construed against

the Agent or any Purchaser merely because of the Agent's or such Purchaser's involvement in the preparation of this Agreement and the other Transaction Documents.

SECTION 10.07. Binding Effect; Assignability.

(a) This Note Purchase Agreement shall be binding upon and inure to the benefit of the Issuer, the Agent and the Purchasers and their respective permitted successors and assigns (including any subsequent holders of any Purchased Note); provided, however, the Issuer shall not have any right to assign its respective rights hereunder or interest herein (by operation of law or otherwise) without the prior written consent of all of the Purchasers.

(b) Each Purchaser shall have the right to assign its rights and obligations hereunder to an Affiliate without the consent of the Issuer or the Receivables Seller.

(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 10.08. Provision of Documents and Information. The Issuer acknowledges and agrees that the Agent and each Purchaser is permitted to provide to any subsequent Purchaser, permitted assignees and Participants, opinions, certificates, documents and other information relating to the Issuer and the Receivables delivered to the Agent or the Purchasers pursuant to this Note Purchase Agreement.

SECTION 10.09. **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 NEW YORK 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 10.10. 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 and the Purchasers hereby covenant and agree that they will not institute against the Issuer, or join in any institution against 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. Each of the Issuer, the Administrative Agent, the Agent and each Purchaser hereby agrees that it shall not institute or join against any Conduit Purchaser any bankruptcy,

reorganization, arrangement, insolvency or liquidation proceeding, or other proceeding under any federal or state bankruptcy or similar law, for one year and a day after the latest maturing commercial paper note, medium term note or other debt security issued by such Conduit Purchaser is paid.

SECTION 10.11. 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 10.12. No Recourse — Purchasers. The obligations of each Purchaser under this Note Purchase Agreement, or any other agreement, instrument, document or certificate executed and delivered by or issued by such Purchaser or any officer thereof are solely the partnership or corporate obligations of such 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 any Purchaser or any officer thereof in connection therewith, against any stockholder, limited partner, employee, officer, director or incorporator of such Purchaser.

SECTION 10.13. 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. In addition the respective agreements, covenants, indemnities and other statements set forth in this Section 9.13 and in Sections 7.02, 8.01, 8.02, 9.01, 9.02, 9.03, 9.04, 9.06, 9.07, 9.09, 9.10, 9.12 and 9.14 shall remain in full force and effect regardless of any termination or cancellation of this Agreement.

SECTION 10.14. USA Patriot Act. Each Purchaser hereby notifies the Issuer that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Issuer, which information includes the name and address of the Issuer and other information that will allow such Purchaser to identify the Issuer in accordance with the Patriot Act.

SECTION 10.15. Confidentiality.

(a) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Agreement (including any fees payable in connection with this Agreement or the other Transaction Documents or the identity of any Purchaser under this Agreement), except as the Agent, the Administrative Agent or Purchaser may have consented to in writing prior to any proposed disclosure and except it may disclose such information (i) to its officers, directors, employees, agents, counsel, accountants, auditors, advisors or representatives, (ii) to the extent such information has become available to the public other than as a result of a disclosure by or through the Issuer or (iii) to the extent it should be (A) required by law, rule, regulation, subpoena, or in connection with any legal or regulatory proceeding or (B) requested by any governmental or regulatory authority having jurisdiction over the Issuer; *provided*, *that*, in the case of clause (iii)(A), the Issuer will use all reasonable efforts to maintain confidentiality

and will (unless otherwise prohibited by law) notify the Agent, the Administrative Agent and the Purchasers of its intention to make any such disclosure prior to making such disclosure. Notwithstanding the foregoing, Option One and its Affiliates shall be permitted: (i) to disclose the terms of the Transaction Documents other than the Pricing Side Letter or Fee Side Letter (unless required by law or a regulatory agency), including, without limitation, filing copies with the Securities and Exchange Commission; and (ii) to disclose the terms of the Transaction Documents, including the Pricing Side Letter and the Fee Side Letter, and to provide copies thereof, to any Person or representative of a Person who has executed a confidentiality agreement with H&R Block, Inc. in connection with a potential acquisition of Option One or any portion of its business by such Person.

(b) Each of the Agent, the Administrative Agent and each Purchaser, severally and with respect to itself only, agrees that it will use the Confidential Information solely for the purpose of the Transaction (as defined below) and agrees not to disclose to any third party any such Confidential Information now or hereafter received or obtained by it without the Issuer's prior written consent; *provided*, *however*, that it may disclose such Confidential Information (i) to its Affiliates, subsidiaries, directors, officers, employees and agents with a need to know the Confidential Information for the purposes of the transaction evidenced by this Agreement and the other Transaction Documents (the "Transaction"), (ii) to its respective accountants, attorneys and other confidential advisors (collectively "Advisors") who need to know such information for the purpose of assisting it in connection with the Transaction, (iii) to the extent it should be (A) required by applicable law, rule, regulation, subpoena or in connection with any legal or regulatory proceeding or (B) requested by any governmental or regulatory authority having jurisdiction over the Administrative Agent, the Agent, the Purchasers or any Company Representative; *provided*, *that*, in the case of clause (iii)(A) and (B), the Administrative Agent, the Agent or Purchaser will use all reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Issuer of its intention to make any such disclosure prior to making such disclosure, (iv) to S&P, Moody's or any other nationally recognized statistical rating agency then rating the Notes or the commercial paper notes or other debt obligations of a Conduit Purchaser, (v) to any actual or potential subordinated investor in any Conduit Purchaser that has signed a confidentiality agreement containing restrictions on disclosure substantially similar to this Section 10.15, (vi) to credit enhancers and dealers and investors in respect of the commercial paper notes of any Conduit Purchaser in accordance with the customary practices of such Conduit Purchaser for disclosures to credit enhancers, dealers or investors, as the case may be, it being understood that any such credit enhancers, dealers and investors shall be required to maintain the confidentiality of any such information received by them and any such disclosure to credit enhancers, dealers or investors will not identify the Issuer or any of its Affiliates by name, (vii) to any third party that has executed a confidentially agreement with a Noteholder or (viii) to the extent that such information has been independently acquired or developed by the Agent, the Administrative Agent or any Purchaser without violating any of their respective obligations under this Agreement. Each of the Agent, the Administrative Agent and each Purchaser agrees to be responsible for any breach of this Agreement by its Affiliates and Advisors and agrees that its Affiliates and Advisors will be advised by it of the confidential nature of such information and shall agree to be bound by this Agreement.

(c) None of the Agent, the Administrative Agent or any Purchaser nor any of their Affiliates or Advisors, without the prior written consent of the Issuer, will disclose to any

person the fact that Confidential Information has been provided to it or them, that discussions or negotiations have taken place with respect to the Transaction, or the existence, terms, conditions, or other facts of the Transaction, including the status thereof. Notwithstanding the foregoing, the Confidential Information and the fact that discussions or negotiations are taking place with respect to a Transaction or the existence, terms, conditions, or other facts of such Transaction, including the status thereof may be disclosed on a confidential basis to (i) any rating agency that assigns a rating to the debt obligations of the Agent, the Administrative Agent or any Purchaser, (ii) Support Parties and (iii) to any third party that has executed a confidentiality agreement with a Noteholder; *provided*, *that* such Persons shall be informed of the confidential nature of the Confidential Information.

(d) Notwithstanding anything herein to the contrary, if the Agent, the Administrative Agent or any Purchaser or any of their Affiliates or Advisors are legally compelled (whether by deposition, interrogatory, request for documents, subpoena, civil investigation, demand or similar process) to disclose any of the Confidential Information (including the fact that discussions or negotiations are taking place with respect to the Transaction) it may disclose such Confidential Information; provided, that it promptly notify Option One and the Issuer of such requirement so that Option One and/or the Issuer may seek a protective order or other appropriate remedy and/or waive compliance with the provisions hereof. Each of the Agent, the Administrative Agent, and each Purchaser agrees to use commercially reasonable efforts to assist Option One and the Issuer in obtaining any such protective order. Failing the entry of a protective order or the receipt of a waiver hereunder, it may disclose, without liability hereunder, that portion (and only that portion) of the Confidential Information that it has been advised by counsel that it is legally compelled to disclose; provided that it agrees to use commercially reasonable efforts to obtain assurance that confidential treatment will be accorded such Confidential Information by the person or persons to whom it was disclosed.

(e) Notwithstanding anything herein to the contrary, it is understood that the Agent, the Administrative Agent and the Purchasers or their affiliates may disclose the Confidential Information or portions thereof at the request of a bank examiner or other regulatory authority or in connection with an examination of any of the Agent, the Administrative Agent or the Purchasers and their respective Affiliates by a bank examiner or other regulatory authority without any notice to the Issuer or Option One.

SECTION 10.16. 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 Receivables 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 Transaction Documents shall be construed to further these intentions of the parties.

SECTION 10.17. No Recourse. 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 trustee of the Issuer, 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 of binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Note Purchase Agreement or any other related documents.

SECTION 10.18. Administrative Agent. Each Conduit Purchaser hereby appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto. The provisions of this Section 10.18 are solely for the benefit of the Administrative Agent and the Conduit Purchasers. None of the Issuer, the Agent or any other Purchaser shall have any rights as a third-party beneficiary or otherwise under any of the provisions of this Section 10.18. In performing its functions and duties hereunder, the Administrative Agent shall act solely as the agent for the Conduit Purchasers and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for the other Purchasers, the Issuer, the Agent, any Affiliate thereof or any of their respective successors and assigns. As to any matters not expressly provided for by this Note Purchase Agreement or the other Transaction 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 Purchasers; 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 Transaction 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 Transaction Document a fiduciary relationship in respect of any Noteholder. Nothing in this Note Purchase Agreement or any other Transaction 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 Transaction 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 Transaction 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 Purchasers with respect to any actions or approvals which by the terms of this Note Purchase Agreement or any other Transaction 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 Transaction Document until it shall have received

such instructions from the Conduit Purchasers. Without limiting the foregoing, the Conduit Purchasers 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 Transaction Document in accordance with the instructions of the Conduit Purchasers.

IN WITNESS WHEREOF, the parties have caused this Second Amended and Restated Note Purchase Agreement to be executed by their respective officers hereunto duly authorized, as of the date first above written.

Option One Advance Trust 2007-ADV2

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

By: /s/ Rosaline K. Maney
Name: Rosaline K. Maney
Title: Vice President

Greenwich Capital Financial Products, Inc., as
Committed Purchaser and as Agent

By: _____
Name:
Title:

The CIT Group/Business Credit, Inc.
as Committed Purchaser

By: _____
Name:
Title:

DB Structured Products, Inc.
as Committed Purchaser and Administrative Agent

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties have caused this Second Amended and Restated Note Purchase Agreement to be executed by their respective officers hereunto duly authorized, as of the date first above written.

Option One Advance Trust 2007-ADV2

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

By: _____
Name:
Title:

Greenwich Capital Financial Products, Inc., as Committed Purchaser and as Agent

By: /s/ Dominic Obaditch
Name: Dominic Obaditch
Title: Managing Director
Greenwich Capital Corporate Services, Inc.
as attorney-in-fact

The CIT Group/Business Credit, Inc. as Committed Purchaser

By: _____
Name:
Title:

DB Structured Products, Inc.
as Committed Purchaser and Administrative Agent

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties have caused this Second Amended and Restated Note Purchase Agreement to be executed by their respective officers hereunto duly authorized, as of the date first above written.

Option One Advance Trust 2007-ADV2

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

By: _____
Name:
Title:

Greenwich Capital Financial Products, Inc., as
Committed Purchaser and as Agent

By: _____
Name:
Title:

The CIT Group/Business Credit, Inc. as
Committed Purchaser

By: /s/ Howard Trebach
Name: Howard Trebach
Title: Vice President

DB Structured Products, Inc.
as Committed Purchaser and Administrative Agent

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties have caused this Second Amended and Restated Note Purchase Agreement to be executed by their respective officers hereunto duly authorized, as of the date first above written.

Option One Advance Trust 2007-ADV2

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

By: _____
Name:
Title:

Greenwich Capital Financial Products, Inc., as Committed Purchaser and as Agent

By: _____
Name:
Title:

The CIT Group/Business Credit, Inc.
as Committed Purchaser

By: _____
Name:
Title:

DB Structured Products, Inc.
as Committed Purchaser and Administrative Agent

/s/ John McCarthy
John McCarthy
Authorized Signatory

By: /s/ GLENN MINKOFF
Name: GLENN MINKOFF
Title: DIRECTOR

Monterey Funding LLC,
as Conduit Purchaser

By: /s/ Philip A. Martone
Name: Philip A. Martone
Title: Vice President

Montage Funding LLC,
as Conduit Purchase

By: /s/ Philip A. Martone
Name: Philip A. Martone
Title: Vice President

Schedule I

Information for Notices

1. if to the Issuer:

   OPTION ONE ADVANCE TRUST 2007-ADV2
   3 Ada
   Irvine, California 92618
   Attention: Rod Smith
   Facsimile: (949) 790-7514
   Telephone: (949) 790-8100

2. if to the Depositor:

   OPTION ONE ADVANCE CORPORATION
   3 Ada
   Irvine, California 92618
   Attention: Rod Smith
   Facsimile: (949) 790-7514
   Telephone: (949) 790-8100

3. if to the Receivables Seller:

   OPTION ONE MORTGAGE CORPORATION
   3 Ada
   Irvine, California 92618
   Attention: Rod Smith
   Facsimile: (949) 790-7514
   Telephone: (949) 790-8100

4. if to the Greenwich Purchaser or the Agent:

   GREENWICH CAPITAL FINANCIAL PRODUCTS, INC.
   600 Steamboat Road
   Greenwich, Connecticut 06830
   Attention: Robert Pravetz
   Facsimile: 203-618-2148
   Telephone: 203-618-6884

With a copy to:

GREENWICH CAPITAL FINANCIAL PRODUCTS, INC.
600 Steamboat Road
Greenwich, Connecticut 06830
Attn: Dominic Obaditch
Telecopy: (203) 422-4565
Telephone: (203) 618-2565

5. if to the CIT Purchaser:

The CIT Group/Business Credit, Inc.
11 West 42nd Street, 13th floor
New York, NY 10036
Attention: Howard Trebach
Facsimile: (212) 461-7760
Telephone: (212) 461-7753

With Copy To:

The CIT Group/Business Credit, Inc.
11 West 42nd Street, 13th floor
New York, NY 10036
Attention: Jorge S. Wagner
Facsimile: (212) 771-9517
Telephone: (212) 771-9520

6. if to DBSP:

(a) DB Structured Products, Inc.
60 Wall Street, 19th Floor
New York, New York 10005
Attention: Glenn Minkoff
Tel: (212) 250-3406
Fax: (212) 797-5160

(b) Monterey Funding LLC
c/o Lord Securities Corporation
48 Wall Street, 27th Floor
New York, NY 10005

With Copy To:

Deutsche Bank AG, New York Branch
60 Wall Street, 18th Floor
New York,
New York 10005
Mail Stop: NYC60-1850

Attention: Mary Conners
Telecopier: (212) 797-5150
Telephone: (212) 250-4731

(c) Montage Funding LLC
c/o Lord Securities Corporation
48 Wall Street, 27th Floor
New York, NY 10005

With Copy To:

Deutsche Bank AG, New York Branch
60 Wall Street, 18th Floor
New York, New York 10005
Mail Stop: NYC60-1850
Attention: Mary Conners
Telecopier: (212) 797-5150
Telephone: (212) 250-4731

7. if to the Administrative Agent:

DB Structured Products, Inc.
60 Wall Street, 19th Floor
New York, New York 10005
Attention: Glenn Minkoff
Tel: (212) 250-3406
Fax: (212) 797-5160

Schedule A

Purchaser Information

Greenwich Capital Financial Products, Inc.	
Maximum Note Principal Balance:	$1,200,000,000
Commitment:	$ 725,000,000
Commitment Interest:	60.4167%
The CIT Group/Business Credit, Inc.	
Maximum Note Principal Balance:	$1,200,000,000
Commitment:	$ 50,000,000
Commitment Interest:	4.1667%
DB Structured Products, Inc.	
Maximum Note Principal Balance:	$1,200,000,000
Commitment:	$ 425,000,000
Commitment Interest:	35.4167%

Exhibit 10.15

EXECUTION COPY

AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

AMONG

OPTION ONE ADVANCE TRUST 2007-ADV2

AS ISSUER

OPTION ONE ADVANCE CORPORATION

AS DEPOSITOR

AND

OPTION ONE MORTGAGE CORPORATION

AS SELLER

DATED AS OF JANUARY 18, 2008

TABLE OF CONTENTS

AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT, dated as of January 18, 2008 (the "Receivables Purchase Agreement" or this "Agreement"), among OPTION ONE ADVANCE TRUST 2007-ADV2 (the "Issuer"), OPTION ONE ADVANCE CORPORATION (the "Depositor") and OPTION ONE MORTGAGE CORPORATION (the "Seller" or "Option One").

WHEREAS, the parties hereto are parties to that certain Receivables Purchase Agreement dated as of October 1, 2007, as amended by the Amendment No. 1, dated as of December 24, 2007 (together, the "Original Agreement");

WHEREAS, the parties hereto wish to amend and restate the Original Agreement pursuant to this Agreement such that the Original Agreement continues in full force and effect as amended hereby and all obligations of the Seller, the Depositor and the Issuer under the Original Agreement will remain outstanding and continue in full force and effect, unpaid, unimpaired and undischarged, and all liens created under the Original Agreement will continue in full force and effect, unimpaired and undischarged, having the same perfection and priority for payment and performance of the obligations of the Seller, the Depositor and the Issuer as were in place under the Original Agreement; and

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby 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. Additionally, the following terms shall have the following meanings:

"Cash Purchase Price" means, with respect to the Eligible Receivables sold and/or contributed on a Funding Date, the Collateral Value of the Eligible Receivables sold to the Issuer on such Funding Date.

"Closing" shall have the meaning set forth in Section 2.02.

"Contribution" shall have the meaning set forth in Section 2.01(a).

"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" as defined in Section 10.01(b).

"Indenture" means the Amended and Restated Indenture, dated as of January 18, 2008, between the Issuer and Wells Fargo Bank, National Association, as Indenture Trustee as amended or restated from time to time.

"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.

"Material Adverse Effect" means, with respect to any Person, a material adverse effect to (i) the business, operations or financial condition of (A) such Person or (B) such Person and its Affiliates taken as a whole or (ii) the validity or enforceability of this Agreement or any of the other Transaction Documents or the rights or remedies of the other parties to the Transaction Documents hereunder or thereunder or (iii) the ability of such Person to perform its obligations under this Agreement or (iv) the enforceability or recoverability of any of the Aggregate Receivables.

"Receivables Related Collateral" has the meaning set forth in Section 7.01.

"Relevant UCC" means the Uniform Commercial Code as in effect in any applicable jurisdiction.

"Repurchase Price" has the meaning set forth in Section 6.02.

"Required Noteholders" has the meaning set forth in Section 8.06.

Section 1.02. Other Definitional Provisions.

(a) All terms defined in this Agreement shall have the meanings defined herein 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 Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; and Section, subsection, Schedule and Exhibit references contained in this Agreement are references to Sections, subsections, Schedules and Exhibits in or to this Agreement unless otherwise specified.

ARTICLE II.

SALE OF RECEIVABLES; CLOSING; ACKNOWLEDGMENT AND CONSENT

Section 2.01. Sale of Receivables.

(a) Each of the Seller, the Depositor and the Issuer, as applicable, hereby continues the sale and/or contribution, in accordance with Section 2.01(a) of the Original Agreement, of the Receivables (as defined therein) from the date of the Original Agreement through the date hereof, which sale and/or contribution shall be governed by the terms of this Agreement from and after the date hereof. From and after the effectiveness of this Agreement, (i) the terms and provisions of this Agreement shall, with respect to all future obligations and rights of the parties hereunder, amend and supersede the terms and provisions of the Original Agreement in its entirety, (ii) the continuing rights, remedies and obligations of the parties with respect to any Receivables acquired under the Original Agreement shall be governed by the terms and provisions of this Agreement to the same extent as if such Receivables had been conveyed under this Agreement, and (iii) all references in any other Transaction Documents to the Original Agreement thereto shall mean and be a reference to this Agreement; provided, however, that nothing in this Agreement shall modify on a retroactive basis the terms and provisions of the Original Agreement regarding the conditions precedent to the sales, conveyances, purchases and payments made thereunder prior to the effective date hereof and the consideration owed in respect thereof, all of which sales, conveyances, purchases and payments are hereby ratified.

(b) On the Initial Funding Date, the Seller shall sell and contribute to the Depositor and the Depositor shall acquire from the Seller, in accordance with the procedures and subject to the terms and conditions set forth herein and in the Indenture, the Initial Receivables described in the initial Funding Date Report attached as Exhibit A hereto. On each subsequent Funding Date during the Funding Period, the Seller shall sell and/or contribute to the Depositor and the Depositor shall acquire from the Seller, in accordance with the procedures and subject to the terms and conditions set forth herein and in the Indenture, Additional Receivables representing the contractual rights to be reimbursed for all of the Advances and Servicing Advances with respect to the Securitization Trusts made prior to such Funding Date not previously sold and contributed to the Depositor. On the Initial Funding Date, the Depositor shall sell and/or contribute to the Issuer and the Issuer shall acquire from the Depositor, in accordance with the procedures and subject to the terms and conditions set forth herein and in the

Indenture, the Initial Receivables described in the initial Funding Date Report attached as Exhibit A hereto, representing the contractual rights to be reimbursed for the applicable Advances and Servicing Advances with respect to the Securitization Trusts made prior to the Initial Funding Date. On each subsequent Funding Date during the Funding Period, the Depositor shall sell and/or contribute to the Issuer and the Issuer shall acquire from the Depositor, in accordance with the procedures and subject to the terms and conditions set forth herein and in the Indenture, the Additional Receivables acquired by the Depositor on such Funding Date. Subject to the satisfaction of the Funding Conditions on each Funding Date, the Issuer shall pay to the Depositor and the Depositor shall pay to the Seller the Cash Purchase Price in respect of the Initial Receivables or Additional Receivables sold and/or contributed on the Initial Funding Date or such subsequent Funding Date, as applicable, in accordance with Section 7.01 of the Indenture. The excess of (i) the aggregate amount of the Initial Receivables or Additional Receivables sold and/or contributed on the Initial Funding Date or any subsequent Funding Date over (ii) the Cash Purchase Price with respect to such Initial Receivables or Additional Receivables sold and/or contributed on the Initial Funding Date or such subsequent Funding Date shall be a capital contribution by the Seller to the Depositor and by the Depositor to the Issuer (the "Contribution"). The Aggregate Receivables at any time of determination shall consist of the Initial Receivables and the Additional Receivables sold and/or contributed to the Issuer prior to such time of determination.

(c) In consideration of the sale and/or contribution of the Initial Receivables by the Seller, on the Initial Funding Date, the Depositor shall, subject to the terms and conditions hereof and of the Indenture, pay to the Seller the Cash Purchase Price with respect to the Initial Receivables. In consideration of the sale of the Additional Receivables by the Seller, on each Funding Date during the Funding Period, the Depositor shall, in accordance with the procedures set forth herein and in the Indenture and subject to the satisfaction of the Funding Conditions, pay to the Seller the aggregate Cash Purchase Price with respect to the Additional Receivables sold and/or contributed by the Seller to the Depositor on such Funding Date, to the extent of funds available therefor on such Funding Date. In consideration of the sale and/or contribution of the Initial Receivables by the Depositor, on the Initial Funding Date, the Issuer shall, subject to the terms and conditions hereof and of the Indenture, pay to the Depositor the Cash Purchase Price with respect to the Initial Receivables and deliver to the Depositor the Trust Certificates. In consideration of the sale of the Additional Receivables by the Depositor, on each Funding Date during the Funding Period, the Issuer shall, in accordance with the procedures set forth herein and in the Indenture and subject to the satisfaction of the Funding Conditions, pay to the Depositor the aggregate Cash Purchase Price with respect to the Additional Receivables sold and/or contributed by the Depositor to the Issuer on such Funding Date, to the extent of funds available therefor on such Funding Date.

(d) On the Initial Funding Date, the Seller shall deliver to the Depositor and the Depositor shall deliver to the Issuer, with copies to the Agent and the Indenture Trustee, the Funding Notice and a bill of sale, in substantially the forms annexed as Exhibits B and C hereto, respectively, for the Initial Receivables. On each Funding Date, the Seller shall deliver to the Depositor and the Depositor shall deliver to

the Issuer, with copies to the Agent and the Indenture Trustee, the Funding Notice and a bill of sale, in substantially the forms annexed as Exhibits B and C hereto, respectively, with respect to the Additional Receivables to be sold and/or contributed on such Funding Date.

(e) In connection with the transfers of Receivables hereunder, the Seller hereby grants to each of the Issuer, the Indenture Trustee and the Agent an irrevocable, non-exclusive license (i) to use, without royalty or payment of any kind, all software used by the Seller to account for the Receivables, to the extent necessary to administer the Receivables, whether such software is owned by the Seller or is owned by others and used by the Seller under license agreements with respect thereto; provided, that should the consent of any licensor of the Seller to such grant of the license described herein be required, the Seller hereby agrees upon the request of the Issuer or any assignee of the Issuer to use its best efforts to obtain the consent of such third-party licensor and (ii) to use all documents, books, records and other information owned by the Seller (including computer programs, tapes, disks, punch cards, data processing software and related property and rights) relating to the Receivables and the related Securitization Trusts (collectively, "Records"). The license granted hereby shall be irrevocable and shall terminate on the Final Payment Date. The Seller shall take such action requested by the Issuer and/or any of the Issuer 's assignees, from time to time hereafter, that may be necessary or appropriate to ensure that the Issuer and its assigns have an enforceable ownership interest in the Records relating to the Receivables purchased from the Seller hereunder and an enforceable right (whether by license or sublicense or otherwise) to use all of the computer software used to account for the Receivables and/or to recreate such Records.

Section 2.02. Closing. The closing (the "Closing") of the execution of this Agreement, upon and concurrent with the closing under the Note Purchase Agreement, shall take place at 2:00 PM at the offices of Thacher Proffitt & Wood LLP, 2 World Financial Center, New York, New York 10281 on January 18, 2008 (the "Effective Date"), or if the conditions precedent to closing set forth in Article III of this 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.

Section 2.03. Seller's Acknowledgment and Consent to Assignment. Seller hereby acknowledges that the Depositor has assigned to the Issuer and the Issuer has Granted to the Indenture Trustee, on behalf of the Secured Parties, the rights of the Depositor and the Issuer as purchasers under this Agreement, including, without limitation, the right to enforce the obligations of the Seller hereunder. The Seller hereby consents to such assignment by the Depositor and Grant in the Indenture by the Issuer to the Indenture Trustee, on behalf of the Secured Parties, and, agrees to remit the Repurchase Price in respect of any repurchased Receivable directly to the Reimbursement Account as provided for in Section 6.02 hereof. The Seller acknowledges that the Indenture Trustee, on behalf of the Secured Parties, shall be a third party beneficiary in respect of the representations, warranties, covenants, rights and benefits arising hereunder that are so Granted by the Issuer. The Seller hereby authorizes the

Issuer and the Indenture Trustee, as the Issuer's assignee, on behalf of the Seller, to execute and deliver such documents or certificates as may be necessary in order to enforce its rights to or collect under the Receivables. The Seller hereby agrees to be bound by and perform all of the covenants and obligations of the Seller and the Servicer set forth in the Indenture.

ARTICLE III.

CONDITIONS PRECEDENT TO CLOSING

Section 3.01. Closing Subject to Conditions Precedent. The Closing 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 Agent in its sole discretion):

(a) Performance by the Seller and the Depositor. All the terms, covenants, agreements and conditions of the Transaction Documents to be complied with and performed by the Seller and the Depositor on or before the Effective Date shall have been complied with and performed in all material respects.

(b) Representations and Warranties. Each of the representations and warranties of the Seller and the Depositor made in the Transaction Documents shall be true and correct in all material respects as of the Effective Date (except to the extent they expressly relate to an earlier or later time).

(c) Officer's Certificate. The Agent and the Indenture Trustee shall have received in form and substance reasonably satisfactory to the Agent and its counsel an Officer's Certificate from the Seller and the Depositor, dated the Effective Date, each certifying to the satisfaction of the conditions set forth in the preceding paragraphs (a) and (b).

(d) Opinions of Counsel to the Seller, the Depositor and the Servicer. Counsel to the Seller, the Depositor and the Servicer shall have delivered to the Agent and the Indenture Trustee favorable opinions and reliance letters as to matters described in Section 4.01 of the Note Purchase Agreement, dated as of the date of the Effective Date and reasonably satisfactory in form and substance to the Agent and its counsel.

(e) Filings and Recordations. As of the date of the Effective Date, the Agent and the Indenture Trustee shall have received evidence reasonably satisfactory to the Agent of (i) the completion of all recordings, registrations and filings as may be necessary or, in the reasonable opinion of the Agent, desirable to perfect or evidence the assignment by the Seller to the Depositor of the Seller's ownership interest in the Aggregate Receivables and the proceeds thereof and the assignment by the Depositor to the Issuer of the Depositor's ownership interest in the Aggregate Receivables and the proceeds thereof and (ii) the completion of all recordings, registrations, and filings as may be necessary or, in the reasonable opinion of the Agent, desirable to perfect or evidence the Grant of a first priority perfected security interest in the Issuer's ownership

interest in the Trust Estate, in favor of the Indenture Trustee, subject to no Liens prior to the Lien created by the Indenture.

(f) Documents. The Agent and the Indenture Trustee shall have received a duly executed counterpart of this Agreement (in a form acceptable to the Agent), each of the other Transaction Documents and each and every document or certification delivered by the Seller and the Depositor in connection with this Agreement or any other Transaction Document, and each such document shall be in full force and effect.

(g) 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 Transaction Documents and the documents related thereto in any material respect.

(h) Approvals and Consents. All Governmental Actions of all Governmental Authorities required to consummate the transactions contemplated by the Transaction Documents and the documents related thereto shall have been obtained or made.

(i) Fees and Expenses. The fees and expenses payable by the Seller pursuant to Section 9.02 hereof and any other Transaction Document shall have been paid.

(j) Other Documents. The Seller and the Depositor shall have furnished to the Agent, each Purchaser and the Indenture Trustee such other opinions, information, certificates and documents as the Agent may reasonably request.

(k) Verification Agent. The Seller shall have engaged the Verification Agent pursuant to the Verification Agent Letter.

If any condition specified in this Section 3.01 shall not have been fulfilled when and as required to be fulfilled, this Agreement may be terminated by the Issuer by notice to the Depositor and by the Depositor by notice to the Seller at any time at or prior to the Closing Date, and the Issuer or Depositor, as applicable, shall incur no liability as a result of such termination.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES OF THE ISSUER

Section 4.01. Representations and Warranties. The Issuer hereby makes the following representations and warranties on which the Seller and the Depositor are relying in executing this Agreement and selling the Aggregate Receivables:

(a) Organization. The Issuer is a statutory trust duly formed and validly existing in good standing under the laws of the State of Delaware and is duly

qualified to do business and is in good standing in each jurisdiction in which such qualification is necessary.

(b) Power and Authority. The Issuer has all requisite trust power and authority and has all material governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being conducted and to execute and deliver and perform its obligations under this Agreement.

(c) Authorization of Transaction. All appropriate and necessary action has been taken by the Issuer to authorize the execution and delivery of this Agreement and all other Transaction Documents to which it is a party, and to authorize the performance and observance of the terms hereof and thereof.

(d) Agreement Binding. This Agreement and each of the other Transaction Documents to which the Issuer is a party constitute the legal, valid and binding obligation of the Issuer enforceable in accordance with their terms except as may be limited by laws governing insolvency or creditors' rights or by rules of equity. The execution, delivery and performance by the Issuer of this Agreement and the other Transaction Documents to which the Issuer is a party will not violate any provision of law, regulation, order or other governmental directive, or conflict with, constitute a default under, or result in the breach of any provision of any material agreement, ordinance, decree, bond, indenture, order or judgment to which the Issuer is a party or by which it or its properties is or are bound.

(e) Consents. All licenses, consents and approvals required from and all registrations and filings required to be made by the Issuer with any governmental or other public body or authority for the making and performance by the Issuer of this Agreement and the other Transaction Documents to which it is a party have been obtained and are in effect.

ARTICLE V.

REPRESENTATIONS AND WARRANTIES OF THE DEPOSITOR

Section 5.01. Representations and Warranties. The Depositor hereby makes the following representations and warranties on which the Issuer and the Seller are relying in executing this Agreement. The representations are made as of the execution and delivery of this Agreement, and as of each date of conveyance of any Additional Receivables. Such representations and warranties shall survive the sale and/or contribution of any Aggregate Receivables to the Depositor and are as follows:

(a) Organization. The Depositor is a corporation duly formed and validly existing in good standing under the laws of the State of Delaware and is duly qualified to do business and is in good standing in each jurisdiction in which such qualification is necessary, except where the failure to be so qualified or in good standing would not reasonably be expected to have a Material Adverse Effect with respect to the Depositor.

(b) Power and Authority. The Depositor has all requisite power and authority and has all material governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being conducted and to execute and deliver and perform its obligations under this Agreement and any other Transaction Document to which it is a party and, except to the extent not necessary in order to execute and deliver and perform its obligations under this Agreement and any other Transaction Document to which it is a party, to own its assets and carry on its business as now being conducted.

(c) Authorization of Transaction. All appropriate and necessary action has been taken by the Depositor to authorize the execution and delivery of this Agreement and all other Transaction Documents to which it is a party, and to authorize the performance and observance of the terms hereof and thereof.

(d) Agreement Binding. This Agreement and each of the other Transaction Documents to which the Depositor is a party constitute the legal, valid and binding obligation of the Depositor, enforceable in accordance with their terms except as may be limited by laws governing insolvency or creditors' rights or by rules of equity. The execution, delivery and performance by the Depositor of this Agreement and the other Transaction Documents to which the Depositor is a party will not violate any provision of law, regulation, order or other governmental directive, or conflict with, constitute a default under, or result in the breach of any provision of any material agreement, ordinance, decree, bond, indenture, order or judgment to which the Depositor is a party or by which it or its properties is or are bound.

(e) Compliance with Law. The Depositor is conducting its business and operations in compliance with all applicable laws, regulations, ordinances and directives of governmental authorities, except where the failure to comply would not reasonably be expected to have a Material Adverse Effect with respect to the Depositor. The Depositor has filed all tax returns required to be filed and has paid all taxes in respect of the ownership of its assets or the conduct of its operations prior to the date after which penalties attach for failure to pay, except to the extent that the payment or amount of such taxes is being contested in good faith by it in appropriate proceedings and adequate reserves have been provided for the payment thereof.

(f) Consents. All licenses, consents and approvals required from and all registrations and filings required to be made by the Depositor with any governmental or other public body or authority for the making and performance by the Depositor of this Agreement and the other Transaction Documents to which it is a party have been obtained and are in effect.

(g) Litigation. There is no action, suit or proceeding at law or in equity by or before any court, governmental agency or authority or arbitral tribunal now pending or, to the knowledge of the Depositor, threatened against or affecting it which have a reasonable possibility of being determined adversely in a manner or amount that would have a Material Adverse Effect with respect to the Depositor.

(h) Other Obligations. The Depositor is not in default in the performance, observance or fulfillment of any obligation, covenant or condition in any agreement or instrument to which it is a party or by which it is bound the result of which should reasonably be expected to have a Material Adverse Effect with respect to the Depositor.

(i) 1940 Act. The Depositor is not an "investment company" or a company "controlled" by an investment company within the meaning of the 1940 Act.

(j) Solvency. The Depositor, both prior to and after giving effect to each sale and/or contribution of Aggregate Receivables on the Initial Funding Date or on any Funding Date thereafter (i) is not, and will not be, "insolvent" (as such term is defined in § 101(32)(A) of the Bankruptcy Code), (ii) is, and will be, able to pay its debts as they become due, and (iii) does not have unreasonably small capital for the transaction contemplated in the Transaction Documents.

(k) Full Disclosure. No document, certificate or report furnished by or on behalf of the Depositor, in writing, pursuant to this Agreement, any other Transaction Document or in connection with the transactions contemplated hereby or thereby contains or will contain when furnished any untrue statement of a material fact. There are no facts relating to and known by the Depositor, which when taken as a whole, materially adversely affect the financial condition or assets or business of the Depositor, or which should reasonably be expected to impair the ability of the Depositor to perform its obligations under this Agreement or any other Transaction Document, which have not been disclosed herein or in the certificates and other documents furnished by or on behalf of the Depositor pursuant hereto or thereto. All books, records and documents delivered in connection with the Transaction Documents are and will be true, correct and complete.

(l) ERISA. All Plans maintained by the Depositor or any of its Affiliates are in substantial compliance with all applicable laws (including ERISA).

(m) Fair Consideration. The Seller is receiving fair consideration and reasonably equivalent value in exchange for the sale and/or contribution of the Aggregate Receivables under this Agreement.

(n) Bulk Transfers. No sale, contribution, transfer, assignment or conveyance of Aggregate Receivables by the Depositor to the Issuer contemplated by this Agreement will be subject to the bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction.

(o) Name. The legal name of the Depositor is as set forth in this Agreement and the Depositor does not have any trade names, fictitious names, assumed names or "doing business" names.

(p) Organizational Information. The Depositor's Federal Tax ID Number is as follows: 20-0390492. The Depositor's entity identification number, if different from the Depositor's Federal Tax ID Number and if applicable, is as follows: 3707915.

(q) Chief Executive Office. On the date of this Agreement, Depositor's chief executive office and principal place of business is located at 3 Ada, Irvine, California 92618.

ARTICLE VI.

REPRESENTATIONS AND WARRANTIES OF THE SELLER

Section 6.01. Representations and Warranties. The Seller hereby makes the following representations and warranties on which the Depositor and the Issuer are relying in accepting the Aggregate Receivables and executing this Agreement. The representations are made as of the execution and delivery of this Agreement, and as of each date of conveyance of any Additional Receivables. Such representations and warranties shall survive the sale and/or contribution of any Aggregate Receivables to the Depositor and are as follows:

(a) Organization. The Seller is a corporation duly formed and validly existing in good standing under the laws of the state of California and is duly qualified to do business and is in good standing in each jurisdiction in which such qualification is necessary, except where the failure to be so qualified or in good standing would not reasonably be expected to have a Material Adverse Effect with respect to the Seller.

(b) Power and Authority. The Seller has all requisite corporate power and authority and has all material governmental licenses, authorizations, consents and approvals necessary to execute and deliver and perform its obligations under this Agreement and any other Transaction Document to which it is a party and, except to the extent not necessary in order to execute and deliver and perform its obligations under this Agreement and any other Transaction Document to which it is a party, to own its assets and carry on its business as now being conducted.

(c) Authorization of Transaction. All appropriate and necessary action has been taken by the Seller to authorize the execution and delivery of this Agreement and all other Transaction Documents to which it is a party, and to authorize the performance and observance of the terms hereof and thereof.

(d) Agreement Binding. This Agreement and each of the other Transaction Documents to which the Seller is a party constitute the legal, valid and binding obligation of the Seller enforceable in accordance with their terms except as may be limited by laws governing insolvency or creditors' rights or by rules of equity. The execution, delivery and performance by the Seller of this Agreement and the other Transaction Documents to which the Seller is a party will not violate any provision of law, regulation, order or other governmental directive, or conflict with, constitute a default under, or result in the breach of any provision of any agreement, ordinance, decree, bond, indenture, order or judgment to which the Seller is a party or by which it or its properties is or are bound.

(e) Compliance with Law. The Seller is conducting its business and operations in compliance with all applicable laws, regulations, ordinances and directives of governmental authorities, except where the failure to comply would not reasonably be expected to have a Material Adverse Effect with respect to Seller. The Seller has filed all tax returns required to be filed and has paid all taxes in respect of the ownership of its assets or the conduct of its operations prior to the date after which penalties attach for failure to pay, except to the extent that the payment or amount of such taxes is being contested in good faith by it in appropriate proceedings and adequate reserves have been provided for the payment thereof.

(f) Consents. All licenses, consents and approvals required from and all registrations and filings required to be made by the Seller with any governmental or other public body or authority for the making and performance by the Seller of this Agreement and the other Transaction Documents to which it is a party have been obtained and are in effect.

(g) Litigation. There is no action, suit or proceeding at law or in equity by or before any court, governmental agency or authority or arbitral tribunal now pending or, to the knowledge of the Seller, threatened against or affecting it which have a reasonable possibility of being determined adversely in a manner or amount that would reasonably be expected to have a Material Adverse Effect with respect to Seller.

(h) Other Obligations. The Seller is not in default in the performance, observance or fulfillment of any obligation, covenant or condition in any agreement or instrument to which it is a party or by which it is bound the result of which should reasonably be expected to have a Material Adverse Effect with respect to Seller.

(i) 1940 Act. The Seller is not an "investment company" or a company "controlled" by an investment company within the meaning of the 1940 Act.

(j) Solvency. The Seller, both prior to and after giving effect to each sale and/or contribution of Aggregate Receivables on the Initial Funding Date or on any Funding Date thereafter (i) is not, and will not be, "insolvent" (as such term is defined in § 101(32)(A) of the Bankruptcy Code), (ii) is, and will be, able to pay its debts as they become due, and (iii) does not have unreasonably small capital for the business in which it is engaged or for any business or transaction in which it is about to engage.

(k) Full Disclosure. No document, certificate or report furnished by or on behalf of the Seller or the Servicer, in writing, pursuant to this Agreement, any other Transaction Document or in connection with the transactions contemplated hereby or thereby contains or will contain when furnished any untrue statement of a material fact. There are no facts relating to and known by the Seller, which when taken as a whole, materially adversely affect the financial condition or assets or business of the Seller or the Servicer, or which should reasonably be expected to impair the ability of the Seller or the Servicer to perform its obligations under this Agreement or any other Transaction Document or Pooling and Servicing Agreement, which have not been disclosed herein or in the certificates and other documents furnished by or on behalf of

the Seller or the Servicer pursuant hereto or thereto. All books, records and documents delivered in connection with the Transaction Documents are and will be true, correct and complete.

(l) ERISA. All Plans maintained by the Seller or any of its Affiliates are in substantial compliance with all applicable laws (including ERISA).

(m) Fair Consideration. The Seller is receiving fair consideration and reasonably equivalent value in exchange for the sale and/or contribution of the Aggregate Receivables to the Depositor under this Agreement.

(n) Bulk Transfers. No sale, contribution, transfer, assignment or conveyance of Aggregate Receivables by the Seller to the Depositor contemplated by this Agreement will be subject to the bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction.

(o) Name. The legal name of the Seller is as set forth in this Agreement and the Seller does not have any trade names, fictitious names, assumed names or "doing business" names.

(p) Organizational Information. The Seller's Federal Tax ID Number is as follows: 33-536622. The Seller's entity identification number, if different from the Seller 's Federal Tax ID Number and if applicable, is as follows: 1846488.

(q) Chief Executive Office. On the date of this Agreement, Seller's chief executive office and principal place of business is located at 3 Ada, Irvine, California 92618.

(r) Repayment of Receivables. The Seller has no reason to believe that at the time of the sale and/or contribution of any Receivables to the Depositor pursuant hereto, such Receivables will not be paid in full.

(s) Reimbursement Amounts. The Seller has not waived or forgiven any obligation of a Mortgagor to repay any Advance or Servicing Advance.

(t) Aggregate Receivables.

(i) Each Initial Receivable and Additional Receivable is payable in United States dollars and has been created pursuant to and in accordance with the terms of the related Pooling and Servicing Agreement, in accordance with the Seller's customary procedures with respect to the applicable Securitization Trust and in the ordinary course of business of the Seller.

(ii) The sale and/or contribution to the Depositor and the Issuer of the rights to reimbursement for the Advances and

Servicing Advances under each Securitization Trust, and the assignment and Grant thereof to the Indenture Trustee, does not violate the terms of the related Pooling and Servicing Agreement or any other document or agreements to which the Seller is a party or to which its assets or properties are subject.

(iii) No Receivable has been sold, transferred, assigned or pledged by the Seller to any Person other than the Depositor. Immediately prior to the transfer and assignment herein contemplated, the Seller was the sole owner with respect to each such Receivable, and had the right to transfer and sell such Receivable, free and clear of all Liens and rights of others; immediately upon the transfer and assignment thereof, the Issuer shall own all of such interest in and to such Receivable, free and clear of all Liens and rights of others (other than the Lien created by the Indenture).

(iv) As of the date of conveyance thereof, the Seller has not taken any action that, or failed to take any action the omission of which, would materially impair the rights of the Depositor, the Issuer, the Indenture Trustee (or any Secured Party) with respect to any such Receivable.

(v) As of the date of conveyance thereof, no such Receivable has been identified by the Seller or reported to the Seller as having resulted from fraud perpetrated by any Person with respect to such Receivable.

(vi) All filings (including UCC filings) necessary in any jurisdiction to perfect the transfers and assignments herein contemplated, and solely in the event the transfer contemplated hereby were to be recharacterized as a pledge rather than an absolute sale, to perfect the Depositor's security interest in the Aggregate Receivables that is prior to any other interest held or to be held by any other Person (except the Indenture Trustee on behalf of the Secured Parties) have been made.

(vii) No Receivable is secured by "real property" or "fixtures" or evidenced by an "instrument" as such quoted terms are used for purposes of creating and perfecting a security interest under the Relevant UCC.

(viii) Each such Receivable is the legal, valid and binding obligation of the related Securitization Trust and is

enforceable in accordance with its terms. There is no valid and enforceable offset, defense or counterclaim to the obligation of the related Securitization Trust to make payment of any such Receivable.

(ix) Each such Receivable is entitled to be paid, has not been repaid in whole or been compromised, adjusted (except by partial payment), extended, satisfied, subordinated, rescinded, amended or modified, and is not subject to compromise, adjustment, extension, satisfaction, subordination, rescission, set-off, counterclaim, defense, amendment or modification by the Seller.

(x) As of the date of conveyance thereof, such Receivables do not include amounts payable as a result of accounting or other errors, or the failure to deposit funds or the misapplication of funds by the Servicer.

(xi) As of the date of conveyance thereof, no such Receivable has been identified by the Seller as a Nonrecoverable Advance (as defined in the Pooling and Servicing Agreements) for which reimbursement has not been sought from the Securitization Trust in accordance with the related Pooling and Servicing Agreement.

(xii) The Initial Receivables represent all of the rights to be reimbursed for all Advances and/or Servicing Advances with respect to the Securitization Trusts as of the Initial Funding Date. The Seller has not sold, assigned, transferred or conveyed, without the Agent's consent, any Advance or Servicing Advance with respect to the Securitization Trusts to any Person other than the Depositor. The Additional Receivables conveyed on any Funding Date constitute all of the Advances and/or Servicing Advances with respect to the Securitization Trusts not previously sold and contributed to the Depositor hereunder, except for Receivables repurchased by the Seller pursuant to Section 6.02.

(xiii) If such Advance or Servicing Advance becomes a Nonrecoverable Advance after the related Transfer Date, the related Pooling and Servicing Agreement provides for the reimbursement of such Advance or Servicing Advance from the general collections of the Securitization Trust prior to any payments to related Securitization Trust certificateholders.

(xiv) Each Pooling and Servicing Agreement is in full force and effect and, other than as set forth in Schedule II, has not been amended or modified, and no party thereto, to the knowledge of the Seller, is in default thereunder.

(xv) As of the date of conveyance thereof, no Receivable is an obligation of a Securitization Trust for which a Securitization Termination Event has occurred and is continuing.

(xvi) The principal amount of any Additional Receivable relating to a Servicing Advance or Loan-Level Advance, when added to the aggregate outstanding principal amount of all Receivables relating to Servicing Advances and Loan-Level Advances under the related Securitization Trust, does not cause the weighted average months outstanding with respect to all such Receivables to exceed 16 months.

(xvii) The principal amount of any Additional Receivable, when added to the aggregate outstanding principal amount of all Receivables under the related Securitization Trust, does not cause the aggregate outstanding principal amount of all such Receivables to exceed 15% of the aggregate outstanding principal amount of all Receivables.

(xviii) If a Receivable relating to a Servicing Advance relates to a Mortgage Loan secured by a second or more junior lien on the related mortgaged property, the outstanding principal amount of that Receivable, when added to the aggregate outstanding principal amount of all Receivables relating to Servicing Advances that relate to Mortgage Loans secured by second or more junior lien on the respective mortgaged properties, does not cause the aggregate principal amount of all Receivables relating to Servicing Advances secured by second or more junior liens on mortgaged properties to exceed 5% of the aggregate principal amount of all Receivables relating to Servicing Advances.

Section 6.02. Repurchase Upon Breach. The Issuer, the Depositor, the Indenture Trustee or the Seller, as the case may be, shall inform the Issuer, the Depositor or the Seller (as applicable), the Agent and the Indenture Trustee promptly (but in no event later than two (2) Business Days following such discovery), in writing, upon the discovery of any breach of the Seller's or Depositor's representations and warranties hereunder. If any such representation or warranty pertains to a Receivable (including the representations under Sections 5.01(a)(iv) and 6.01(a)(iv)), unless such breach shall have been cured within thirty (30) days after the earlier to occur of the discovery of such breach by the Issuer, the Depositor or the Seller (as applicable) or receipt of written notice of such breach by the Issuer, the Depositor, the Agent, the Indenture Trustee or the Seller (as applicable) or waived by the Agent and the Required Noteholders, the Seller or

the Depositor, as applicable, shall repurchase such Receivable from the Issuer at a price equal to the outstanding Receivable Balance of such Receivable as of the date of repurchase (the "Repurchase Price"). The Seller or the Depositor, as applicable, shall pay any Repurchase Price directly to the Indenture Trustee for deposit into the Reimbursement Account.

ARTICLE VII.

INTENTION OF THE PARTIES; SECURITY INTEREST

Section 7.01. Intention of the Parties. It is the intention of the parties hereto that each transfer and assignment contemplated by this Agreement shall constitute an absolute sale or contribution, or a combination thereof, of the related Receivables from the Seller to the Depositor and from the Depositor to the Issuer and that the related Receivables shall not be part of the Seller's or the Depositor's estate or otherwise be considered property of the Seller or the Depositor in the event of the bankruptcy, receivership, insolvency, liquidation, conservatorship or similar proceeding relating to the Seller or the Depositor or any of their property. Except as set forth below, it is not intended that any amounts available for reimbursement of Receivables be deemed to have been pledged by the Seller to the Depositor or by the Depositor to the Issuer or the Indenture Trustee to secure a debt or other obligation of the Seller or the Depositor. In the event that (A) the transfers of Receivables by the Depositor or the Issuer are deemed by a court or applicable regulatory, administrative or other governmental body contrary to the express intent of the parties to constitute pledges rather than sales or contributions, or a combination thereof, of the Receivables, or (B) if amounts available now or in the future for reimbursement of any Receivables are held to be property of the Seller or the Depositor or loans to the Seller or the Depositor, or (C) if for any reason this Agreement is held or deemed to be a financing or some other similar arrangement or agreement, then: (i) this Agreement is and shall be a security agreement within the meaning of Articles 8 and 9 of the Relevant UCC; (ii) the Issuer shall be treated as having a first priority, perfected security interest in and to, and lien on, the Receivables transferred and assigned to the Issuer hereunder; (iii) the agreement of the Seller and the Depositor hereunder to sell, assign, convey and transfer the Receivables shall be a grant by the Seller to the Depositor and by the Depositor to the Issuer of, and the Seller does hereby grant to the Depositor and the Depositor does hereby grant to the Issuer, a security interest in all of the Seller's and Depositor's property and right (including the power to convey title thereto), title, and interest, whether now owned or hereafter acquired, in and to the Aggregate Receivables, together with (A) all amounts payable now or in the future by or with respect to the Receivables and (B) any and all general intangibles consisting of, arising from or relating to any of the foregoing, and all proceeds of the conversion, voluntary or involuntary, of the foregoing into cash, instruments, securities or other property, including without limitation all such amounts from time to time held or invested in accounts maintained by or on behalf of the Seller, by or on behalf of the Securitization Trusts or by the Depositor, whether in the form of cash, instruments, securities or other property (the "Receivables Related Collateral"). The possession by the Issuer or its agent of notes and such other goods, money, documents or such other items of property as constitute instruments, money, negotiable documents or chattel paper, in each case,

which constitute any of the items described in the foregoing sentence, or proceeds thereof, shall be "possession by the secured party," or possession by a purchaser or a person designated by such secured party, for purposes of perfecting the security interest pursuant to the Relevant UCC of any applicable jurisdiction; and notifications to persons holding such property, and acknowledgments, receipts or confirmations from persons holding such property, shall be notifications to, or acknowledgments, receipts or confirmations from, financial intermediaries, bailees or agents (as applicable) of any such holder for the purpose of perfecting such security interest under applicable law.

Section 7.02. Security Interest.

(a) The Seller shall, to the extent consistent with this Agreement, take such actions as may be necessary to ensure that, if this Agreement were deemed to create a security interest in (i) any of the Aggregate Receivables, (ii) the amounts reimbursable now or in the future by or with respect to the Securitization Trusts in respect of any of the Aggregate Receivables or (iii) the other property described above, such security interest would be a perfected security interest of first priority under applicable law and will be maintained as such throughout the term of this Agreement. The Seller shall execute such documents and instruments as the Depositor may reasonably request from time to time in order to effectuate the foregoing and shall return to the Depositor the executed copy of such documents and instruments. Without limiting the generality of the foregoing, the Depositor shall forward for filing, or shall cause to be forwarded for filing, at the expense of the Seller, all filings necessary to maintain the effectiveness of any original filings necessary under the Relevant UCC to perfect the Depositor's security interest described above, including without limitation (x) UCC continuation statements, and (y) such other statements as may be occasioned by (1) any change of name of the Seller or the Depositor (such preparation and filing shall be at the expense of the Depositor, if occasioned by a change in such party's name) or (2) any change of location of the jurisdiction of organization of the Seller.

(b) The Depositor shall, to the extent consistent with this Agreement, take such actions as may be necessary to ensure that, if this Agreement were deemed to create a security interest in (i) any of the Aggregate Receivables, (ii) the amounts reimbursable now or in the future by or with respect to the Securitization Trusts in respect of any of the Aggregate Receivables or (iii) the other property described above, such security interest would be a perfected security interest of first priority under applicable law and will be maintained as such throughout the term of this Agreement. At the Issuer's direction, the Depositor shall execute such documents and instruments as the Issuer may reasonably request from time to time in order to effectuate the foregoing and shall return to the Issuer the executed copy of such documents and instruments. Without limiting the generality of the foregoing, the Issuer shall forward for filing, or shall cause to be forwarded for filing, at the expense of the Depositor, all filings necessary to maintain the effectiveness of any original filings necessary under the Relevant UCC to perfect the Issuer's security interest described above, including without limitation (x) UCC continuation statements and (y) such other statements as may be occasioned by (1) any change of name of the Depositor or the Issuer (such preparation and filing shall be at

the expense of the Issuer, if occasioned by a change in such party's name) or (2) any change in the jurisdiction of organization of the Depositor.

ARTICLE VIII.

COVENANTS OF THE SELLER

Section 8.01. Information. The Seller shall furnish to the Depositor, the Issuer, the Indenture Trustee, the Agent and the Secured Parties:

(a) such information (including financial information), documents, records or reports with respect to the Aggregate Receivables, the Securitization Trusts, the Seller, the Servicer as the Issuer, the Depositor, the Indenture Trustee, the Agent, the Note Purchasers or the Secured Parties may from time to time reasonably request;

(b) prompt notice of any Event of Default, Securitization Termination Event, Funding Termination Event or Funding Interruption Event under the Indenture, or any event known to the Seller which, with the passage of time or the giving of notice or both, would become an Event of Default a Securitization Termination Event, a Funding Termination Event or a Funding Interruption Event as applicable, under the Indenture;

(c) prompt written notice of a change in name, or address of the jurisdiction of organization of the Seller, the Depositor or the Issuer;

(d) prompt notice of the occurrence of any event of default by the Servicer under any Pooling and Servicing Agreement without regard to whether such event of default has been cured;

(e) the information and reports required pursuant to Section 6.02 of the Indenture;

(f) prompt notice of any "Conversion Event" (as such term or term of substantially similar import is defined in the applicable Pooling and Servicing Agreement);

(g) a Schedule I Report and Schedule II Report, in the form of Exhibits D and E, respectively, attached hereto, monthly to the Agent;

(h) promptly, and in any event within 5 days after the occurrence thereof, written notice of (i) any legal action brought in any jurisdiction against the Seller in which the plaintiff is seeking a judgment for the payment of money in excess of $15,000,000.00 or any legal action brought in any jurisdiction against the Depositor or the Issuer, (ii) any final judgment or judgments held against the Seller for the payment of money in excess of $15,000,000.00 in the aggregate or any final judgment for the payment of money against the Depositor or the Issuer, (iii) any other events that could reasonably be likely to have a Material Adverse Effect with respect to the Seller, the Depositor or the Issuer (iv) any claim for liability brought in any jurisdiction against the

Seller, the Depositor or the Issuer relating to ERISA, or any contribution failure with respect to any "defined benefit plan" (as defined in ERISA) sufficient to give rise to a lien under Section 302(f) of ERISA, and (v) the creation or assertion of any Lien on the Aggregate Receivables; and

(i) as soon as is available, and in any event within ninety (90) days after the end of each fiscal year of H&R Block Inc., a consolidated balance sheet of H&R Block Inc. and its consolidated subsidiaries as of the end of such fiscal year and a statement of income and retained earnings of H&R Block Inc. for such fiscal year, all reported in accordance with GAAP by independent public accountants of nationally recognized standing, (ii) within forty-five (45) days after the end of the first, second and third quarterly accounting periods in each fiscal year of H&R Block Inc., a balance sheet of H&R Block Inc. as of the end of such fiscal quarter and a statement of income and retained earnings of H&R Block Inc. for the period commencing at the end of the previous fiscal year and ending as of the end of such quarter, certified by the chief financial officer of H&R Block Inc., (iii) promptly after the filing thereof, copies of all registration statements (other than exhibits thereto and any registration statements on Form S-8 or its equivalent) and reports on Forms 10-K, 10-Q and 8-K (or their equivalents) filed by H&R Block Inc. with the Securities and Exchange Commission; *provided*, *that* as long as H&R Block Inc. is required or permitted to file reports under the Securities Exchange Act of 1934, as amended, a copy of its report on Form 10-K shall satisfy the requirements of clause (i) above and a copy of its report on Form 10-Q shall satisfy the requirements of clause (ii) above, and information required to be delivered pursuant to clauses (i) or (ii) above shall be deemed to have been delivered on the date on which the Seller provides notice to the Agent and the Note Purchasers that such information has been posted on H&R Block Inc.'s website on the Internet at www.hrblock.com or at another website identified in such notices and accessible to the Agent and each Note Purchaser without charge.

Section 8.02. Acknowledgment. The Seller shall seek acknowledgment from the Securitization Trustee that the Seller intends to enter into an "Advance Facility" (as such term is defined in each Pooling and Servicing Agreement), whereby the Seller will sell and assign the Receivables to the Depositor, following which the Depositor will sell to the Issuer, who will pledge and assign such Receivables to the Indenture Trustee, acting on behalf of the Noteholders, as an "Advance Financing Person" (as such term or term of substantially similar import is defined in each Pooling and Servicing Agreement), and that the Transaction Documents shall constitute such "Advance Facility".

Section 8.03. Access to Information. The Seller shall, at any time and from time to time during regular business hours, or at such other reasonable times upon reasonable notice to the Seller, permit the Depositor, the Issuer, the Indenture Trustee, the Agent, the Note Purchasers or the Secured Parties, or their agents or representatives, at the Seller's expense (not to exceed $25,000 in any calendar year with regard to any parties for any calendar year); provided, that no such limit shall apply after an Event of Default or a Funding Termination Event, but only so long as that does not unreasonably interfere with the Seller's conduct of its business:

(a) to examine all books, records and documents (including computer tapes and disks) in the possession or under the control of the Seller relating to the Aggregate Receivables or the Transaction Documents as may be requested;

(b) to visit the offices and property of the Seller for the purpose of examining such materials described in clause (a) above; and

(c) to conduct verification procedures alongside the Verification Agent, including access to the appropriate servicing personnel of the Seller.

Section 8.04. Ownership and Security Interests; Further Assurances. The Seller will take all action necessary to maintain the Indenture Trustee's security interest in the Receivables and the other items pledged to the Indenture Trustee pursuant to the Indenture.

The Seller agrees to take any and all acts and to execute any and all further instruments reasonably necessary or requested by the Depositor, the Issuer, the Indenture Trustee, the Agent, the Note Purchasers or the Secured Parties to more fully effect the purposes of this Agreement.

Section 8.05. Covenants. The Seller shall duly observe and perform each of its covenants set forth in each of the Transaction Documents to which it is a party. The Seller shall duly observe and perform all of the covenants and obligations of the Seller and the Servicer set forth in the Indenture as if the Seller was a party thereto. The Seller in its capacity as Servicer shall duly observe and perform each of its covenants set forth in each Pooling and Servicing Agreement. The Seller shall, promptly upon making its determination that an Advance or Servicing Advance is a Nonrecoverable Advance, seek reimbursement for that advance in accordance with the related Pooling and Servicing Agreement.

The Seller hereby covenants that except for the sales and contributions hereunder, the Seller will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any lien on, any Receivable, or any interest therein; and the Seller will defend the right, title and interest of the Issuer, as assignee of the Depositor, in, to and under the Receivables, against all claims of third parties claiming through or under the Seller.

Section 8.06. Amendments. The Seller shall not make, or permit any Person to make, any amendment, modification or change to, or provide any waiver under any Transaction Document to which the Seller is a party without the prior written consent of the Agent and, except as described in Section 8.01 of the Indenture, Noteholders with an aggregate Note Principal Balance of not less than 66 2/3% of the aggregate Note Principal Balance of the Outstanding Notes (the "Required Noteholders").

Section 8.07. Assignment of Rights. Either (i) while an Event of Default has occurred and is continuing or (ii) in the absence of an Event of Default but only for the limited purpose of effecting buybacks for defective receivables, the Seller and the Issuer hereby constitute and irrevocably appoint the Indenture Trustee, with full power of

substitution and revocation, as the Receivable Seller's and the Issuer's true and lawful agent and attorney-in-fact, with the power to the full extent permitted by law, to exercise with respect to the Receivables conveyed under this Receivables Purchase Agreement, all the rights, powers and remedies of an owner. The power of attorney granted pursuant to this Receivables Purchase Agreement and all authority hereby conferred are granted and conferred solely to protect the Secured Parties' respective interests in the Receivables and shall not impose any duty upon the Indenture Trustee to exercise any power. The Seller and the Issuer shall execute any documentation, including, without limitation, any powers of attorney and/or irrevocable proxies, requested by the Indenture Trustee to effectuate such assignment. The foregoing grant and assignment are powers coupled with an interest and are irrevocable.

ARTICLE IX.
ADDITIONAL COVENANTS

Section 9.01. Legal Conditions to Closing. The parties hereto will take all reasonable action necessary to obtain (and will cooperate with one another in taking such action to obtain) 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 Agreement.

Section 9.02. Expenses.

(a) The Seller covenants that, whether or not the Closing takes place, except as otherwise expressly provided herein, all reasonable costs and expenses incurred by the Agent, the Indenture Trustee or any Note Purchaser in connection with this Agreement and the transactions contemplated hereby shall be paid by the Seller.

(b) Except as otherwise expressly set forth in the Indenture, the Seller covenants to pay as and when billed by the Depositor, the Issuer, the Indenture Trustee or the Agent or any Secured Party 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 Transaction Documents and the enforcement of their respective rights and remedies hereunder and thereunder, including, without limitation, all reasonable fees, disbursements and expenses of counsel to the Depositor, the Issuer, the Agent, the Indenture Trustee and the Secured Parties.

Section 9.03. Mutual Obligations. On and after the Closing, each party hereto will do, execute and perform all such other acts, deeds and documents as one or more other parties may from time to time reasonably require in order to carry out the intent of this Agreement.

Section 9.04. Reserved.

Section 9.05. Servicing Standards. At all times, the Servicer shall, unless otherwise consented to by the Agent acting with consent of the Majority Noteholders:

(i) continue to make Advances and Servicing Advances and seek reimbursement, including reimbursement of Advances and Servicing Advances deemed Nonrecoverable Advances by the Servicer, in accordance with the related Pooling and Servicing Agreement;

(ii) apply the Advance Reimbursement Amount on a First In First Out ("FIFO") basis;

(iii) identify on its systems the Issuers as the owner of each Advance and Servicing Advance and that such Advance and Servicing Advance have been granted to the Indenture Trustee;

(iv) maintain systems and operating procedures necessary to comply with all the terms of the Transaction Documents;

(v) cooperate with the Verification Agent in its duties set forth in the Transaction Documents;

(vi) make all Advances within the period required under the related Pooling and Servicing Agreement, unless the same is the result of inadvertence and is corrected on or prior to the related Distribution Date for the applicable Securitization Trust; and

(vii) for all Servicing Advances, Pool Level Advances and Loan-Level Advances, deposit the Advance Reimbursement Amount into the Collection Account of the related Securitization Trust and not withdraw any Advance Reimbursement Amount from such Collection Account except for immediate deposit into the Reimbursement Account, which such deposit shall occur on a daily basis not later than the second Business Day following receipt thereof.

Section 9.06. Transfer of Servicing. The Seller covenants that it shall not transfer its rights as Servicer under the Pooling and Servicing Agreement for any Securitization Trust or cause its rights as Servicer under any such Pooling and Servicing Agreement to be terminated; provided, however, that the Seller may transfer its rights as Servicer under the Pooling and Servicing Agreement for any Securitization Trust or cause its rights as Servicer under any such Pooling and Servicing Agreement to be terminated in the event that upon the occurrence of such transfer or termination the Issuer shall redeem the Notes in accordance with Section 2.16 of the Indenture or the successor servicer under such Pooling and Servicing Agreement shall cause all Receivables under such Pooling and Servicing Agreement to be paid in full on or before the applicable date of transfer. In the event the Seller shall cause its rights as Servicer under any such Pooling and Servicing Agreement to be transferred or terminated, (x) the Issuer shall have the option to redeem the Notes, without penalty or premium, in accordance with Section 2.16 of the Indenture, and (y) with respect to the covenant set forth above, the Seller shall be fully liable for obligations of the Issuer under the Notes. To evidence its obligations under this Section 9.06, the Seller shall provide a full recourse guaranty to the Noteholders, secured by a pledge of all of the Seller's rights (but none of its obligations)

as Servicer under each of the Pooling and Servicing Agreements; provided, however, that such pledge shall be given only to the extent that such servicing rights can be so pledged pursuant to the applicable Pooling and Servicing Agreements without causing the Seller to be in default thereunder. If the Issuer shall redeem the Notes pursuant to this Section 9.06, the Seller shall, on the fourth Business Day prior to the applicable Redemption Date, deposit the Note Redemption Amount into the Note Payment Account.

Section 9.07. Bankruptcy. The Seller shall not take any action in any capacity to file any bankruptcy, reorganization or insolvency proceedings against the Depositor or the Issuer, or cause the Depositor or the Issuer to commence any reorganization, bankruptcy or insolvency proceedings under any applicable state or federal law, including without limitation any readjustment of debt, or marshaling of assets or liabilities or similar proceedings. The Depositor shall not take any action in any capacity to file any bankruptcy, reorganization or insolvency proceedings against the Issuer, or cause the Issuer to commence any reorganization, bankruptcy or insolvency proceedings under any applicable state or federal law, including without limitation any readjustment of debt, or marshaling of assets or liabilities or similar proceedings. The Seller and the Depositor are not transferring and will not transfer any of the Receivables with intent to hinder, delay or defraud any Person.

Section 9.08. Legal Existence. The Seller and the Depositor shall do or cause to be done all things necessary on their part to preserve and keep in full force and effect their existence as corporations, and to maintain each of their licenses, approvals, registrations or qualifications in all jurisdictions in which their ownership or lease of property or the conduct of their business requires such licenses, approvals, registrations or qualifications; except for failures to maintain any such licenses, approvals, registrations or qualifications which, individually or in the aggregate, would not have a Material Adverse Effect with respect to the Seller, or the Depositor, as applicable.

Section 9.09. Compliance With Laws. The Seller and the Depositor shall comply with all laws, rules and regulations and orders of any governmental authority applicable to the Seller and the Depositor, except where the failure to comply would not have a Material Adverse Effect with respect to the Seller, or the Depositor, as applicable.

Section 9.10. Taxes. The Seller and the Depositor shall pay and discharge all taxes, assessments and governmental charges or levies imposed upon the Seller and the Depositor, as applicable, or upon such party's income and profits, or upon any of such party's property or any part thereof, before the same shall become in default; provided, that the Seller and the Depositor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and the Seller and the Depositor shall have set aside on its books adequate reserves with respect to any such tax, assessment, charge or levy so contested, or so long as the failure to pay any such tax, assessment, charge or levy would not, individually or in the aggregate, have a Material Adverse Effect with respect to the Seller, or the Depositor, as applicable.

Section 9.11. No Liens, Etc. Against Receivables and Trust Property. Each of the Seller and the Depositor hereby covenants and agrees not to create or suffer to exist (by operation of law or otherwise) any Lien upon or with respect to any of the Aggregate Receivables or any of its interest therein, if any, or upon or with respect to any of its interest in any Account, or assign any right to receive income in respect thereof, except for the Lien created by the Indenture. Each of the Seller and the Depositor shall immediately notify the Indenture Trustee of the existence of any Lien on any of the Aggregate Receivables and shall defend the right, title and interest of each of the Depositor, the Issuer and the Indenture Trustee in, to and under the Aggregate Receivables, against all claims of third parties.

Section 9.12. Amendments to Pooling and Servicing Agreements. The Seller, in its capacity as Servicer under the Pooling and Servicing Agreements with respect to the Securitization Trusts, hereby covenants and agrees not to amend or agree to the amendment of any of the Pooling and Servicing Agreements without the prior written consent of the Agent and the Required Noteholders.

Section 9.13. No Netting or Offsetting. The Seller, in its capacity as Servicer, shall collect and deposit gross collections with respect to the Securitization Trusts into the related Collection Accounts in accordance with the related Pooling and Servicing Agreements, without netting, off-set or deduction from such collections or deposits for any purpose, with the exception of Servicing Compensation due and payable to the Servicer. The Seller shall make all Advances and Servicing Advances out of its own funds without the utilization of any netting or offsetting of amounts in any account of the Securitization Trust, except as permitted under the Pooling and Servicing Agreements with respect to amounts paid ahead by Obligors (or such substantially similar term as is used in each such Pooling and Servicing Agreement). The Seller shall repay any amounts borrowed with respect to amounts paid ahead by Obligors (or such substantially similar term as is used in each such Pooling and Servicing Agreement) pursuant to the terms and provisions of the Pooling and Servicing Agreements.

Section 9.14. Books and Records. The Seller shall maintain accounts and records as to each Receivable accurately and in sufficient detail to permit the reader thereof to know at any time the status of such Receivable, including payments and recoveries made and payments owing (and the nature of each, if applicable). The Seller shall maintain its computer records so that, from and after the time of the granting of the security interest under the Indenture on the Receivables to the Indenture Trustee, the Seller's master computer records (including any back-up archives) that refer to any Receivables indicate clearly the interest of the Issuer in such Receivables and that the Receivable is owned by the Issuer and pledged to the Indenture Trustee on behalf of the Secured Parties.

The Depositor shall maintain (or cause to be maintained) accounts and records as to each Aggregate Receivable accurately and in sufficient detail to permit the reader thereof to know at any time the interest of the Issuer in such Receivables and that the Receivable is owned by the Issuer and pledged to the Indenture Trustee on behalf of the Secured Parties.

Section 9.15. Verification Agent. Each of the Seller and the Depositor shall cooperate with the Verification Agent and shall allow the Verification Agent access to its books, records, computer system and employees during ordinary business hours upon reasonable notice and, subject to the terms of the Verification Agent Letter, shall allow the Verification Agent to review all collections and to make copies of any books, records and documents requested by the Verification Agent, but solely to the extent such items and review relate to the Aggregate Receivables and the obligations of the Seller, the Servicer and the Depositor under the Transaction Documents and the Pooling and Servicing Agreements for the Securitization Trusts.

Section 9.16. Exclusive. The Initial Receivables to be sold and/or contributed to the Depositor and from the Depositor to the Issuer on the Initial Funding Date shall consist of the right to reimbursement for all of the Advances and Servicing Advances outstanding with respect to the Securitization Trusts as of the Initial Funding Date. During the Funding Period, the Seller shall not sell, assign, transfer, pledge or convey any Receivable with respect to the Securitization Trusts to any Person other than the Depositor. The Additional Receivables sold and/or contributed on each Funding Date shall consist of the right to reimbursement for all of the Advances and Servicing Advances with respect to the Securitization Trusts not previously sold and contributed to the Depositor hereunder (other than Receivables repurchased by the Seller pursuant to Section 6.02).

Section 9.17. Recovery. The Seller shall diligently endeavor to collect reimbursement of Aggregate Receivables and shall not waive or forgive the obligation of a mortgagor to pay such amounts.

Section 9.18. Merger. Without the prior written consent of the Agent and the Required Noteholders, the Seller and the Depositor shall not enter into any transaction of merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation, wind up or dissolution).

Section 9.19. Use of Proceeds. The Seller shall utilize the proceeds of each purchase of Initial Receivables and Additional Receivables for general corporate purposes.

ARTICLE X.
INDEMNIFICATION

Section 10.01. Indemnification.

(a) Without limiting any other rights that an Indemnified Party may have hereunder or under applicable law, the Seller hereby agrees to indemnify each Indemnified Party (as defined below) from and against any and all Indemnified Amounts (as defined below) which may be imposed on, incurred by or asserted against an Indemnified Party in any way arising out of or relating to any breach of the Seller's or the Servicer's obligations under this Agreement or any other Transaction Document, or the ownership of the Aggregate Receivables or in respect of any Aggregate Receivables,

excluding, however, Indemnified Amounts to the extent resulting from gross negligence or willful misconduct on the part of such Indemnified Party.

Without limiting or being limited by the foregoing, the Seller shall pay on demand to each Indemnified Party any and all amounts necessary to indemnify such Indemnified Party from and against any and all Indemnified Amounts relating to or resulting from:

(i) a breach of any representation or warranty made by the Seller under or in connection with this Agreement;

(ii) the failure by the Seller or the Servicer to comply with any term, provision or covenant contained in this Agreement, or any agreement executed by it in connection with this Agreement or with any applicable law, rule or regulation with respect to any Aggregate Receivable, or the nonconformity of any Aggregate Receivable with any such applicable law, rule or regulation; or

(iii) the failure to vest and maintain vested in the Issuer, or to transfer, to the Issuer, ownership of the Aggregate Receivables, together with all collections in respect thereof, free and clear of any adverse claim (except as permitted hereunder), whether existing at the time of the transfer of such Aggregate Receivable or at any time thereafter or the failure to vest and maintain vested in the Indenture Trustee the perfection of the security interest in the in the Aggregate Receivables free and clear of any adverse claim (except as permitted hereunder), whether existing at the time of the transfer of such Aggregate Receivable or at any time thereafter.

(b) Any Indemnified Amounts subject to the indemnification provisions of this Section 10.01 shall be paid to the Indemnified Party within twenty (20) Business Days following demand therefor. "Indemnified Party" means any of the Depositor, the Issuer, the Indenture Trustee, the Owner Trustee, the Agent, the Note Purchasers and the Secured Parties and their officers, employees, directors and successors or assigns. "Indemnified Amounts" means any and all claims, losses, liabilities, obligations, damages, penalties, actions, judgments, suits, and related reasonable costs and reasonable expenses of any nature whatsoever, including reasonable attorneys' fees and disbursements (subject to the following paragraph), incurred by an Indemnified Party.

(c) Promptly after an Indemnified Party shall have been served with the summons or other first legal process or shall have received written notice of the threat of a claim in respect of which an indemnity may be claimed against the Seller under this Section 10.01, the Indemnified Party shall notify the Seller in writing of the service of

such summons, other legal process or written notice, giving information therein as to the nature and basis of the claim, and providing a copy thereof; provided, however, that failure so to notify the Seller shall not relieve the Seller from any liability which it may have hereunder or otherwise except to the extent that the Seller is prejudiced by such failure so to notify the Seller. The Seller will be entitled, at its own expense, to participate in the defense of any such claim or action and to assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Party, unless the defendants in any such action include both the Indemnified Party and the Seller, and the Indemnified Party (upon the advice of counsel) shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the Seller, or one or more Indemnified Parties, and which in the reasonable opinion of such counsel are sufficient to create a conflict of interest for the same counsel to represent both the Seller and such Indemnified Party. Each Indemnified Party shall cooperate with the Seller in the defense of any such action or claim. The Seller shall not, 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 or threatened proceeding.

ARTICLE XI.

MISCELLANEOUS

Section 11.01. Amendments. No amendment or waiver of any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by all of the parties hereto and consented to in writing by the Agent and the Required Noteholders, and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 11.02. Notices. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including telecopies) and mailed or e-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 11.03. 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 11.04. Binding Effect; Assignability.

(a) This Agreement shall be binding upon and inure to the benefit of the Seller, the Depositor and the Issuer and their respective permitted successors and assigns; provided, however, that the Seller shall not have any right to assign its respective rights hereunder or interest herein (by operation of law or otherwise) without the prior written consent of the Agent and the Required Noteholders and the Depositor shall not have any right to assign its respective rights hereunder or interest herein (by operation of law or otherwise) without the prior written consent of the Agent and the Required Noteholders.

(b) This 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 the Indenture has terminated.

Section 11.05. GOVERNING LAW; JURISDICTION. THIS 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 NEW YORK GENERAL OBLIGATIONS LAW). EACH OF THE PARTIES TO THIS 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 11.06. Execution in Counterparts. 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.

Section 11.07. Survival. All representations, warranties, covenants, guaranties and indemnifications contained in this Agreement and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the sale, transfer or repayment of the Aggregate Receivables.

Section 11.08. Third Party Beneficiary. The Seller and the Depositor acknowledge and agree that the Indenture Trustee, the Agent and the other Secured Parties are intended third party beneficiaries of this Agreement.

Section 11.09. General.

(a) No course of dealing and no delay or failure of the Issuer (or the Indenture Trustee as its assignee) in exercising any right, power or privilege under this Agreement shall affect any other or future exercise thereof or the exercise of any other right, power or privilege; nor shall any single or partial exercise of any such right, power or privilege or any abandonment or discontinuance of steps to enforce such a right, power or privilege preclude any further exercise thereof or of any other right, power or privilege. The rights and remedies of the Issuer (and the Indenture Trustee as its assignee) under this Agreement are cumulative and not exclusive of any rights or remedies which the Issuer would otherwise have.

(b) The obligations of the Seller and the Depositor under this Agreement shall be absolute and unconditional and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected by (a) any exercise or nonexercise of any right, remedy, power or privilege under or in respect of this Agreement or applicable law, including, without limitation, any failure to set-off or release in whole or in part by the Issuer of any balance of any deposit account or credit on its books in favor of the Issuer or any waiver, consent, extension, indulgence or other action or inaction in respect of any thereof, or (b) any other act or thing or omission or delay to do any other act or thing which would operate as a discharge of the Issuer as a matter of law.

(c) This Agreement sets forth the entire understanding of the parties relating to the subject matter hereof and thereof, and supersedes all prior understandings and agreements, whether written or oral with respect to the subject matter hereof and thereof.

(d) The Seller shall pay the Depositor's and the Issuer's costs and expenses reasonably incurred in connection with the enforcement of any of the Seller's obligations hereunder.

(e) Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 11.10. LIMITATION OF DAMAGES.

NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, THE PARTIES AGREE THAT NO PARTY SHALL BE LIABLE TO ANY OTHER FOR ANY SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES WHATSOEVER, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR ANY OTHER LEGAL OR EQUITABLE PRINCIPLES; PROVIDED THAT, THE FOREGOING PROVISION SHALL NOT LIMIT OR RELIEVE ANY PARTY OF ANY OBLIGATION UNDER THIS AGREEMENT TO INDEMNIFY ANY OTHER PARTY AGAINST ANY DAMAGES IMPOSED (INCLUDING SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES)

UPON SUCH PARTY BY A FINAL ORDER OF ANY COURT OF COMPETENT JURISDICTION IN CONNECTION WITH ANY LEGAL ACTION BROUGHT AGAINST SUCH PARTY BY ANY THIRD PARTY.

Section 11.11. WAIVER OF JURY TRIAL.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, THE PURCHASES OR THE ACTIONS OF ANY PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF OR THEREOF.

Section 11.12. No Recourse. It is expressly understood and agreed by the parties hereto that (a) this Receivables Purchase Agreement is executed and delivered by Wilmington Trust Company, not individually or personally but solely as trustee of the Issuer, 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 of 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 Receivables Purchase Agreement or any other related documents.

Section 11.13. Confidentiality. Each of the Seller and the Depositor covenants and agrees from the date hereof to the Final Payment Date to perform and observe for the benefit of the Agent and each Note Purchaser, each of the covenants and agreements required to be performed or observed by the Issuer pursuant to Section 10.15 of the Note Purchase Agreement (Confidentiality) as if the Seller and the Depositor were party to the Note Purchase Agreement.

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

OPTION ONE ADVANCE TRUST, 2007-ADV2

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

By: /s/ Roseline K. Maney
Name: Roseline K. Maney
Title: Vice President

OPTION ONE ADVANCE CORPORATION

By: _____
Name:
Title:

OPTION ONE MORTGAGE CORPORATION

By: _____
Name:
Title:

Consented to by:

GREENWICH CAPITAL FINANCIAL
PRODUCTS, INC.,
as Agent and Noteholder

By: _____
Name:
Title:

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

OPTION ONE ADVANCE TRUST, 2007-ADV2

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

By: _____
Name:
Title:

OPTION ONE ADVANCE CORPORATION

By: /s/ Matt Engel
Name: MATT ENGEL
Title: CFO

OPTION ONE MORTGAGE CORPORATION

By: /s/ Matt Engel
Name: MATT ENGEL
Title: CFO

Consented to by:

GREENWICH CAPITAL FINANCIAL
PRODUCTS, INC.,
as Agent and Noteholder

By: _____
Name:
Title:

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

OPTION ONE ADVANCE TRUST, 2007-ADV2

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

By: _____
Name:
Title:

OPTION ONE ADVANCE CORPORATION

By: _____
Name:
Title:

OPTION ONE MORTGAGE CORPORATION

By: _____
Name:
Title:

Consented to by:

GREENWICH CAPITAL FINANCIAL PRODUCTS, INC.,
as Agent and Noteholder

By: /s/ Dominic Obaditch
Name: Domnic Obaditch
Title: Managing Director
Greenwich Capital Corporate Services, Inc.
as attorney-in-fact

DB STRUCTURED PRODUCTS, INC.
as Noteholder

By: /s/ GLENN MINKOFF
Name: GLENN MINKOFF
Title: DIRECTOR

By: /s/ John McCarthy
Name: John McCarthy
Title: Authorized Signatory

THE CIT GROUP/BUSINESS CREDIT INC.
as Noteholder

By: _____
Name:
Title

DB STRUCTURED PRODUCTS, INC.
as Noteholder

By: _____
Name:
Title:

By: _____
Name:
Title:

THE CIT GROUP/BUSINESS CREDIT INC.
as Noteholder

By: /s/ Howard Trebach
Name: Howard Trebach
Title: Vice President

SCHEDULE I

INFORMATION FOR NOTICES

1. if to the Issuer:

   OPTION ONE ADVANCE TRUST 2007-ADV2
   c/o Wilmington Trust Company as Owner Trustee
   Rodney Square North
   1100 North Market Street
   Wilmington, DE 19890
   Attention: Corporate Trust Administration
   Telecopy number: (302) 636-4140
   Telephone number: (302) 651-1000

   (with a copy to the Seller)

2. if to the Depositor:

   OPTION ONE ADVANCE CORPORATION
   3 Ada
   Irvine, California 92618
   Attention: Rod Smith, Mail Stop DC-IR
   Facsimile: (949) 790-7514
   Telephone: (949) 790-8100

3. if to the Seller:

   OPTION ONE MORTGAGE CORPORATION
   3 Ada
   Irvine, California 92618
   Facsimile: (949) 790-7514
   Telephone: (949) 790-8100

4. if to the Indenture Trustee:

   Use Notice Address provided in the Indenture.

5. if to the Agent:

   GREENWICH CAPITAL FINANCIAL PRODUCTS, INC.
   600 Steamboat Road
   Greenwich, Connecticut 06830
   Attention: Robert Pravetz
   Facsimile: (203) 618-2148
   Telephone: (203) 618-6884

With a copy to:

Dominic Obaditch
GREENWICH CAPITAL FINANCIAL PRODUCTS, INC.
600 Steamboat Road
Greenwich, Connecticut 06830
Facsimile: (203) 422-4565
Telephone: (203) 618-2565

6. if to the Secured Parties:

GREENWICH CAPITAL FINANCIAL PRODUCTS, INC.
600 Steamboat Road
Greenwich, Connecticut 06830
Attention: Robert Pravetz
Facsimile: (203) 618-2148
Telephone: (203) 618-6884

With a copy to:

Dominic Obaditch
GREENWICH CAPITAL FINANCIAL PRODUCTS, INC.
600 Steamboat Road
Greenwich, Connecticut 06830
Facsimile: (203) 422-4565
Telephone: (203) 618-2565

7. if to the Note Purchasers:

(a) GREENWICH CAPITAL FINANCIAL PRODUCTS, INC.
600 Steamboat Road
Greenwich, Connecticut 06830
Attention: Robert Przvetz
Facsimile: (203) 618-2148
Telephone: (203) 618-6884

(b) The CIT Group/Business Credit, Inc.
11 West 42nd Street, 13th floor
New York, NY 10036
Attention: Howard Trebach
Facsimile: (212) 461-7760
Telephone: (212) 461-7753

With a copy to:

The CIT Group/Business Credit, Inc.
11 West 42nd Street, 13th floor
New York, NY 10036
Attention: Jorge S. Wagner
Facsimile: (212) 771-9517
Telephone: (212) 771-9520

(c) DB Structured Products, Inc.
60 Wall Street, 19th Floor
New York, New York 10005
Attention: Glenn Minkoff
Tel: (212) 250-3406
Fax: (212) 747-5160

SCHEDULE II

AMENDMENTS TO POOLING AND SERVICING AGREEMENTS

AVAILABLE UPON REQUEST

EXHIBIT A

COPY OF INITIAL FUNDING DATE REPORT
FOR
INITIAL RECEIVABLES

AVAILABLE UPON REQUEST

EXHIBIT B

FUNDING NOTICE

[insert date]

Option One Advance Trust 2007-ADV2
3 Ada
Irvine, California 92618
Attention: Rod Smith
Facsimile: (949) 790-7514
Telephone: (949) 790-8100

Wells Fargo Bank, National Association
9062 Old Annapolis Road
Columbia, Maryland 21045
Attention: Client Manager — Option One
Advance Trust 2007-ADV2
Facsimile: 410-715-2380
Telephone: 410-884-2000

Greenwich Capital Financial Products, Inc.
600 Steamboat Road
Greenwich, Connecticut 06830
Attention: Robert Pravetz
Facsimile: 203-618-2148
Telephone: 203-618-6884

BearingPoint, Inc.
1676 International Drive
McLean, Virginia 22102
Attention: Marianne Lamkin
Facsimile: (425) 963-6149
Telephone: (214) 755-4936

The CIT Group/Business Credit Inc.
11 West 42nd Street, 13th floor
New York, NY 10036
Attention: Howard Trebach
Facsimile: (212) 461-7760
Telephone: (212) 461-7753

DB Structured Products, Inc.
60 Wall Street, 19th Floor
New York, New York 10005
Attention: Glenn Minkoff
Tel: (212) 250-3406
Fax: (212) 747-5160

Re: Receivables Purchase Agreement, dated as of October 1, 2007; Funding Notice

Pursuant to Section 2.01 of the Receivables Purchase Agreement, dated as of October 1, 2007 (the "Receivables Purchase Agreement"), between Option One Advance Trust 2007-ADV2 (the "Issuer"), Option One Advance Corporation (the "Depositor") and Option One Mortgage Corporation (the "Seller"), the undersigned hereby notifies you that the Receivables listed on Exhibit A hereto, in the amount of $[_____], are being sold by the Seller to the Depositor and by the Depositor to the Issuer on the Funding Date occurring on *[insert date]*.

The Seller also hereby certifies that (i) the Funding Conditions contained in Sections 7.02(ii), (iv), (v), (vi), (vii), (viii), (xii), (xiii) (with respect to Sections 3.01(a)(ii), (iii) and (iv) of the Second Amended and Restated Note Purchase Agreement, dated as of January 18, between the Issuer, Greenwich Capital Financial Products, Inc.,

The CIT Group/Business Credit Inc. and DB Structured Products, Inc., and (xiv) of the Amended and Restated Indenture, dated as of January 18, 2008, between the Issuer and Wells Fargo Bank, National Association, have been met and (ii) the representations and warranties contained in Section 6 of the Receivables Purchase Agreement are true and correct as of the date hereof.

The Depositor also hereby certifies that the representations and warranties contained in Section 5 of the Receivables Purchase Agreement are true and correct as of the date hereof.

[Signature Page Follows]

Very truly yours,

OPTION ONE MORTGAGE CORPORATION

By: _____
Name: _____
Title: _____

OPTION ONE ADVANCE CORPORATION

By: _____
Name: _____
Title: _____

AGREED AND ACCEPTED:

BEARINGPOINT, INC.

By: _____
Name: _____
Title: _____

Exhibit C

FORM OF BILL OF SALE

Option One Mortgage Corporation (the "Seller") hereby absolutely sells and contributes to Option One Advance Corporation, and Option One Advance Corporation (the "Depositor") hereby absolutely sells and contributes to Option One Advance Trust 2007-ADV2, a statutory trust organized under the laws of the State of Delaware (the "Purchaser"), without recourse, except as set forth in the Amended and Restated Receivables Purchase Agreement:

(a) All right, title and interest in and to the Receivables identified in the Schedule attached hereto as Exhibit A; and

(b) All principal, interest and other proceeds of any kind received with respect to such Receivables, including but not limited to proceeds derived from the conversion, voluntary or involuntary, of any of such assets into cash or other liquidated property.

The ownership of the Receivables is vested in Purchaser and the ownership of all records and documents with respect to the related Receivables prepared by or which come into the possession of the Seller or the Depositor shall immediately vest in Purchaser and shall be retained and maintained, in trust, by the Seller or the Depositor, as applicable at the will of Purchaser in such custodial capacity only. The sale of the Receivables shall be reflected as a sale on the Seller's and the Depositor's business records, tax returns and financial statements.

This Bill of Sale is made pursuant to, and is subject to the terms and conditions of, that certain Amended and Restated Receivables Purchase Agreement dated as of January 18, 2008, between Option One Mortgage Corporation, as seller, Option One Advance Corporation, as depositor and Option One Advance Trust 2007-ADV2, as issuer (the "Agreement"). The Seller confirms to Purchaser that the representations and warranties set forth in Article 6 of the Agreement are true and correct as if made on the date hereof (except to the extent that they expressly relate to an earlier or later date). The Depositor confirms to Purchaser that the representations and warranties set forth in Article 5 of the Agreement are true and correct as if made on the date hereof (except to the extent that they expressly relate to an earlier or later date).

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Agreement.

DATED: _____

OPTION ONE MORTGAGE CORPORATION

By: _____
Name: _____
Title: _____

OPTION ONE ADVANCE CORPORATION

By: _____
Name: _____
Title: _____

EXHIBIT D

SCHEDULE I REPORT

AVAILABLE UPON REQUEST

EXHIBIT E

SCHEDULE II REPORT

AVAILABLE UPON REQUEST

Exhibit 10.16

EXECUTION COPY

OPTION ONE ADVANCE TRUST 2007-ADV2

as Issuer

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

as Indenture Trustee

AMENDED AND RESTATED INDENTURE

Dated as of January 18, 2008

Option One Advance Trust 2007-ADV2
Advance Receivables Backed Notes, Series 2007-ADV2

TABLE OF CONTENTS

EXECUTION COPY

AMENDED AND RESTATED INDENTURE, dated as of January 18, 2008, between OPTION ONE ADVANCE TRUST 2007-ADV2, a Delaware statutory trust, as issuer (the "Issuer"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, but solely as Indenture Trustee (the "Indenture Trustee") under this Indenture.

PRELIMINARY STATEMENT

WHEREAS, the Issuer and the Indenture Trustee entered into an Indenture, dated as of October 1, 2007, as amended by the Amendment No. 1, dated as of October 24, 2007, the Amendment No. 2, dated as of November 16, 2007, the Amendment No. 3, dated as of December 20, 2007 and the Amendment No. 4, dated as of December 24, 2007 (together, the "Original Indenture");

WHEREAS, Section 8.02 of the Original Indenture provides that it may be amended by the Issuer and the Indenture Trustee with the consent of the holders of not less than 66 2/3% of the aggregate Note Principal Balance of the Outstanding Notes, for among other reasons, to add, change in any manner or eliminate any provisions thereto;

WHEREAS, the Issuer, the Indenture Trustee, and Greenwich Capital Financial Products, Inc., as the holder of not less than 66 2/3% of the aggregate Note Principal Balance of the Outstanding Notes, hereby consent to the amendments to the Original Indenture set forth herein;

WHEREAS, the Indenture Trustee, at the direction of the Agent, acting on behalf of the Noteholders, and the Issuer hereby waive the provisions of Sections 8.02 and 8.04 of the Original Indenture requiring the delivery of Tax Opinions and Opinions of Counsel with respect to the amendments to the Original Indenture contained herein;

The Issuer has duly authorized the execution and delivery of this Indenture to provide for the issuance of its Option One Advance Receivables Backed Notes, Series 2007-ADV2 (the "Notes").

All things necessary to make the Notes, when the Notes are executed by the Issuer and authenticated and delivered by the Indenture Trustee hereunder and duly issued by the Issuer, the valid and legally binding obligations of the Issuer enforceable in accordance with their terms, and to make this Indenture a valid and legally binding agreement of the Issuer enforceable in accordance with its terms, have been done.

GRANTING CLAUSE

The Issuer hereby Grants to the Indenture Trustee effective as of the Initial Funding Date, as Indenture Trustee for the benefit of the Secured Parties, all of the Issuer's right, title and interest in and to (i) the Initial Receivables and any Additional Receivables and all monies due thereon or paid thereunder or in respect thereof (including, without limitation, any Repurchase Prices and proceeds of any sales) on and after the Initial Funding Date; (ii) all rights of the Issuer as Purchaser under the Receivables Purchase Agreement, including, without limitation, to enforce the obligations of the Seller thereunder with respect to the Aggregate Receivables; (iii) the Reimbursement Account, the Note Payment Account and the Reserve Account, and all

monies, “securities,” “instruments,” “accounts,” “general intangibles,” “chattel paper,” “financial assets,” “investment property” (the terms in quotations are defined in the UCC) and other property on deposit or credited to the Reimbursement Account, the Note Payment Account and the Reserve Account from time to time (whether or not such property constitutes or is derived from payments, collections or recoveries received, made or realized in respect of the Aggregate Receivables or otherwise); (iv) all right, title and interest of the Issuer as assignee of the Seller to the contractual rights to payment on the Aggregate Receivables under each Pooling and Servicing Agreement and all related documents, instruments and agreements pursuant to which the Seller acquired, or acquired an interest in, any of the Aggregate Receivables; (v) true and correct copies of all books, records and documents relating to the Aggregate Receivables in any medium, including without limitation paper, tapes, disks and other electronic media; (vi) all other monies, securities, reserves and other property now or at any time in the possession of the Indenture Trustee or its bailee, agent or custodian and relating to any of the foregoing, including without limitation, any of the Issuer’s funds on deposit in the Funding Account from time to time; and (vii) all proceeds of the foregoing of every kind and nature whatsoever, including, without limitation, all proceeds of the conversion thereof, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, rights to payment of any and every kind and other forms of obligations and receivables, instruments and other property that at any time constitute all or part of or are included in the proceeds of the foregoing ((i) through (vii), collectively, the “Trust Estate”).

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 acknowledges such Grant, accepts the trusts hereunder in accordance with the provisions hereof, and agrees to perform the duties herein to the best of its ability such that the interests of the Secured Parties may be adequately and effectively protected.

GENERAL COVENANT

AND IT IS HEREBY COVENANTED AND DECLARED that the Notes are to be authenticated and delivered by the Indenture Trustee, that the Trust Estate is to be held by or on behalf of the Indenture Trustee and that monies in the Trust Estate are to be applied by the Indenture Trustee for the benefit of the Secured Parties, subject to the further covenants, conditions and trusts hereinafter set forth, and the Issuer does hereby represent and warrant, and covenant and agree, to and with the Indenture Trustee, for the equal and proportionate benefit and security of each Secured Party, as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

Section 1.01. Definitions

Whenever used in this Indenture, including in the Preliminary Statement, the Granting Clause and the General Covenant hereinabove set forth, the following words and phrases, unless the context otherwise requires, shall have the meanings specified in this Section 1.01 or, if not specified in this Section 1.01, then in the applicable Pooling and Servicing Agreement.

"1933 Act": The Securities Act of 1933, as amended, and the rules, regulations and published interpretations of the Securities and Exchange Commission promulgated thereunder from time to time.

"1934 Act": The Securities Exchange Act of 1934, as amended, and the rules, regulations and published interpretations of the Securities and Exchange Commission promulgated thereunder from time to time.

"1939 Act": The Trust Indenture Act of 1939, as amended, and the rules, regulations and published interpretations of the Securities and Exchange Commission promulgated thereunder from time to time.

"1940 Act": The Investment Company Act of 1940, as amended, and the rules, regulations and published interpretations of the Securities and Exchange Commission promulgated thereunder from time to time.

"Accounts": The Reimbursement Account, the Note Payment Account, the Reserve Account and the Funding Account.

"Act": As defined in Section 11.04 hereof.

"Accrual Period": With respect to the Notes and any Payment Date, the period commencing on and including the Payment Date preceding such Payment Date (or, in the case of the initial Accrual Period, the Initial Funding Date) and ending on and including the day preceding such Payment Date.

"Additional Note Balance": With respect to each Funding Date after the Initial Funding Date, the amount of additional principal of the Notes advanced by the Note Purchasers on such Funding Date in accordance with the Note Purchase Agreement.

"Additional Receivables": With respect to each Funding Date after the Initial Funding Date, the Receivables sold and contributed by the Seller to the Issuer on such Funding Date and Granted by the Issuer to the Indenture Trustee to comprise part of the Trust Estate.

"Administration Agreement": The Administration Agreement, dated as of October 1, 2007, between the Issuer and Option One as administrator, as amended or restated from time to time.

"Administrator": Option One, and its successors and assigns in such capacity.

"Advance": Any "Advance", "P&I Advance", "Monthly Advance" or "Delinquency Advance" (or term of substantially similar import howsoever denominated) under and as defined in the relevant Pooling and Servicing Agreements.

"Advance Category": With respect to any Receivable, the applicable category set forth on the Schedule of Initial Receivables or the Schedule of Additional Receivables, as applicable.

"Advance Reimbursement Amounts": Amounts paid to or retained by the Servicer in its capacity as agent for the Securitization Trust, including amounts withdrawn from the related Collection Account, as reimbursement of any Advance or Servicing Advance pursuant to the applicable Pooling and Servicing Agreement.

"Affiliate": With respect to any specified Person, for purposes of this Indenture only, any other 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 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 or other beneficial interest, by contract or otherwise; and the terms "controlling" and "controlled" have the meanings correlative to the foregoing.

"Agent": Greenwich Capital Financial Products, Inc. as agent under the Transaction Documents, any of its Affiliates, and their successors and assigns in such capacity.

"Aggregate Collateral Value": With respect to the Collateral as of any date, the sum of the Collateral Value on such date and the Excess Amount on deposit in the Accounts (including the par amount of all Permitted Investments in such Account).

"Aggregate Receivables": All Initial Receivables and all Additional Receivables.

"Authenticating Agent": As defined in Section 2.02(b).

"Authorized Officer": With respect to the Owner Trustee, 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 with respect to the Issuer, any Authorized Officer of the Owner Trustee or of the Administrator.

"Available Funds": With respect to any Payment Date, the sum, without duplication, of (i) Advance Reimbursement Amounts collected by the Servicer as of the close of business on the last day of the Collection Period then most recently concluded (including amounts earned on

Permitted Investments, which are paid into the Note Payment Account), (ii) all funds to be deposited to the Note Payment Account from the Reserve Account or the Funding Account on or before such Payment Date, and (iii) any funds received by the Indenture Trustee in connection with the repurchase of a Receivable pursuant to Section 6.02 of the Receivables Purchase Agreement.

"Bill of Sale": With respect to any Funding Date, a bill of sale, substantially in the form found in Exhibit C to the Receivables Purchase Agreement, delivered by Option One and the Depositor to the Issuer, the Agent and the Indenture Trustee pursuant to the Receivables Purchase Agreement.

"Business Day": Any day other than a Saturday, a Sunday or a day on which banking institutions are authorized or obligated by law or executive order to remain closed in New York, New York, Irvine, California, Charlotte, North Carolina, Minneapolis, Minnesota or in any other city in which the Corporate Trust Office of the Indenture Trustee is located.

"Cash": Coin or currency of the United States or immediately available federal funds, including such funds delivered by wire transfer.

"Cash Purchase Price": As defined in Section 1.01 of the Receivables Purchase Agreement.

"Certificateholder": As defined in the Trust Agreement.

"Change of Control": 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 Option One 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.

"Class Exemption": A class exemption granted by the DOL, which provides relief from some or all of the prohibited transaction provisions of ERISA and the related excise tax provisions of the Code.

"Closing Date": October 1, 2007.

"Code": The Internal Revenue Code of 1986 and regulations promulgated thereunder, including proposed regulations to the extent that, by reason of their proposed effective date, could, as of the date of any determination or opinion as to the tax consequences of any action or proposed action or transaction, be applied to the Notes.

"Collateral": Individually and collectively, the assets constituting the Trust Estate from time to time.

"Collateral Coverage Requirement": With respect to any date, the requirement that the Aggregate Collateral Value of the Collateral shall be greater than or equal to the Note Principal

Balance as of such date (after giving effect to any purchase of Additional Note Balance or Additional Receivables on such date).

"Collateral Value": With respect to the Collateral as of any date, the sum of (a) the product of (i) the outstanding Receivable Balances of the Eligible Receivables relating to Pool-Level Advances and (ii) the applicable Discount Factor, (b) the product of (i) the outstanding Receivable Balances of the Eligible Receivables relating to Loan-Level Advances and (ii) the applicable Discount Factor and (c) the product of (i) the outstanding Receivables Balances of the Eligible Receivables relating to Servicing Advances and (ii) the applicable Discount Factor. For purposes of determining Collateral Value, a Receivable shall be deemed unreimbursed until the cash reimbursement thereof is deposited into the Reimbursement Account.

"Collection Account": As defined in the Pooling and Servicing Agreements.

"Collection Period": With respect to any Payment Date, the calendar month immediately preceding the month of such Payment Date.

"Commitment": As defined in the Note Purchase Agreement.

"Commitment Interest": As defined in the Note Purchase Agreement.

"Committed Purchaser": As defined in the Note Purchase Agreement.

"Control Person": With respect to any Person, any other Person that constitutes a "controlling person" within the meaning of Section 15 of the 1933 Act.

"Conversion Event": As such term (or term of substantially similar import) is defined in the Pooling and Servicing Agreements.

"Corporate Trust Office": The principal corporate trust offices of the Indenture Trustee at which at any particular time its corporate trust business with respect to the Issuer shall be administered, which offices at the Closing Date are located at (i) for Note transfer purposes, Wells Fargo Center, Sixth and Marquette Avenue, Minneapolis, Minnesota 55479-0113, Attention: Corporate Trust Services — Option One Advance Trust 2007-ADV2 and (ii) for all other purposes, at 9062 Old Annapolis Road, Columbia, Maryland 21045-1951, Attention: Corporate Trust Services - Option One Advance Trust 2007-ADV2.

"Current-Paying Mortgage Loan": As of any date of determination, a Mortgage Loan with respect to which no payment is more than 30 days delinquent.

"Daily Interest Amount": With respect to each day and the related Accrual Period, an amount equal to (x) the Floating Rate or, during the continuance of an Event of Default, the Default Rate times (y) 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 times (z) a fraction, the numerator of which is one and the denominator of which is 360.

"Default Rate": As defined in the Pricing Side Letter.

"Delinquency Ratio": With respect to any Securitization Trust and any date, a ratio, expressed as a percentage, the numerator of which is the unpaid Principal Balance of Mortgage Loans 30 days or more Delinquent, and the denominator of which is the unpaid Principal Balance of all Mortgage Loans.

"Delinquent": A Mortgage 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 Mortgage 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.

"Depositor": Option One Advance Corporation.

"Discount Factor": As defined in the Pricing Side Letter.

"DOL": The United States Department of Labor.

"DOL Regulations": The regulations promulgated by the DOL at 29 C.F.R. § 2510.3-101.

"Eligible Account": Any of (i) an account maintained with a federal or state chartered depository institution or trust company, the long-term deposit or long-term unsecured debt obligations of which (or of such institution's parent holding company) are rated "A" or better by Fitch, A2 or better by Moody's and "AA-"or better by S&P if the deposits are to be held in the account for more than 30 days, or the short-term deposit or short-term unsecured debt obligations of which (or of such institution's parent holding company) are rated "F1" or better by Fitch, "P-1" or better by Moody's and "A-1+" or better by S&P if the deposits are to be held in the account for 30 days or less, in any event at any time funds are on deposit therein, or (ii) a segregated trust account maintained with a federal or state chartered depository institution or trust company acting in its fiduciary capacity, which, in the case of a state chartered depository institution or trust company is subject to regulations regarding fiduciary funds on deposit therein substantially similar to 12 CFR § 9.10(b), and which, in either case, has a combined capital and surplus of at least $50,000,000 and is subject to supervision or examination by federal or state authority, or (iii) any other account that is acceptable to the Majority Noteholders. Eligible Accounts may bear interest.

"Eligible Receivable": A Receivable that satisfies the applicable representations and warranties set forth in the Receivables Purchase Agreement.

"Entitlement Order": As defined in Section 8-102(a)(8) of the UCC.

"ERISA": The Employee Retirement Income Security Act of 1974, as amended.

"Event of Default": As defined in Section 4.01 hereof.

"Excess Amount": As of any date, the lesser of (i) for each Receivable, the sum of the product of (A) each Advance Reimbursement Amount on deposit in the Reimbursement Account as of the close of business on the prior day and (B) the applicable Discount Factor and (ii) all amounts on deposit in the Reimbursement Account as of the close of business on the prior day minus the Expense Reserve as of such date.

"Expense Reserve": As of any date, the amount required to make all of the payments specified in Section 2.10(c)(i) through (vii) on the immediately succeeding Payment Date to the extent known on such date.

"Facility Fee": As defined in the Fee Side Letter.

"FDIC": Federal Deposit Insurance Corporation or any successor.

"Fee Side Letter": The Second Amended and Restated Fee Side Letter, dated January 17, 2008 entered into by the Issuer and the Indenture Trustee and consented to by the 66 2/3% Noteholder, as amended or restated from time to time.

"Final Payment Date": The Payment Date on which the final payment on the Issuer Obligations is made hereunder by reason of all principal, interest and other amounts due and payable on such Issuer Obligations having been paid or the Collateral having been exhausted.

"Financial Asset": As defined in Section 8-102(a)(9) of the UCC.

"Fitch": Fitch, Inc., a nationally recognized statistical rating organization under the federal securities laws.

"Floating Rate": As defined in the Pricing Side Letter.

"Funding Account": The segregated account, or accounts, each of which shall be an Eligible Account, established and maintained pursuant to Section 2.09 and entitled "Wells Fargo Bank, National Association, as Indenture Trustee in trust for the Noteholders of the Option One Trust 2007-ADV2 Advance Receivables Backed Notes, Series 2007-ADV2, Funding Account." The Funding Account may be a sub-account of the Reimbursement Account.

"Funding Conditions": As defined in Section 7.02.

"Funding Date": During the Funding Period, (i) the Initial Funding Date, (ii) the first Business Day of each week, (iii) the 24th day of any calendar month, or if such day is not a Business Day, the Business Day immediately following such 24th day, (iv) each Payment Date, and (v) any other date agreed to by the Agent acting with the consent of the Majority Noteholders, the Issuer and the Indenture Trustee.

"Funding Date Report": As defined in Section 6.02(c).

"Funding Interruption Event": Any condition or event that with notice or the passage of time, or both, would constitute an Event of Default.

"Funding Notice": As defined in Section 2.01(c) of the Receivables Purchase Agreement.

"Funding Period": The period beginning on the Initial Funding Date and ending upon the earlier to occur of (i) the Scheduled Termination Date and (ii) the occurrence of a Funding Termination Event.

"Funding Termination Event": Immediately upon the sending of notice indicating which of the following events or conditions have occurred by the Agent or any Committed Purchaser having a Commitment Interest greater than or equal to 30% (acting in good faith) to the Indenture Trustee and the Servicer of the occurrence of any of the following conditions or events:

(a) the occurrence of any Event of Default under this Indenture;

(b) voluntary election by Servicer to change reimbursement mechanics of Advances on any Securitization Trust from Pool-Level Advances to Loan-Level Advances or Loan-Level to Pool-Level Advances without consent of the Agent and the Majority Noteholders;

(c) Option One utilizes funds on deposit in the related Collection Account to make a Pool-Level Advance at a time when any previous Pool-Level Advance to the related Securitization Trust has not been fully reimbursed, unless such utilization is the result of inadvertence and is corrected within two Business Days after Option One is notified of, or otherwise becomes aware of, such occurrences;

(d) the Rolling Three Month Reimbursement Percentage measured monthly is less than 22%; provided, however, that the Rolling Three Month Reimbursement Percentage shall first be measured following the Collection Period ending November 30, 2008;

(e) a failure to comply with any of the Servicing Standards, which is not cured within two (2) Business Days after Option One is notified of, or otherwise becomes aware of, such occurrence;

(f) the Verification Agent is terminated or resigns prior to the assumption of the Verification Agent's duties by a successor verification agent;

(g) the Seller sells Receivables to the Depositor and/or the Depositor sells Receivables to the Issuer that are in breach of any representation or warranty set forth in the Receivables Purchase Agreement (a) on more than two occasions in any twelve-month period and (b) involving Receivables with an aggregate Receivables Balance in excess of $150,000;

(h) the Seller fails to sell and/or contribute all Additional Receivables relating to Securitization Trusts on at least a monthly basis during the Funding Period;

(i) the sale or transfer by the Servicer or Depositor of Advances or Servicing Advances of any Securitization Trust to any Person other than the Depositor or the Issuer other than pursuant to the terms and provision of the Transaction Documents; or

(j) Option One's servicer quality rating as primary servicer of sub-prime loans is either withdrawn by any two (2) of S&P, Moody's or Fitch or by any two (2) of S&P, Moody's or Fitch rated below any of the following categories: "Average" by S&P, "SQ3" by Moody's or "RPS3" by Fitch.

(k) Option One, by no later than January 31, 2008, fails to develop systems, reasonably acceptable to Agent, which monitor and track on a daily basis and at the loan level Advance Reimbursement Amounts relating to Loan Level Advances.

"GAAP": Such accounting principles as are generally accepted in the United States.

"Governmental Authority": As defined in the Receivables Purchase Agreement.

"Grant": To mortgage, pledge, bargain, sell, warrant, alienate, demise, convey, assign, transfer, create and grant a security interest in and right of setoff against, deposit, set over and confirm. A Grant of Collateral shall include all rights, powers and options (but none of the obligations) of the granting party thereunder, including without limitation 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 monies and proceeds 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 which the granting party is or may be entitled to do or receive thereunder or with respect thereto.

"Guarantor": As defined in the Pooling and Servicing Agreements.

"Guaranty and Pledge": The Guaranty and Pledge, dated as of the October 1, 2007, issued by Option One, as amended or restated from time to time.

"Highest Note Balance": An amount equal to the highest Note Principal Balance of Notes Outstanding as of any date since the Initial Funding Date.

"Indemnified Parties": As defined in Section 9.11(b).

"Indenture": This instrument as originally executed or as it may be supplemented or amended from time to time by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

"Indenture Trustee": Wells Fargo Bank, National Association, a national banking association, in its capacity as indenture trustee under this Indenture, or its successor in interest, or any successor indenture trustee appointed as provided in this Indenture.

"Indenture Trustee Fee": The fee payable to the Indenture Trustee on each Payment Date for services rendered under this Indenture, which shall be equal to $2,500 per month.

"Independent": When used with respect to any specified Person, any such Person who (i) is in fact independent of the Indenture Trustee, the Issuer, the Seller and any and all Affiliates

thereof, (ii) does not have any direct financial interest in or any material indirect financial interest in any of the Indenture Trustee, the Issuer, the Seller or any Affiliate thereof, and (iii) is not connected with the Indenture Trustee, the Issuer, the Seller or any Affiliate thereof 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 Indenture Trustee, the Issuer, the Seller or any Affiliate thereof merely because such Person is the beneficial owner of 1% or less of any class of securities issued by the Indenture Trustee, the Issuer, the Seller or any Affiliate thereof, as the case may be. The Indenture Trustee may rely, in the performance of any duty hereunder, upon the statement of any Person contained in any certificate or opinion that such Person is Independent according to this definition.

"Initial Funding Date": October 2, 2007.

"Initial Note Balance": The Cash Purchase Price of the Initial Receivables granted on the Initial Funding Date hereunder. The Initial Note Balance will be determined on the Initial Funding Date.

"Initial Payment Date": October 10, 2007.

"Initial Receivables": The Receivables sold and contributed by the Seller to the Depositor and by the Depositor to the Issuer on the Initial Funding Date pursuant to the Receivables Purchase Agreement and Granted by the Issuer to the Indenture Trustee to comprise part of the Trust Estate.

"Initial Reserve Account Deposit": 2% of the Note Principal Balance.

"Interest Carryover Shortfall": With respect to any Payment Date, the excess of (i) the sum of (a) the Interest Distributable Amount for the Notes for such Payment Date and (b) without duplication, any unpaid Interest Carryover Shortfall for any preceding Payment Date plus interest thereon accrued from the preceding Payment Date to the current Payment Date at the Default Rate over (ii) the amount of interest, if any, actually paid to Noteholders on such Payment Date.

"Interest Distributable Amount": With respect to any Payment Date and the related Accrual Period, an amount equal to the sum of the Daily Interest Amounts for all days in the related Accrual Period.

"Interest Rate Adjustment Date": Each Funding Date.

"Interested Person": As of any date of determination, Option One or any of its Affiliates.

"IRS": The United States Internal Revenue Service.

"Issuer": Option One Advance Trust 2007-ADV2, a Delaware statutory trust, or its successor in interest.

"Issuer Obligations": means all of Issuer's obligations to pay all interest and principal of the Notes and all other obligations and liabilities of Issuer arising under, or in connection with, the Transaction Documents, whether now existing or hereafter arising.

"Issuer Request" or "Issuer Order": A written request or order signed in the name of the Issuer by an Authorized Officer of the Issuer.

"Lien": means any mortgage, deed of trust, pledge, lien (statutory or otherwise), security interest, lease, easement, title defect, restriction, levy, execution, seizure, attachment, charge or other encumbrance or security or preferential arrangement of any nature, including, without limitation, any conditional sale or title retention arrangement, any capitalized lease and any assignment, deposit arrangement or financing lease intended as, or having the effect of, security.

"Loan-Level Advance": Any Advance with respect to the Loan-Level Securitization Trusts.

"Loan-Level Securitization Trusts": The Securitization Trusts listed on Schedule I hereto.

"Majority Noteholders": As defined in Section 4.11.

"Maturity Date": With respect to the Notes, the date as of which the principal of and interest on the Notes has become due and payable as herein provided, whether at Stated Maturity, by acceleration or otherwise.

"Maximum Note Balance": $1,200,000,000.

"Monthly Payment": As defined in the Pooling and Servicing Agreements.

"Monthly Servicer Report": As defined in Section 6.02(a).

"Moody's": Moody's Investors Service, Inc., a nationally recognized statistical rating organization under the federal securities laws.

"Mortgage Loans": As defined in the Pooling and Servicing Agreements.

"Mortgagor": As defined in the Pooling and Servicing Agreements.

"Nonrecoverable Advance": As such term (or term of substantially similar import howsoever denominated) is defined in the relevant Pooling and Servicing Agreement.

"Note": Any of the Issuer's Advance Receivables Backed Notes, Series 2007-ADV2, executed, authenticated and delivered hereunder.

"Note Payment Account": The trust account or accounts created and maintained by the Indenture Trustee pursuant to Section 2.09 which shall be entitled "Note Payment Account, Wells Fargo Bank, National Association, as Indenture Trustee, in trust for the registered

Noteholders of Option One Advance Trust 2007-ADV2, Advance Receivables Backed Notes Series 2007-ADV2" and which must be an Eligible Account.

"Note Principal Balance": With respect to the Notes, as of any date of determination (a) the sum of the Initial Note Balance and all Additional Note 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 date.

"Note Purchase Agreement": The Note Purchase Agreement, dated as of October 1, 2007, among the Issuer, the Note Purchasers and the Agent, as amended or restated from time to time.

"Note Purchasers": Any Person party to the Note Purchase Agreement as a "Purchaser" as defined thereunder.

"Note Redemption Amount": An amount without duplication equal to the sum of (i) the then outstanding Note Principal Balance of the Notes, plus the Interest Distributable Amount for the related Payment Date and any Interest Carryover Shortfall and (ii) any fees and expenses due and unpaid, including, but not limited to, any Facility Fee and Unused Line Fee, on the related Payment Date.

"Note Register": As defined in Section 2.05(a) hereof.

"Note Registrar": As defined in Section 2.05(a) hereof.

"Noteholder" or "Holder": With respect to any Note, the Person in whose name such Note is registered on the Note Register maintained pursuant to Section 2.05 hereof.

"Officer's Certificate": A certificate signed by any Authorized Officer of the Issuer or a Responsible Officer of the Indenture Trustee, as the case may be, or, with respect to Sections 9.08 and 11.02, a Responsible Officer of the Administrator.

"Opinion of Counsel": A written opinion of counsel, who shall be selected by the Person required to provide such Opinion of Counsel (and reasonably acceptable to the Indenture Trustee). The cost of obtaining such opinion shall be borne by the Person required to provide such Opinion of Counsel.

"Option Notice": As defined in Section 2.19 hereof. "Option One": Option One Mortgage Corporation. "Option Purchase Date": As defined in Section 2.19 hereof. "OTS": Office of Thrift Supervision or any successor thereto.

"Outstanding": When used with respect to Notes, means, 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 (other than any Note as to which any amount that has become due and payable in respect thereof has not been paid in full); and

(ii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, other than any such Notes in respect of which there shall have been presented to the Note Registrar proof satisfactory to it that such Notes are held by a bona fide purchaser in whose hands such Notes are valid obligations of the Issuer;

provided, however, that in determining whether the Holders of the requisite aggregate Note Principal Balance of Outstanding Notes have given any request, demand, authorization, vote, direction, notice, consent or waiver hereunder, Notes owned by an Interested Person shall be disregarded and deemed not to be Outstanding (unless any such Person or Persons owns all the Notes), 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 which the Note Registrar knows to be so owned shall be so disregarded. Notes owned by an Interested Person which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Note Registrar in its sole discretion the pledgee's right to act with respect to such Notes and that the pledgee is not an Interested Person.

"Ownership Interest": As to any Note, any ownership or security interest in such Note as held by the Holder thereof and any other interest therein, whether direct or indirect, legal or beneficial, as owner or as pledgee.

"Owner Trustee": Wilmington Trust Company and its successors and assigns as owner trustee under the Trust Agreement.

"Payment Date": The 10th day of each calendar month, or, if such 10th day is not a Business Day, the next succeeding Business Day, commencing in October, 2007 and any other date agreed to by the Agent, the Majority Noteholders, the Issuer and the Indenture Trustee, from time to time.

"Payment Date Report": As defined in Section 6.02(b).

"Percentage Interest": 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.

"Permitted Investments": Any one or more of the following obligations or securities:

(i) direct obligations of, or obligations fully guaranteed as to timely payment of principal and interest by, the United States or any agency or instrumentality thereof, provided that such obligations are backed by the full faith and credit of the United States and have a predetermined, fixed amount of principal due at maturity (that cannot vary or change) and that each such obligation has a fixed interest rate or has its interest rate tied to a single interest rate index plus a single fixed spread;

(ii) repurchase agreements on obligations specified in clause (i) maturing not more than one month from the date of acquisition thereof, provided that the unsecured obligations of the party agreeing to repurchase such obligations are at the time rated by each Rating Agency in its highest short-term rating category available;

(iii) federal funds, unsecured certificates of deposit, time deposits, bankers' acceptances and repurchase agreements having maturities of not more than 365 days, of any bank or trust company organized under the laws of the United States or any state thereof, provided that such items are rated the highest short-term debt rating categories of each Rating Agency, do not have an "r" highlight affixed to its rating and have a predetermined, fixed amount of principal due at maturity (that cannot vary or change) and that each such obligation has a fixed interest rate or has its interest rate tied to a single interest rate index plus a single fixed spread;

(iv) commercial paper (having original maturities of not more than 365 days) of any corporation incorporated under the laws of the United States or any state thereof (or of any corporation not so incorporated, provided that the commercial paper is United States Dollar denominated and amounts payable thereunder are not subject to any withholding imposed by any non-United States jurisdiction) which is rated in the highest short-term debt rating category of each Rating Agency, does not have an "r" highlight affixed to its rating, has a predetermined fixed amount of principal due at maturity (that cannot vary or change), has a fixed interest rate or has its interest rate tied to a single interest rate index plus a single fixed spread and is not issued by an asset backed commercial paper conduit or structured investment vehicle;

(v) units of money market funds which have as one of their objectives the maintenance of a constant net asset value and which are rated the highest applicable rating category of Moody's and S&P (including any funds for which the Indenture Trustee or any affiliate of the Indenture Trustee serves as an adviser or manager); or

(vi) any other obligation or security acceptable to the Majority Noteholders; provided that without the consent of the Majority Noteholders (1) no investment described hereunder shall evidence either the right to receive (x) only interest with respect to such investment or (y) a yield to maturity greater than 120% of the yield to maturity at par of the underlying obligations, (2) no investment described hereunder may be purchased at a price greater than par if such investment may be prepaid or called at a price less than its purchase price prior to stated maturity (that cannot vary or change) and (3) investments shall be denominated in U.S. dollars.

"Person": Any individual, corporation, partnership, limited liability company, joint venture, estate, trust, unincorporated association, or any federal, state, county or municipal government or any political subdivision thereof.

"Plan": As defined in Section 2.05(c) hereof.

"Pooling and Servicing Agreement": Any pooling and servicing agreement, securitization servicing agreement, sale and servicing agreement, servicing agreement, transfer and servicing agreement, sub-servicing agreement, trust agreement, indenture and other agreement howsoever denominated pursuant to which the Servicer is servicing Mortgage Loans for and on behalf of a Securitization Trust, each as amended, modified or supplemented from time to time.

"Pool-Level Advance": Any Advance with respect to the Securitization Trusts listed on Schedule II hereto; provided, that, any such Pool-Level Advance shall become a Loan-Level Advance upon the effectiveness of a Conversion Event with respect to the related Securitization Trust.

"Pool-Level Securitization Trust": The Securitization Trusts listed on Schedule II hereto.

"Prepayment": As defined in the Pooling and Servicing Agreements.

"Pricing Side Letter": The Amended and Restated Pricing Side Letter, dated November 16, 2007, entered into by the Issuer and the Indenture Trustee and consented to by the 66 2/3% Noteholder.

"Principal Balance": As defined in the Pooling and Servicing Agreements.

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

"Put Notice": As defined in Section 2.16(b) hereof.

"Put Option": The right of the Agent to require the Issuer to repurchase all or a portion of the Notes in accordance with Section 2.16(b) hereof.

"QIB": A "qualified institutional buyer" as defined in Rule 144A under the 1933 Act.

"Rating Agency": Fitch, Moody's, S&P or their respective successors in interest. If none of such rating agencies or any related successor remains in existence, "Rating Agency" shall be deemed to refer to such other nationally recognized statistical rating organization or other comparable Person designated by the Issuer, and specific ratings of Fitch, Moody's or S&P referenced herein shall be deemed to refer to the equivalent ratings of the party so designated. References herein to "applicable rating category" (other than any such references to "highest applicable rating category") shall, in the case of Fitch, Moody's and S&P, be deemed to refer to such applicable rating category of Fitch, Moody's and S&P, respectively, without regard to any plus or minus or other comparable rating qualification.

"Receivable": The right to reimbursement from a Securitization Trust for an Advance or Servicing Advance not theretofore reimbursed and all rights of the Servicer, as applicable, to enforce payment of such obligation under the related Pooling and Servicing Agreement.

"Receivable Balance": As of any date of determination and with respect to a Receivable, the outstanding unreimbursed amount of such Receivable. For purposes of determining Collateral Value, a Receivable shall be deemed unreimbursed until the cash reimbursement thereof is deposited into the Reimbursement Account.

"Receivable File": With respect to each Receivable, collectively, the following documents:

(i) a copy of the related Pooling and Servicing Agreement and each amendment and modification thereto (unless previously provided in another Receivable File);

(ii) a copy of the electronic file setting forth the Monthly Servicer Reports listing the current Receivables Balance Granted to the Indenture Trustee to comprise part of the Trust Estate; and

(iii) a copy of the electronic file containing the related Funding Date Report.

"Receivables Purchase Agreement": The Receivables Purchase Agreement, dated as of October 1, 2007, among the Seller, the Depositor and the Issuer as amended or restated from time to time.

"Receivables Seller": Option One.

"Record Date": With respect to any Payment Date and the Notes, the last Business Day of the month immediately preceding the month in which such Payment Date occurs (or, in the case of the Initial Payment Date, the Initial Funding Date).

"Redemption Date": The Payment Date as of which all of the outstanding Note Principal Amount is redeemed in accordance with Section 2.16 of the Indenture.

"Redemption Option": The right of the Issuer to redeem all of the Notes in accordance with Section 2.16 of the Indenture.

"Reference Rate": As defined in the Note Purchase Agreement.

"Reimbursement Account": The account or accounts created and maintained pursuant to Section 2.09, which shall be entitled "Wells Fargo Bank, National Association, as Indenture Trustee, in trust for registered Holders of Option One Advance Trust 2007-ADV2, Advance Receivables Backed Notes, Series 2007-ADV2, Reimbursement Account," which must be an Eligible Account.

"Repurchase Price": As defined in Section 6.02 of the Receivables Purchase Agreement.

"Required Reserve Amount": With respect to any Payment Date or Funding Date, an amount equal to 2% of the Note Principal Balance (after giving effect to all payments of principal in respect of the Notes on such Payment Date); provided however that, at any time

when Option One's servicer quality rating as primary servicer of sub-prime loans is either withdrawn by any two (2) of S&P, Moody's or Fitch or by any two (2) of S&P, Moody's or Fitch rated below any of the following categories: "Average" by S&P, SQ3 by Moody's or RPS3 by Fitch, the Required Reserve Amount shall be 20% of the Note Principal Balance.

"Reserve Account": The segregated account or accounts, each of which shall be an Eligible Account, established and maintained pursuant to Section 2.09 and entitled, "Wells Fargo Bank, National Association, as Indenture Trustee in trust for the Noteholders of the Option One Advance Trust 2007-ADV2, Advance Receivables Backed Notes, Series 2007-ADV2, Reserve Account."

"Reserve Fund Reimbursement Amount": With respect to any Payment Date or Funding Date, the excess of the Required Reserve Amount over the amount then on deposit in the Reserve Account.

"Responsible Officer": With respect to the Indenture Trustee, any officer of the Indenture Trustee assigned to its Corporate Trust Services, customarily performing functions with respect to corporate trust matters and having direct responsibility for the administration of this Indenture and, with respect to a particular corporate trust matter under this Indenture, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"Rolling Three Month Reimbursement Percentage": The percentage equivalent of a fraction, the numerator of which is the aggregate Advance Reimbursement Amounts with respect to the applicable Servicing Advances and applicable Loan Level Advances deposited to the Reimbursement Account during the prior three related Collection Periods and the denominator of which is the aggregate Receivables Balance with respect to Servicing Advances and Loan Level Advances outstanding as of the beginning of the first related Collection Period.

"Rule 144A": Rule 144A under the 1933 Act.

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

"Schedule of Additional Receivables": An electronic file listing by loan number and indicating the amount of advance, applicable Securitization Trust and Advance Category, all the Additional Receivables sold to the Issuer under the Receivables Purchase Agreement and Granted to the Indenture Trustee since the most recent previously delivered such schedule.

"Schedule of Initial Receivables": An electronic file listing by loan number, amount of advance, applicable Securitization Trust and Advance Category, all the Initial Receivables sold to the Issuer under the Receivables Purchase Agreement and Granted to the Indenture Trustee on the Initial Funding Date.

"Scheduled Termination Date": September 29, 2008.

"Secured Parties": The Noteholders, the Agent, the Indemnified Parties and the Indenture Trustee.

"Securities Intermediary": As defined in Section 2.17(a) herein.

"Securitization Termination Event": With respect to any Securitization Trust, any of the following conditions or events:

(a) the (i) giving or receiving of notice of termination or resignation as Servicer by Option One, (ii) giving of notice of an event of default by the Servicer under any Pooling and Servicing Agreement that is not cured or waived within the time periods specified in the related Pooling and Servicing Agreement, (iii) threatened termination of the Servicer by the related Securitization Trustee in writing related to any default existing for 30 or more days by the Servicer under the related Pooling and Servicing Agreement;

(b) the unpaid Principal Balance of the related Mortgage Loans is less than $10,000,000;

(c) the Delinquency Ratio with respect to such Securitization Trust exceeds 45%;

(d) the aggregate Receivables Balance of the Aggregate Receivables relating to such Securitization Trust, expressed as a percentage of the aggregate outstanding principal balance of Current-Paying Mortgage Loans owned by such Securitization Trust, exceeds 25%; or

(e) Option One fails to amend, in a form acceptable to the Agent and within sixty (60) days following the date on which any Receivable under the related Pooling and Servicing Agreement is first transferred to the Issuer and pledged to the Indenture Trustee, the related Pooling and Servicing Agreement to provide for: (i) the Servicer entering into an advance facility; and (ii) Advance Reimbursement Amounts being paid on a First In First Out ("FIFO") basis.

"Securitization Trust": Each real estate mortgage investment conduit within the meaning of Section 860A-860G of the Code or other mortgage-backed securities issuance described on Schedule I and II hereto, as such schedules may be amended from time to time, and collectively referred to herein as the "Securitization Trusts."

"Securitization Trustee": Each trustee appointed under a Pooling and Servicing Agreement in connection with a Securitization Trust.

"Security Entitlement": As defined in Section 8-102(a)(17) of the UCC.

"Seller": Option One.

"Servicer": Option One, a California corporation, in its capacity as servicer of the Securitization Trusts under the Pooling and Servicing Agreements and any successor servicer appointed thereunder.

“Servicing Advances”: As such term (or term of substantially similar import howsoever denominated) is defined in the relevant Pooling and Servicing Agreements.

“Servicing Compensation”: Servicing Fees, late payment charges, assumption fees, insufficient funds charges and ancillary income (other than Prepayment charges) related to the Mortgage Loans.

“Servicing Fee”: As defined in the Pooling and Servicing Agreements.

“Servicing Standards”: As defined in Section 9.05 of the Receivables Purchase Agreement.

“Stated Maturity”: With respect to the Notes, the fixed date on which the final payment of principal of and interest on the Notes becomes finally due and payable, which will be the Payment Date that is 24 months following the month in which the Funding Period is terminated.

“Successor Person”: As defined in Section 9.09(a)(i) herein.

“Tax Opinion”: An opinion of Independent counsel to the effect that the Issuer will not be classified as (i) an association taxable as a corporation, (ii) a publicly traded partnership taxable as a corporation or (iii) a taxable mortgage pool for federal income tax purposes.

“Transaction Documents”: This Indenture, the Receivables Purchase Agreement, the Note Purchase Agreement, the Trust Agreement, the Guaranty and Pledge, the Verification Agent Letter, the Notes, the Administration Agreement and any other instrument, certificate or agreement relating to the transactions contemplated hereunder or thereunder, but not including the Pooling and Servicing Agreements.

“Treasury Regulations”: Temporary, final or proposed regulations (to the extent that by reason of their proposed effective date such proposed regulations would apply to the Issuer) of the United States Department of the Treasury.

“Trust Agreement”: The Trust Agreement, dated October 1, 2007, between the Depositor and the Owner Trustee, as the same may be amended, modified or supplemented from time to time.

“Trust Certificate”: As defined in the Trust Agreement.

“Trust Estate”: As defined in the Granting Clause.

“Trustee Report”: As defined in Section 6.01(a) herein.

“UCC”: The Uniform Commercial Code as in effect in any applicable jurisdiction.

“UCC Financing Statement”: A financing statement executed and in form sufficient for filing pursuant to the UCC, as in effect in the relevant jurisdiction.

“Unused Line Fee”: As defined in the Pricing Side Letter.

“Verification Agent”: BearingPoint, Inc. or its successor as verification agent in respect of the Aggregate Receivables under the Verification Agent Letter.

“Verification Agent Fee”: The amount payable to the Verification Agent for its services under the Verification Agent Letter.

“Verification Agent Letter”: The letter agreement, dated as of May 30, 2003 and as amended on November 24, 2003, on October 11, 2005, and on October 1, 2007 among the Seller, the Agent and the Verification Agent, regarding the scope of services, as the same relate to the services to be provided pursuant to Exhibit A-2 thereto, to be provided by the Verification Agent in respect of the Aggregate Receivables, and any other agreement with the Verification Agent approved by the Seller, the Issuer and the Noteholders.

Section 1.02. Rules of Construction.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and, except as otherwise herein expressly provided, the term “generally accepted accounting principles” with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in the United States;

(3) the word “including” shall be construed to be followed by the words “without limitation”;

(4) article and section headings are for the convenience of the reader and shall not be considered in interpreting this Indenture or the intent of the parties hereto;

(5) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular article, section or other subdivision; and

(6) the pronouns used herein are used in the masculine and neuter genders but shall be construed as feminine, masculine or neuter, as the context requires.

ARTICLE II

THE NOTES

Section 2.01. Forms; Denominations.

The Notes shall be substantially in the form attached hereto as Exhibit A provided that any of the Notes may be issued with appropriate insertions, omissions, substitutions and variations, and may have imprinted or otherwise reproduced thereon such legend or legends, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with rules or regulations pursuant thereto, or with the rules of any securities market in which the Notes are admitted to trading, or to conform to general usage. The Notes will be issued only in registered and certificated form. The Notes will be issuable only in denominations of not less than $100,000 and in integral multiples of $0.01 in excess thereof.

Section 2.02. Execution, Authentication, Delivery and Dating.

(a) The Notes shall be executed by manual or facsimile signature on behalf of the Issuer by any Authorized Officer of the Issuer. Notes bearing the manual or facsimile signatures of individuals who were at any time the authorized officers of the Issuer shall be entitled to all benefits under this Indenture, subject to the following sentence, 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. No Note shall be entitled to any benefit under this Indenture, or be valid for any purpose, however, unless there appears on such Note a certificate of authentication substantially in the form provided for herein executed by the Indenture Trustee by manual signature, and such certificate of authentication upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder. All Notes shall be dated the date of their authentication.

(b) Upon the written request of the Issuer, the Indenture Trustee shall and, at the election of the Indenture Trustee, the Indenture Trustee may appoint one or more agents (each an “Authenticating Agent”) with power to act on its behalf and subject to its direction in the authentication of Notes in connection with transfers and exchanges under Sections 2.05 and 2.06, as fully to all intents and purposes as though each such Authenticating Agent had been expressly authorized by those Sections to authenticate the Notes. For all purposes of this Indenture, the authentication of Notes by an Authenticating Agent shall be deemed to be the authentication of Notes “by the Indenture Trustee.” The Indenture Trustee shall be the initial Authenticating Agent.

Any corporation, bank, trust company or association into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation, bank, trust company or association resulting from any merger, consolidation or conversion to which any Authenticating Agent shall be a party, or any corporation, bank, trust company or association succeeding to the corporate trust business of any Authenticating Agent, shall be the successor of such Authenticating Agent hereunder, without the execution or filing of any further

act on the part of the parties hereto or such Authenticating Agent or such successor corporation, bank, trust company or association.

Any Authenticating Agent may at any time resign by giving written notice of resignation to the Indenture Trustee and the Issuer. The Indenture Trustee may at any time terminate the agency of any Authenticating Agent by giving written notice of termination to such Authenticating Agent and the Issuer. Upon receiving such notice of resignation or upon such a termination, the Indenture Trustee may, or at the direction of the Issuer shall, promptly appoint a successor Authenticating Agent, give written notice of such appointment to the Issuer and give notice of such appointment to the Noteholders. Upon the resignation or termination of the Authenticating Agent and prior to the appointment of a successor, the Indenture Trustee shall act as Authenticating Agent.

Each Authenticating Agent shall be entitled to all limitations on liability, rights of reimbursement and indemnities that the Indenture Trustee is entitled to hereunder as if it were the Indenture Trustee.

Section 2.03. Acknowledgment of Receipt of the Receivables.

(a) The Indenture Trustee, by its execution and delivery of this Indenture, acknowledges receipt by it of the Receivable Files with respect to the Initial Receivables, and all other assets delivered to it and included in the Trust Estate as of the Initial Funding Date. Such receipt shall be in good faith and without notice of any adverse claim. The Indenture Trustee declares that it holds and will hold such documents and the other documents received by it that constitute portions of the Receivables Files received after the Initial Funding Date, and that it holds and will hold all assets included in the Trust Estate, on behalf of all present and future Secured Parties.

(b) The Indenture Trustee shall not be under any duty or obligation to inspect, review or examine any of the documents, instruments, certificates or other papers relating to the Receivables delivered to it to determine that the same are valid, legal, effective, genuine, enforceable, in recordable form if recordation is required, sufficient or appropriate for the represented purpose or that they are other than what they purport to be on their face.

The Indenture Trustee shall not assign, sell, dispose of or transfer any interest in the Receivables or any other asset constituting the Trust Estate (except as expressly provided herein) or knowingly permit the Receivables or any other asset constituting the Trust Estate to be subjected to any lien, claim or encumbrance arising by, through or under the Indenture Trustee or any Person claiming by, through or under the Indenture Trustee.

Section 2.04. The Notes Generally.

(a) The aggregate Note Principal Balance of the Notes that may be authenticated and delivered under this Indenture is limited to the Maximum Note Balance, except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes pursuant to Sections 2.05 and 2.06 below.

(b) Each Note shall rank pari passu with each other Note and be equally and ratably secured by the Trust Estate. All Notes shall be substantially identical except as to denominations and as expressly permitted in this Indenture.

(c) This Indenture shall evidence a continuing lien on and security interest in the Trust Estate to secure the full payment of the principal, interest and other amounts on all the Notes, which (except as otherwise expressly provided herein) shall in all respects be equally and ratably secured hereby without preference, priority or distinction on account of the actual time or times of the authentication and delivery of such Notes.

Section 2.05. Registration of Transfer and Exchange of Notes.

(a) At all times during the term of this Indenture, there shall be maintained at the office of a registrar appointed by the Issuer (the "Note Registrar") a register (the "Note Register") in which, subject to such reasonable regulations as the Note Registrar may prescribe, the Note Registrar shall provide for the registration of Notes and of transfers and exchanges of Notes as herein provided. The Indenture Trustee is hereby initially appointed (and hereby agrees to act in accordance with the terms hereof) as Note Registrar for the purpose of registering Notes and transfers and exchanges of Notes as herein provided. The Indenture Trustee may appoint, by a written instrument delivered to the Issuer, any other bank or trust company to act as Note Registrar under such conditions as the Indenture Trustee may prescribe, provided that the Indenture Trustee shall not be relieved of any of its duties or responsibilities hereunder as Note Registrar by reason of such appointment. If the Indenture Trustee resigns or is removed in accordance with the terms hereof, the successor indenture trustee shall immediately succeed to its predecessor's duties as Note Registrar. The Issuer and the Noteholders shall have the right to inspect the Note Register or to obtain a copy thereof at all reasonable times upon reasonable prior notice, and to rely conclusively upon a certificate of the Note Registrar as to the information set forth in the Note Register.

(b) No transfer, sale, pledge or other disposition of any Note or interest therein shall be made unless that transfer, sale, pledge or other disposition is exempt from the registration and/or qualification requirements of the 1933 Act and any applicable state securities laws, or is otherwise made in accordance with the 1933 Act and such state securities laws. If a transfer of any Note is to be made without registration under the 1933 Act (other than in connection with the initial issuance thereof), then the Note Registrar shall refuse to register such transfer unless it receives (and upon receipt, may conclusively rely upon) either (i) a certificate from the prospective transferee substantially in the form attached either as Exhibit B hereto; or (ii) an Opinion of Counsel reasonably satisfactory to the Issuer and the Indenture Trustee to the effect that such transfer may be made without registration under the 1933 Act (which Opinion of Counsel shall not be an expense of the Trust Estate or of the Issuer, the Indenture Trustee or the Note Registrar in their respective capacities as such), together with the written certifications as to the facts surrounding such transfer from the Noteholder desiring to effect such transfer or such Noteholder's prospective transferee on which such Opinion of Counsel is based. None of the Issuer, the Indenture Trustee or the Note Registrar is obligated to register or qualify any Notes under the 1933 Act or any other securities law or to take any action not otherwise required under this Indenture to permit the transfer of any Note or interest therein without registration or

qualification. Any Noteholder desiring to effect a transfer of Notes or interests therein shall, and does hereby agree to, indemnify the Issuer, the Seller, the Indenture Trustee, and the Note Registrar against any liability that may result if the transfer is not so exempt or is not made in accordance with such federal and state laws.

(c) No transfer of a Note or any interest therein shall be made to any employee benefit plan or other retirement arrangement, including individual retirement accounts and annuities, Keogh plans and bank collective investment funds, insurance company general separate accounts and other entities in which such plans, accounts or arrangements are invested, that is subject to Part 4 of Title I of ERISA or Section 4975 of the Code (each, a "Plan"), or to any Person who is directly or indirectly purchasing such Note or interest therein on behalf of, as named fiduciary of, as trustee of, or with assets of a Plan, if any such transfer will result in any prohibited transaction under Section 406 of ERISA or Section 4975 of the Code. Accordingly, each purchaser of a Note will be required to certify that either (i) no part of the assets to be used by it to acquire and hold the Note constitutes assets of any Plan or (ii) (I) such Note is rated investment grade or better as of the date of purchase, (II) the transferee of the Note believes that the Note is properly treated as indebtedness without substantial equity features for purposes of the Section 2510.3-101 of the Department of Labor Regulations and agrees to so treat such Note and (III) its acquisition and holding of the Notes will not constitute or otherwise result in a nonexempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code.

(d) If a Person is acquiring any Note or interest therein as a fiduciary or agent for one or more accounts, such Person shall be required to certify that it has (i) sole investment discretion with respect to each such account and (ii) full power to make the foregoing acknowledgments, representations, warranties, certifications and agreements with respect to each such account as set forth in subsections (b) and (c) of this Section 2.05.

(e) Subject to the preceding provisions of this Section 2.05, upon surrender for registration of transfer of any Note at the offices of the Note Registrar maintained for such purpose, the Issuer shall execute and the Indenture Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of a like aggregate Note Principal Balance.

(f) At the option of any Noteholder, its Notes may be exchanged for other Notes of authorized denominations of a like aggregate Note Principal Balance, upon surrender of the Notes to be exchanged at the offices of the Note Registrar maintained for such purpose. Whenever any Notes are so surrendered for exchange, the Issuer shall execute and the Indenture Trustee shall authenticate and deliver the Notes which the Noteholder making the exchange is entitled to receive.

(g) Every Note presented or surrendered for transfer or exchange shall (if so required by the Note Registrar) be duly endorsed by, or be accompanied by a written instrument of transfer in the form satisfactory to the Note Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing.

(h) No service charge shall be imposed for any transfer or exchange of Notes, but the Issuer, the Indenture Trustee or the Note Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes.

(i) All Notes surrendered for transfer and exchange shall be physically canceled by the Note Registrar, and the Note Registrar shall dispose of such canceled Notes in accordance with its standard procedures.

(j) The Note Registrar or the Indenture Trustee shall provide to each of the Issuer and any Noteholder, upon reasonable written request and at the expense of the requesting party, an updated copy of the Note Register.

Section 2.06. Mutilated, Destroyed, Lost or Stolen Notes.

If any mutilated Note is surrendered to the Note Registrar, the Issuer shall execute and the Indenture Trustee shall authenticate and deliver, in exchange therefor, a new Note of the same principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Issuer, the Indenture Trustee and the Note Registrar (i) evidence to their satisfaction of the destruction (including mutilation tantamount to destruction), loss or theft of any Note and the ownership thereof, and (ii) such security or indemnity as may be reasonably required by them to hold each of them, and any agent of any of them harmless, then, in the absence of notice to the Issuer or the Note Registrar that such Note has been acquired by a bona fide purchaser, the Issuer shall execute and the Indenture Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Note, a new Note of the same tenor and denomination registered in the same manner, dated the date of its authentication and bearing a number not contemporaneously outstanding.

Upon the issuance of any new Note under this Section 2.06, the Issuer, the Indenture Trustee and the Note Registrar may require the payment by the Noteholder of an amount sufficient to pay or discharge any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the reasonable fees and expenses of the Authenticating Agent and the Indenture Trustee) in connection therewith.

Every new Note issued pursuant to this Section 2.06 in lieu of any destroyed, mutilated, lost or stolen Note shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, mutilated, lost or stolen Note shall be at any time enforceable by any Person, and such new Note 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 2.06 are exclusive and shall preclude (to the extent permitted by applicable law) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 2.07. Noteholder Lists.

The Note Registrar shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Noteholders, which list, upon request, will be made available to the Indenture Trustee insofar as the Indenture Trustee is no longer the Note Registrar. Upon written request of any Noteholder at the Noteholder's expense made for purposes of communicating with other Noteholders with respect to their rights under this Indenture, the Note Registrar shall promptly furnish such Noteholder with a list of the other Noteholders of record identified in the Note Register at the time of the request. Every Noteholder, by receiving such access, agrees with the Note Registrar that the Note Registrar will not be held accountable in any way by reason of the disclosure of any information as to the names and addresses of any Noteholder regardless of the source from which such information was derived.

Section 2.08. Persons Deemed Owners.

The Issuer, the Indenture Trustee, the Note Registrar and any agents of any of them, may treat the Person in whose name a Note is registered as the owner of such Note for the purpose of receiving payments of principal, interest and other amounts in respect of such Note and for all other purposes, whether or not such Note shall be overdue, and none of the Issuer, the Indenture Trustee, the Note Registrar or any agents of any of them, shall be affected by notice to the contrary.

Section 2.09. Accounts.

(a) On or prior to the date hereof, the Indenture Trustee shall establish in its name, as Indenture Trustee, the Reimbursement Account, the Note Payment Account, the Reserve Account and the Funding Account. Except as provided in this Indenture, the Indenture Trustee, in accordance with the terms of this Indenture, shall have exclusive control and sole right of withdrawal with respect to the Accounts. Funds in the Accounts shall not be commingled with any other monies. All monies deposited from time to time in the Accounts (including any securities or instruments in which such monies are invested) shall be held by and under the control of the Indenture Trustee in the Accounts for the benefit of the Secured Parties and the Issuer as herein provided. All amounts received by the Indenture Trustee, including, without limitation, amounts received from the Servicer in respect of the Aggregate Receivables and amounts received from the Seller as Repurchase Prices, shall be deposited into the Reimbursement Account within one (1) Business Day following receipt by the Indenture Trustee and shall be applied in accordance with the terms of this Indenture. In addition, the Issuer may, from time to time, remit additional funds to the Indenture Trustee for deposit into the Reimbursement Account to be applied for the purposes set forth herein.

(b) All of the funds on deposit in the Accounts may be invested and reinvested by the Indenture Trustee at the written direction of the Agent in one or more Permitted Investments, subject to the following requirements:

(i) such Permitted Investments shall mature not later than one Business Day prior to the next Payment Date or Funding Date whichever is sooner (except that if such Permitted Investment is an obligation of or is managed by the Indenture Trustee or its Affiliate, such Permitted Investment shall not mature later than the next Payment Date or Funding Date whichever is sooner);

(ii) the securities purchased with the monies in the Accounts shall be deemed to be funds deposited in the related Accounts;

(iii) each such Permitted Investment shall be made in the name of the Indenture Trustee (in its capacity as such) or in the name of a nominee of the Indenture Trustee under the Indenture Trustee's complete and exclusive dominion and control (or, if applicable law provides for perfection of pledges of an instrument not evidenced by a certificate or other instrument through registration of such pledge on books maintained by or on behalf of the issuer of such investment, a Permitted Investment may be made in such instrument notwithstanding that such instrument is not under the dominion and control of the Indenture Trustee, provided that such pledge is so registered);

(iv) the Indenture Trustee shall have the sole control over such investment, the income thereon and the proceeds thereof;

(v) other than the investments described in the second parenthetical phrase in clause (iii) above, any certificate or other instrument evidencing such investment shall be delivered directly to the Indenture Trustee or its agent; and

(vi) the proceeds of each investment shall be remitted by the purchaser thereof directly to the Indenture Trustee for deposit in the related Account, subject to withdrawal by the Indenture Trustee as provided herein.

In the absence of written direction from the Agent, funds on deposit in the Accounts shall be invested by the Indenture Trustee in Permitted Investments described in clause (v) of the definition thereof. All amounts earned on Permitted Investments during prior calendar month shall be deposited into the Note Payment Account on each Payment Date and shall be included in the Available Funds for such Payment Date.

(c) The Servicer shall cause all collections in respect of the Mortgage Loans included in each Securitization Trust to be deposited into the related Collection Account pursuant to the related Pooling and Servicing Agreement. On a daily basis, the Servicer shall withdraw all amounts available to reimburse Advances and Servicing Advances from the related Collection Account or from related proceeds and shall remit such amounts to the Indenture Trustee for deposit into the Reimbursement Account.

(d) Upon the satisfaction and discharge of this Indenture pursuant to Section 3.01 of this Indenture, the Indenture Trustee shall pay to the Issuer all amounts, if any, held by it remaining as part of the Trust Estate.

Section 2.10. Payments on the Notes.

(a) Subject to Section 2.10(b), the Issuer agrees to pay

(i) on each Payment Date prior to the Maturity Date, interest on and principal of the Notes in the amounts and in accordance with the priorities set forth in Section 2.10(c); and

(ii) on the Maturity Date, the entire Note Principal Balance of the Notes, together with all accrued and unpaid interest thereon.

Amounts properly withheld under the Code by any Person from a payment to any holder of a Note of interest, principal or other amounts, or any such payment set aside on the Final Payment Date for such Note as provided in Section 2.10(b), shall be considered as having been paid by the Issuer to such Noteholder for all purposes of this Indenture.

(b) With respect to each Payment Date, any interest, principal and other amounts payable on the Notes shall be paid to the Person that is the registered holder thereof at the close of business on the related Record Date; provided, however, that interest, principal and other amounts payable at the Final Payment Date of any Note shall be payable only against surrender thereof at the Corporate Trust Office of the Indenture Trustee. Payments of interest, principal and other amounts on the Notes shall be made on the applicable Payment Date other than the Final Payment Date, subject to applicable laws and regulations, by wire transfer to such account as such Noteholder shall designate by written instruction received by the Indenture Trustee not later than the Record Date related to the applicable Payment Date or otherwise by check mailed on or before the Payment Date to the Person entitled thereto at such Person's address appearing on the Note Register. The Indenture Trustee shall pay each Note in whole or in part as provided herein on its Final Payment Date in immediately available funds from funds in the Note Payment Account as promptly as possible after presentation to the Indenture Trustee of such Note at its Corporate Trust Office but shall initiate such payment no later than 3:00 p.m., New York City time, on the day of such presentation, provided, that such presentation has been made no later than 1:00 p.m., New York City time. If presentation is made after 1:00 p.m., New York City time, on any day, such presentation shall be deemed to have been made on the immediately succeeding Business Day.

Except as provided in the following sentence, if a Note is issued in exchange for any other Note during the period commencing at the close of business at the office or agency where such exchange occurs on any Record Date and ending before the opening of business at such office or agency on the related Payment Date, no interest, principal or other amounts will be payable on such Payment Date in respect of such new Note, but will be payable on such Payment Date only in respect of the prior Note. Interest, principal and other amounts payable on any Note issued in exchange for any other Note during the period commencing at the close of business at the office or agency where such exchange occurs on the Record Date immediately preceding the Final Payment Date for such Notes and ending on the Final Payment Date for such Notes, shall be payable to the Person that surrenders the new Note as provided in this Section 2.10(b).

All payments of interest, principal and other amounts made with respects to any Note will be allocated *pro rata* among the Outstanding Notes based on the Note Principal Balance thereof.

If any Note on which the final payment was due is not presented for payment on its Final Payment Date, then the Indenture Trustee shall set aside such payment in a segregated account separate from the Note Payment Account but which constitutes an Eligible Account, and the Indenture Trustee and the Issuer shall act in accordance with Section 5.10 in respect of the unclaimed funds.

(c) On each Payment Date, the Indenture Trustee shall deposit all funds from the Reimbursement Account into the Note Payment Account and withdraw from the Note Payment Account and apply the Available Funds for such Payment Date for the following purposes and in the following order of priority, in each case to the extent of remaining funds:

(i) to the Issuer, an amount equal to the sum of its actual expenses (including the fees and expenses of the Owner Trustee) not to exceed $5,000 per calendar year;

(ii) to the Agent, all amounts to which the Agent is entitled to for reimbursement in accordance with this Indenture, other than amounts payable pursuant to (ii) above;

(iii) to Wells Fargo Bank, N.A. in its capacities as Indenture Trustee, Securities Intermediary, Authenticating Agent and Note Registrar, (A) an amount equal to the sum of the Indenture Trustee Fee for such Payment Date, plus all accrued and unpaid Indenture Trustee Fees, if any, for prior Payment Dates and (B) all amounts to which the Indenture Trustee is entitled to reimbursement in accordance with this Indenture, for which notice has been provided to the Issuer and Agent at least three Business Days prior to the Payment Date, with backup documentation reasonably satisfactory to the Servicer, and for which reimbursement is not available under the Transaction Documents from an alternative source (including the Receivables Seller) or for which the Indenture Trustee has been unable to obtain reimbursement after reasonable efforts;

(iv) to the Verification Agent, an amount equal to the sum of all accrued and unpaid Verification Agent Fees and expenses (which are invoiced to the Issuer and the Indenture Trustee at least three Business Days prior to the Payment Date), with backup documentation reasonably satisfactory to the Servicer, in an amount not greater than the amount set forth in the Verification Agent Letter;

(v) to the Noteholders, (A) an amount equal to the sum of the Interest Distributable Amount for the Notes for such Payment Date, plus any Interest Carryover Shortfall, if any, for prior Payment Dates and (B) the Unused Line Fee for such Payment Date;

(vi) to the Indemnified Parties (other than the Indenture Trustee and the Verification Agent), any amounts then due to such Indemnified Parties under Section 9.11 of this Indenture (which are invoiced to the Issuer and the Indenture Trustee at least

three Business Days prior to the Payment Date) and for which reimbursement is not available under the Transaction Documents from an alternative source (including the Receivables Seller) or for which the Indemnified Parties have been unable to obtain reimbursement after reasonable efforts;

(vii) during the Funding Period, and thereafter if so instructed by the Agent with the consent of the Majority Noteholders, to the Reserve Account, the Reserve Fund Reimbursement Amount for such Payment Date, if applicable;

(viii) during the Funding Period, in the following order of priority:

(A) to the Noteholders, in respect of principal of the Notes, until the Note Principal Balance is equal to the Collateral Value (after giving effect to any transfer of Receivables on such Payment Date);

(B) to the Funding Account, the Cash Purchase Price of any Additional Receivables to be acquired by the Issuer and Granted to the Indenture Trustee on such Payment Date in accordance with Article VII;

(C) to the Agent or any Noteholder, any other amounts payable by the Seller, the Depositor or the Issuer pursuant to the terms and provisions of the Transaction Documents; and

(D) to the Certificateholders, the remaining Available Funds; provided, however, that any amounts due and owing to the Owner Trustee shall be paid prior to such payment.

(ix) following the termination of the Funding Period, in the following order or priority:

(A) to the Noteholders, in respect of principal of the Notes, until the Note Principal Balance is reduced to zero;

(B) to the Persons entitled thereto, any amounts payable by the Issuer pursuant to this Indenture;

(C) to the Agent or any Noteholder, any other amounts payable by the Seller, the Depositor or the Issuer pursuant to the terms and provisions of the Transaction Documents; and

(D) to the Certificateholders, the remaining Available Funds; provided, however, that any amounts due and owing to the Owner Trustee shall be paid prior to such payment.

(d) On each date that is a Funding Date as set forth in subclause (ii) of the definition thereof, the Indenture Trustee shall deposit any Excess Amount from the Reimbursement Account into the Note Payment Account and withdraw from the Note Payment Account and apply such Excess Amount to reduce the Note Principal Balance of the Notes, until such Note Principal Balance is equal to the aggregate Collateral Value as of such date.

Section 2.11. Final Payment Notice.

(a) Notice of final payment under Section 2.10(b) shall be given by the Indenture Trustee not later than the 5th day prior to the Final Payment Date to each Noteholder as of the close of business on the Record Date preceding the Final Payment Date at such Noteholder's address appearing in the Note Register, and also to the Agent and the Issuer.

(b) All notices of final payment in respect of the Notes shall state (i) the Final Payment Date, (ii) the amount of the final payment for such Notes and (iii) the place where such Notes are to be surrendered for payment, which shall be the Corporate Trust Office of the Indenture Trustee.

(c) Notice of final payment of the Notes shall be given by the Indenture Trustee in the name and at the expense of the Issuer. Failure to give notice of final payment, or any defect therein, to any Noteholder shall not impair or affect the validity of the final payment of any other Note.

Section 2.12. Compliance with Withholding Requirements.

Notwithstanding any other provision of this Indenture, the Indenture Trustee shall comply with all federal and state withholding requirements with respect to payments to Noteholders of interest, original issue discount, or other amounts that the Indenture Trustee reasonably believes are applicable under the Code. The consent of Noteholders shall not be required for any such withholding. The Indenture Trustee will withhold on payments of the Unused Line Fee to Non-U.S. Noteholders unless such Noteholder is eligible for benefits under an income tax treaty with the United States that eliminates U.S. federal income taxation on U.S. source Unused Line Fees and such Non-U.S. Noteholder provides a correct, complete and executed U.S. Internal Revenue Service Form W-8BEN.

Section 2.13. Cancellation.

The Issuer may at any time deliver to the Note Registrar 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 be promptly canceled by the Note Registrar.

All Notes delivered to the Indenture Trustee for payment shall be forwarded to the Note Registrar. All such Notes and all Notes surrendered for transfer and exchange in accordance with the terms hereof shall be canceled and disposed of by the Note Registrar in accordance with its customary procedures.

Section 2.14. Additional Note Balance.

(a) In the event of the purchase of any Additional Note Balances by the Note Purchasers as provided in the Note Purchase Agreement, each Note Purchaser shall, and is hereby authorized to, record on the schedule attached to its Note the date and amount of any Additional Note Balance purchased 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 Noteholders rights with respect to its Additional Note Balance and its right to receive interest payments in respect of the Additional Note Balance held by such Noteholder.

(b) 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 2.15. Reserve Account.

On or prior to the Initial Funding Date, the Issuer shall cause the Initial Reserve Account Deposit to be deposited into the Reserve Account.

The Indenture Trustee shall hold in the Reserve Account on each Payment Date the amount distributed in respect of the Reserve Fund Reimbursement Amount pursuant to Section 2.10(c). If, on any Payment Date prior to the Maturity Date, the Available Funds for such Payment Date is insufficient to pay the amounts required to be paid pursuant to clauses (i) through (vi) of Section 2.10(c) or, following a Funding Termination Event at the direction of the Agent, clauses (i) through (x)(A) of Section 2.10(c) or, on any Payment Date following the Maturity Date, the Available Funds is insufficient to pay any of the amounts required to be paid, the Indenture Trustee shall withdraw the amount of such shortfall from the Reserve Account and deposit the same into the Note Payment Account to be applied to the payment of such items.

Upon payment in full of all of the Issuer Obligations, the Indenture Trustee shall release all amounts remaining in the Reserve Account to or at the direction of the Issuer.

Section 2.16. Redemption.

(a) The Notes shall be subject to optional redemption, in whole but not in part, by the Issuer on any Payment Date (which date shall be the Redemption Date with respect to the portion of the Notes subject to such redemption), upon 30 days' prior notice to the Agent. The Issuer shall give written notice (a "Redemption Notice") of its intent to redeem all of the Notes pursuant to this Section 2.16 to the Agent and the Indenture Trustee at least 30 days prior to the Redemption Date. Following issuance of the Redemption Notice by the Issuer, the Issuer shall be required to purchase the entire Outstanding Note Principal Balance of the Notes for the Note Redemption Amount on the Redemption Date. Upon the Issuer's payment of the Redemption Amount, the Commitment of the Note Purchasers under section 2.01 of the Note Purchase Agreement to purchase Additional Note Balances shall terminate.

(b) On any Payment Date on which both (i) the aggregate Note Principal Balance of the Notes is less than or equal to 10% of the sum of the Initial Note Balance and all Additional Note Balances purchased on or prior to such date pursuant to the Note Purchase Agreement and (ii) as of such Payment Date, the Collateral shall have consisted, in part, of either Loan-Level Advances or Servicing Advances, the Agent may effect a put of the entire Outstanding Note Principal Balance of the Notes to the Issuer by exercise of the Put Option. The Agent shall give written notice (a "Put Notice") of its intent to put the Notes pursuant to this Section 2.16(b) to the Issuer and the Indenture Trustee at least 30 days prior to the related Payment Date. Upon exercise of the Put Option by the Agent, the Issuer shall be required to purchase the entire Outstanding Note Principal Balance of the Notes for the Note Redemption Amount on the Put Date.

(c) Subject to Section 9.06 of the Receivables Purchase Agreement or unless otherwise agreed by the Agent, on the third Business Day prior to the applicable Redemption Date or Put Date, as applicable, the Issuer shall cause there to be deposited the Note Redemption Amount into the Note Payment Account.

Section 2.17. Securities Accounts

(a) The Issuer and the Indenture Trustee hereby appoint Wells Fargo Bank, National Association as securities intermediary (in such capacity, the "Securities Intermediary") with respect to each of the Accounts. The Security Entitlements and all Financial Assets credited to the Accounts, including without limitation all amounts, securities, investments, Financial Assets, investment property and other property from time to time deposited in or credited to such account and all proceeds thereof, held from time to time in the Accounts will continue to be held by the Securities Intermediary for the Indenture Trustee for the benefit of the Secured Parties. Upon the termination of this Indenture, the Indenture Trustee shall inform the Securities Intermediary of such termination. By acceptance of their Notes or interests therein, the Noteholders and all beneficial owners of Notes shall be deemed to have appointed Wells Fargo Bank, National Association as Securities Intermediary. Wells Fargo Bank, National Association hereby accepts such appointment as Securities Intermediary.

(i) With respect to any portion of the Trust Estate that is credited to the Accounts, the Securities Intermediary agrees that:

(A) with respect to any portion of the Trust Estate that is held in deposit accounts, each such deposit account shall be subject to the security interest granted pursuant to this Indenture, and the Securities Intermediary shall comply with instructions originated by the Indenture Trustee directing dispositions of funds in the deposit accounts without further consent of the Issuer and otherwise shall be subject to the exclusive custody and control of the Securities Intermediary, and the Securities Intermediary shall have sole signature authority with respect thereto;

(B) the sole assets permitted in the Accounts shall be those that the Securities Intermediary agrees to treat as Financial Assets;

(C) any portion of the Trust Estate that is, or is treated as, a Financial Asset shall be physically delivered (accompanied by any required endorsements) to, or credited to an account in the name of, the Securities Intermediary or other eligible institution maintaining any Account in accordance with the Securities Intermediary's customary procedures such that the Securities Intermediary or such other institution establishes a Security Entitlement in favor of the Indenture Trustee with respect thereto over which the Securities Intermediary or such other institution has control; and

(D) it will use reasonable efforts to promptly notify the Indenture Trustee and the Issuer if any other Person claims that it has a property interest in a Financial Asset in any Account and that it is a violation of that Person's rights for anyone else to hold, transfer or deal with such Financial Asset.

(ii) The Securities Intermediary hereby confirms that (A) each Account is an account to which Financial Assets are or may be credited, and the Securities Intermediary shall, subject to the terms of this Indenture, treat the Indenture Trustee as entitled to exercise the rights that comprise any Financial Asset credited to any Account, (B) any portion of the Trust Estate in respect of any Account will be promptly credited by the Securities Intermediary to such account, and (C) all securities or other property underlying any Financial Assets credited to any Account shall be registered in the name of the Securities Intermediary, endorsed to the Securities Intermediary or in blank or credited to another securities account maintained in the name of the Securities Intermediary, and in no case will any Financial Asset credited to any Account be registered in the name of the Issuer, the Servicer or the Seller, payable to the order of the Issuer, the Servicer or the Seller or specially endorsed to any of such Persons.

(iii) If at any time the Securities Intermediary shall receive an Entitlement Order from the Indenture Trustee directing transfer or redemption of any Financial Asset relating to any Account, the Securities Intermediary shall comply with such Entitlement Order without further consent by the Issuer, the Servicer, the Seller or any other Person. If at any time the Indenture Trustee notifies the Securities Intermediary in writing that this Indenture has been discharged in accordance herewith, then thereafter if the Securities Intermediary shall receive any order from the Issuer directing transfer or redemption of any Financial Asset relating to any Account, the Securities Intermediary shall comply with such Entitlement Order without further consent by the Indenture Trustee or any other Person.

(iv) In the event that the Securities Intermediary has or subsequently obtains by agreement, operation of law or otherwise a security interest in any Account or any Financial Asset or Security Entitlement credited thereto, the Securities Intermediary hereby agrees that such security interest shall be subordinate to the security interest of the Indenture Trustee. The Financial Assets and Security Entitlements credited to the Accounts will not be subject to deduction, set-off, banker's lien, or any other right in favor of any Person other than the Indenture Trustee in the case of the Accounts.

(v) There are no other agreements entered into between the Securities Intermediary in such capacity, and the Securities Intermediary agrees that it will not enter into any agreement with, the Issuer, the Servicer, the Seller or any other Person with respect to any Account. In the event of any conflict between this Indenture (or any provision of this Indenture) and any other agreement now existing or hereafter entered into, the terms of this Indenture shall prevail.

(vi) The rights and powers granted herein to the Indenture Trustee have been granted in order to perfect its interest in the Accounts and the Security Entitlements to the Financial Assets credited thereto, and are powers coupled with an interest and will neither be affected by the bankruptcy of the Issuer, the Servicer or the Seller nor by the lapse of time. The obligations of the Securities Intermediary hereunder shall continue in effect until the interest of the Indenture Trustee in the Accounts and in such Security Entitlements, has been terminated pursuant to the terms of this Indenture and the Indenture Trustee has notified the Securities Intermediary of such termination in writing.

(b) Capitalized terms used in this Section 2.17 and not defined herein shall have the meanings assigned to such terms in the New York UCC. For purposes of Section 8-110(e) of the New York UCC, the "securities intermediary's jurisdiction" shall be the State of New York.

(c) None of the Securities Intermediary or any director, officer, employee or agent of the Securities Intermediary shall be under any liability to the Indenture Trustee or the Secured Parties for any action taken, or not taken, in good faith pursuant to this Indenture, or for errors in judgment; provided, however, that this provision shall not protect the Securities Intermediary against any liability to the Indenture Trustee or the Secured Parties which would otherwise be imposed by reason of the Securities Intermediary's willful misconduct, bad faith or negligence in the performance of its obligations or duties hereunder. The Securities Intermediary and any director, officer, employee or agent of the Securities Intermediary 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. The Securities Intermediary shall be under no duty to inquire into or investigate the validity, accuracy or content of such document. The Issuer shall indemnify the Securities Intermediary for and hold it harmless against any loss, liability or expense arising out of or in connection with this Indenture and carrying out it duties hereunder, including the costs and expenses of defending itself against any claim of liability, except in those cases where the Securities Intermediary has been guilty of bad faith, negligence or willful misconduct. The foregoing indemnification shall survive any termination of this Indenture or the resignation or removal of the Securities Intermediary.

(d) Prior to the date which is one year and one day, or if longer the applicable preference period then in effect, after the payment in full of all of the Notes, the Securities Intermediary will not institute against, or join any other Person in instituting against, the Issuer any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other proceedings under any bankruptcy, insolvency, reorganization or similar law in any jurisdiction.

Section 2.18. Tax Treatment of the Notes.

The Issuer intends that, for U.S. federal, state or local income tax, franchise tax and any other income tax purposes, the Notes be treated as debt. Each prospective purchaser and any subsequent transferee of a Note or any interest therein shall, by virtue of its purchase or other acquisition of such Note or interest therein, be deemed to have agreed to treat such Note in a manner consistent with the preceding sentence for U.S. federal income tax purposes.

Section 2.19. Purchase Option.

The Seller shall have the option, on one Business Day per calendar month, to purchase from the Issuer up to the greater of five percent (5%) or any other percent amount otherwise consented to by the Required Noteholders of the Aggregate Receivables outstanding on the date of such purchase for an amount equal to the outstanding Receivables Balance of the Receivables to be purchased. The Seller shall give written notice (an "Option Notice") of its intent to exercise the purchase option to the Issuer, the Indenture Trustee and the Noteholders at least ten (10) days prior to the date on which such purchase will occur (the "Option Purchase Date"). Unless otherwise consented to by the Required Noteholders, the Aggregate Receivables to be sold to the Seller on any such Option Purchase Date shall be selected by the Seller and shall not exceed five percent (5%) of the aggregate Receivables Balance of the Receivables; provided, however, that the Seller shall purchase Receivables pursuant to this Section 2.19 in whole, and not in part, with respect to any Securitization Trust. If the Seller exercises its purchase option pursuant to this Section 2.19, upon deposit of an amount equal to the outstanding Receivables Balance of such Receivables into the Note Payment Account and at the instruction of the Agent, the Indenture Trustee shall, upon written notice from the direction of the Required Noteholders, release the lien of this Indenture with respect to such repurchased Receivables. Each Noteholder, by its acceptance of a Note, hereby consents to the release of the lien of the Indenture upon the deposit of the amounts described in the prior sentence. If the Seller exercises this option, the option shall expire with respect to the Aggregate Receivables existing on such Option Purchase Date; provided, however, that the Seller shall have the option to purchase up to the greater of five percent (5%) or any other percent amount otherwise consented to by the Required Noteholders of any Additional Receivables sold to the Issuer following such Option Purchase Date.

ARTICLE III

SATISFACTION AND DISCHARGE

Section 3.01. Satisfaction and Discharge of Indenture.

This Indenture shall cease to be of further effect except as to (i) any surviving rights herein expressly provided for, including any rights of transfer or exchange of Notes herein expressly provided for, (ii) in the case of clause (1)(B) below, the rights of the Noteholders hereunder to receive payment of the Note Principal Balance of and interest on the Notes and any other rights of the Noteholders hereunder, and (iii) the provisions of Section 3.02 herein, when

(1) either (A) all Notes theretofore authenticated and delivered (other than (i) Notes which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.06 and (ii) Notes for which payment of money has theretofore been deposited in the Note Payment Account by the Indenture Trustee and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 5.10) have been delivered to the Note Registrar for cancellation; or (B) all such Notes not theretofore delivered to the Note Registrar for cancellation (i) have become due and payable, or (ii) will become due and payable on the next Payment Date, and in the case of clause (B)(i) or (B)(ii) above, cash in an amount sufficient to pay and discharge the entire indebtedness on such Notes not theretofore delivered to the Note Registrar for cancellation or sufficient to pay the Note Principal Balance thereof and any interest thereon accrued to the date of such deposit (in the case of Notes which have become due and payable) or to the end of the Accrual Period for the next Payment Date has been deposited with the Indenture Trustee as trust funds in trust for these purposes;

(2) the Issuer has paid or caused to be paid all other sums payable or reasonably expected to become payable by the Issuer to the Indenture Trustee and each of the Secured Parties; and

(3) the Issuer has delivered to the Indenture Trustee an Officer's Certificate of the Issuer stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the foregoing, the obligations of the Issuer to the Indenture Trustee under Section 5.04 hereof and the obligations of the Indenture Trustee to the Noteholders under Section 3.02 hereof shall survive satisfaction and discharge of this Indenture.

Section 3.02. Application of Trust Money.

Subject to the provisions of Sections 2.09, 2.10, 2.15, 5.10 and 7.01, all Cash deposited with the Indenture Trustee pursuant to Section 3.01 shall be held in the Note Payment Account and applied by the Indenture Trustee, in accordance with the provisions of the Notes and this Indenture to pay the Persons entitled thereto.

ARTICLE IV

EVENTS OF DEFAULT; REMEDIES

Section 4.01. Events of Default.

"Event of Default," wherever used herein with respect to the Notes, 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) any failure to pay all interest on and principal of any Note when the same shall be due and payable without regard to Available Funds; or

(b) any failure by the Issuer, the Depositor, the Seller or the Servicer to make (or cause to be made) any payment, transfer or deposit, or deliver (or cause to be delivered) to the Indenture Trustee any proceeds or payment required to be so delivered under the terms of this Indenture or any of the other Transaction Documents; or

(c) any failure on the part of the Issuer, the Depositor, the Servicer or the Seller duly to observe or perform any covenants or agreements of it in any of the Transaction Documents in any material respect and, other than with respect to a breach of the Seller's or Depositor's obligations under Section 6.02 of the Receivables Purchase Agreement, such failure continues for a period of five days after the date on which such party receives notice of or otherwise becomes aware of such failure to observe or perform; or

(d) the entry of a decree or order for relief by a court or agency or supervisory authority having jurisdiction in respect of the Issuer, the Depositor, the Servicer or the Seller for the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official in any insolvency, conservatorship, receivership, readjustment of debt, marshalling of assets and liabilities or similar proceedings for the Issuer, the Depositor or the Seller or of any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Issuer, the Depositor or the Seller; or

(e) the Issuer, the Depositor, the Servicer or the Seller shall voluntarily commence liquidation, consent to the appointment of a conservator or receiver or liquidator or similar person in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to the Issuer, the Depositor or the Seller or of or relating to all or substantially all of its property; or the Issuer, the Depositor or the Seller shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency or reorganization statute, make a general assignment for the benefit of its creditors or voluntarily suspend payment of its obligations; or

(f) the Issuer or the Trust Estate shall have become subject to registration as an "investment company" within the meaning of the 1940 Act; or

(g) the Issuer shall fail to own the Trust Estate free and clear of liens other than the liens contemplated hereby or the Indenture Trustee shall fail to have a first priority perfected security interest in the Trust Estate; or

(h) the Depositor sells, transfers, pledges or otherwise disposes of any of the Trust Certificates, whether voluntarily or by operation of law, foreclosure or other enforcement by a Person of its remedies against the Depositor, except to a wholly-owned subsidiary of Option One; or

(i) Option One transfers its servicing rights under any Pooling and Servicing Agreement for a Securitization Trust or its rights as Servicer under any such Pooling and Servicing Agreement are terminated, and the Issuer fails to cause a Redemption of the entire Outstanding Note Principal Amount pursuant to Section 2.16(a) hereof on or before the date such servicing rights are transferred or terminated; or

(j) the Servicer fails to deposit any collections in respect of the Mortgage Loans to the related Collection Account (except with respect to Advance Reimbursement Amounts deposited to the Reimbursement Account or Servicing Compensation in each case permitted under the Pooling and Servicing Agreements), except for nominal amounts as a result of inadvertence, error or oversight, which are corrected within two Business Days after the Servicer receives notice of or otherwise becomes aware of such failure; or

(k) the Servicer issues disbursement instructions to a Securitization Trustee or otherwise withdraws funds from a Collection Account, except as expressly authorized by the provisions of the Pooling and Servicing Agreements and the Transaction Documents, except for directions or withdrawals relating to nominal amounts as a result of inadvertence, error or oversight, which are corrected within two Business Days after the Servicer receives notice of or otherwise becomes aware of such failure; or

(l) the Servicer fails to deliver any Funding Date Report, Monthly Servicer Report or Payment Date Report required to be delivered hereunder and the Servicer has received notice of such failure from the Agent, the Indenture Trustee, or any Note Purchaser; or

(m) the Collateral Coverage Requirement is not satisfied as of the close of business on any date and such failure is not remedied within one Business Day; or

(n) any representation or warranty made or deemed made by or on behalf of the Issuer, the Depositor, the Seller, the Servicer or any of their respective Affiliates or by any officer of the foregoing under or in connection with any Transaction Document or under or in connection with any report, certificate, or other document delivered to the Agent, the Indenture Trustee or the Noteholders pursuant to any Transaction Document shall have been incorrect or misleading in any material respect when made or deemed made and the same remains unremedied for a period of five days after such party receives notice of or otherwise becomes aware of such breach; or

(o) (i) any material provision of any Transaction Document shall at any time for any reason (other than pursuant to the express terms thereof) cease to be valid and binding on or enforceable against the Issuer, the Depositor, the Seller, the Servicer or any of their respective Affiliates intended to be a party thereto, (ii) the validity or enforceability of any Transaction Document shall be contested by the Issuer, the Depositor, the Seller, the Servicer or any of their respective Affiliates, (iii) a proceeding shall be commenced by the Issuer, the Depositor, the Seller, the Servicer or any of their respective Affiliates or any Governmental Authority having jurisdiction over the Issuer, the Depositor, the Seller, the Servicer or any of their respective Affiliates, seeking to establish the invalidity or unenforceability of any Transaction Document, or (iv) the Issuer, the Depositor, the Seller, the Servicer or any of their respective Affiliates shall deny in writing that it has any liability or obligation purported to be created under any Transaction Document; or

(p) Option One has taken any action to impair the interests of the Issuer in the Aggregate Receivables or the Lien or rights of the Indenture Trustee in the Trust Estate, or to

cause the transactions contemplated by the Receivables Purchase Agreement to be characterized as a financing rather than a true sale for purposes of bankruptcy or similar laws; or

(q) (i) a final judgment or judgments for the payment of money in excess of $50,000 in the aggregate shall be rendered against the Depositor or the Issuer by one or more courts, administrative tribunals or other bodies having jurisdiction over them, or (ii) a final judgment or judgments for the payment of money in excess of $15,000,000 in the aggregate shall be rendered against the Seller by one or more courts, administrative tribunals or other bodies having jurisdiction over them and the same shall not be discharged (or provision shall not be made for such discharge) or bonded, or a stay of execution thereof shall not be procured, within sixty (60) days from the date of entry thereof and the Seller shall not, within said period of sixty (60) days, or such longer period during which execution of the same shall have been stayed or bonded, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

(r) (i) Option One shall fail to make any payment (whether of principal or interest or otherwise and regardless of amount) in respect of any indebtedness with an amount in excess of $15,000,000, when and as the same shall become due and payable (including the passage of any applicable grace period) or (ii) any event or condition occurs and, while continuing, results in any indebtedness of Option One with an amount in excess of $15,000,000 becoming due prior to its scheduled maturity or that enables or permits (including the passage of any applicable grace period) the holder or holders of any such indebtedness or any trustee or agent on its or their behalf to cause any such indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided, that an Event of Default shall not occur under this clause (r) as a result of Option One's failure to comsummate a requested repurchase of mortgage loans as a result of an alleged breach of representations and warranties regarding such mortgage loans so long as (x) Option One and the Person requesting such repurchase are in continuing discussions regarding the existence or nature of the alleged breach of representations or warranties and (y) Option One and such Person have not determined the principal amount of such mortgage loans to be repurchased by Option One or the amount of any payment required to be made by Option One to such person in respect of such breach; or

(s) (i) A Change of Control of Option One; or (ii) Option One shall cease to own 100% of the equity interest in the Depositor.

Section 4.02. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default under any of Sections 4.01(a) through (c) or Sections 4.01(f) through (r) should occur and be continuing, then and in every such case the Indenture Trustee shall, at the direction of the Agent, acting with the consent of the Majority Noteholders, declare all of the Notes to be immediately due and payable, by a notice in writing to the Issuer, and upon any such declaration the unpaid Note Principal Balance of such Notes, together with accrued interest thereon through the date of acceleration, shall become immediately due and payable. If an Event of Default specified in Section 4.01(d) or (e) occurs, the unpaid Note Principal Balance of such Notes, together with accrued interest thereon through the date of acceleration, shall automatically become due and payable without any declaration or other act on the part of the Agent, the Indenture Trustee or any Noteholder.

At any time after such declaration of acceleration has been made and before a judgment or decree for payment of the money due in respect of the Notes has been obtained by the Indenture Trustee as hereinafter provided in this Section 4, the Agent, on behalf of the Majority Noteholders, by written notice to the Issuer and to the Indenture Trustee, may rescind and annul such declaration and its consequences if:

(a) the Issuer has paid or deposited with the Indenture Trustee to the Note Payment Account a sum sufficient to pay:

(i) all payments of principal of and interest on the Notes and all other amounts that would then be due hereunder or upon the Notes if the Event of Default giving rise to such acceleration had not occurred; and

(ii) all sums paid or advanced by the Indenture Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee and counsel, in each case incurred in connection with such Event of Default; and

(b) all Events of Default, other than the nonpayment of the principal of the Notes that has become due solely by virtue of such acceleration, have been cured or waived as provided in Section 4.12.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereto.

Section 4.03. Collection of Indebtedness and Suits for Enforcement by Indenture Trustee.

(a) If the Issuer fails to pay all amounts due upon an acceleration of the Notes under Section 4.02 forthwith upon demand and such declaration and its consequences shall not have been rescinded and annulled, the Indenture Trustee, in its capacity as Indenture Trustee and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Issuer or any other obligor upon such Notes and collect the monies adjudged or decreed to be payable in the manner provided by law out of the Trust Estate, wherever situated, or may institute and prosecute such non-judicial proceedings in lieu of judicial proceedings as are then permitted by applicable law.

(b) If an Event of Default occurs and is continuing, the Indenture Trustee may, in its discretion, 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.

(c) In case (x) there shall be pending, relative to the Issuer or any Person having or claiming an ownership interest in the Trust Estate, proceedings under Title 11 of the United States Code or any other applicable federal or state bankruptcy, insolvency or other similar law,

(y) a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or shall have taken possession of the Issuer or its property or such Person or (z) there shall be pending a comparable judicial proceeding brought by creditors of the Issuer or affecting the property of the Issuer, the Indenture Trustee, irrespective of whether the principal of or interest on 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 4.03, 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 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 and each predecessor Indenture Trustee, and their respective attorneys, and for reimbursement of all reasonable expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee, except as a result of willful misconduct, negligence or bad faith of the Indenture Trustee) 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 monies 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 of the Indenture Trustee on their and its 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 attorneys, 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 willful misconduct, negligence or bad faith of the Indenture Trustee or predecessor Indenture Trustee.

(d) 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 related Noteholder 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.

(e) 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.

(f) In the event that the Indenture Trustee, following an Event of Default hereunder institutes proceedings to foreclose on the Trust Estate, the Indenture Trustee shall promptly give a notice to that effect to each Noteholder.

(g) All rights of action and claims under this Indenture or the Notes may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee and its counsel, be for the ratable benefit of the Noteholders in respect of which such judgment has been recovered, subject to the payment priorities of Section 2.10.

Section 4.04. Remedies.

If an Event of Default has occurred and is continuing, and the Notes have been declared due and payable pursuant to Section 4.02 hereof and such declaration and its consequences have not been rescinded and annulled, the Indenture Trustee may do one or more of the following:

(a) institute, or cause to be instituted, Proceedings for the collection of all amounts then payable on or under this Indenture with respect to the Notes, whether by declaration of acceleration or otherwise, enforce any judgment obtained, and collect from the Trust Estate monies adjudged due;

(b) sell, or cause to be sold, the Trust Estate or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by applicable law, provided, however, that the Indenture Trustee shall give the Issuer written notice of any private sale called by or on behalf of the Indenture Trustee pursuant to this Section 4.04(b) at least 10 days prior to the date fixed for such private sale;

(c) institute, or cause to be instituted, Proceedings from time to time for the complete or partial foreclosure with respect to the Trust Estate;

(d) exercise, or cause to be exercised, 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 Holders of the Notes hereunder; and

(e) maintain possession of the Trust Estate and, in its own name or in the name of the Issuer or otherwise, collect and otherwise receive in accordance with this Indenture any money or property at any time payable or receivable on account of or in exchange for any of the Collateral; provided, however, that the Indenture Trustee shall not, unless required by law, sell or

otherwise liquidate all or any portion of the Trust Estate following any Event of Default except in accordance with Section 4.15.

Section 4.05. Application of Money Collected.

Any money collected by the Indenture Trustee pursuant to this Article IV shall be deposited in the Note Payment Account and, on each Payment Date, shall be applied in accordance with Section 2.10 hereof and, in case of the distribution of such money on account of the principal of or interest on the Notes, upon presentation and surrender of the Notes if fully paid.

Section 4.06. Limitation on Suits.

Except as provided in Section 4.07, 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:

(1) such Noteholder has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(2) the Majority Noteholders shall have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in its own name as Indenture Trustee hereunder;

(3) such Noteholder or Noteholders have offered to the Indenture Trustee adequate indemnity or security satisfactory to the Indenture Trustee against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Indenture Trustee for 60 days after its receipt of such notice, request and offer of indemnity or security has failed to institute any such proceeding;

(5) no direction inconsistent with such written request has been given to the Indenture Trustee during such 60-day period by the Majority Noteholders; and

(6) an Event of Default shall have occurred and be continuing; it being understood and intended that no one or more of such Noteholders shall have any right in any manner whatever by virtue of, or by availing itself or themselves of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Noteholders, or to obtain or to seek to obtain priority or preference over any other of such Noteholders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Noteholders. Subject to the foregoing restrictions, the Noteholders may exercise their rights under this Section 4.06 independently.

Section 4.07. Unconditional Right of Noteholders to Receive Principal and Interest.

Notwithstanding any other provision in this Indenture, following the Maturity Date, the Holder of any Note shall have the right, which is absolute and unconditional, to receive

payments of interest, principal and other amounts then due on such Note (subject to Section 2.10) and to institute suit for the enforcement of any such payment (subject to Section 4.06), and such rights shall not be impaired without the consent of such Noteholder, unless a non-payment has been cured pursuant to Section 4.02. The Issuer shall, however, be subject to only one consolidated lawsuit by the Noteholders, or by the Indenture Trustee on behalf of the Noteholders, for any one cause of action arising under this Indenture or otherwise.

Section 4.08. 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, waived, rescinded or abandoned for any reason, or has been determined adversely to the Indenture Trustee or to such Noteholder, then and in every such case, subject to any determination in such proceeding, the Issuer, the Indenture Trustee and the Noteholders shall 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 4.09. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes in Section 2.06, 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 4.10. Delay or Omission Not Waiver.

No delay or omission of the Indenture Trustee, or any Noteholder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Indenture 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, to the extent permitted by applicable law, by the Indenture Trustee or the Noteholders, as the case may be.

Section 4.11. Control by Noteholders.

The Noteholders holding more than 50% in aggregate Note Principal Balance of the Outstanding Notes (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, or exercising any trust or power conferred on the Indenture Trustee, provided, that such direction shall not be in conflict with any rule of law or with this Indenture or involve the Indenture Trustee in personal liability and provided, further, that the Indenture Trustee may take any other action deemed proper by the Indenture Trustee which is not inconsistent with such direction.

Notwithstanding the foregoing, the Noteholders will not be required to provide, and the Indenture Trustee will not be required to obtain, a Tax Opinion in the case of a direction by the Noteholders to the Indenture Trustee, following an Event of Default, to realize upon the Trust Estate by liquidating the Collateral or otherwise.

Section 4.12. Waiver of Past Defaults.

Prior to the acceleration of the Maturity Date of the Notes, the Required Noteholders may on behalf of the Noteholders of all the Notes waive any past default hereunder and its consequences, except a default

(1) in the payment of principal of or interest on any Note, which waiver shall require the waiver by Noteholders holding 100% in aggregate Note Principal Balance of the Outstanding Notes affected; or

(2) in respect of a covenant or provision hereof which under Article VIII cannot be modified or amended without the consent of the Holder of each Outstanding Note affected, which waiver shall require the waiver by each Holder of an Outstanding Note affected;

(3) depriving the Indenture Trustee or any Noteholder of a lien or the benefit of a lien, as the case may be, upon any part of the Trust Estate, which waiver shall require the consent of the Indenture Trustee or such Noteholder, as the case may be;

(4) depriving the Indenture Trustee of any fee, reimbursement for any expense incurred, or any indemnification to which the Indenture Trustee is entitled, which waiver shall require the consent of the Indenture Trustee; or

(5) of the type described in Section 4.01(s), which waiver shall require the waiver by Noteholders holding 100% in aggregate Note Principal Balance of the Outstanding Notes affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture, but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon. Any costs or expenses incurred by the Indenture Trustee in connection with such acceleration and prior to such waiver shall be reimbursable to the Indenture Trustee in accordance with Section 2.10(c).

Section 4.13. Undertaking for Costs.

All parties to this Indenture agree, and each Noteholder by its 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 and expenses based on time expended, 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 shall not apply to any suit instituted by the Issuer, or to any suit instituted by the Indenture Trustee, or to any suit instituted by any Noteholder, or group of Noteholders, holding in the aggregate at least 25% in aggregate Note Principal Balance of Outstanding Notes or to any suit instituted by any Noteholder for the enforcement of the payment of the principal of or interest on any Note on or after the Maturity Date of such Note.

Section 4.14. 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 to take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which 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 such law and covenants that it will not hinder, delay or impede the exercise of any power herein granted to the Indenture Trustee, but will suffer and permit the exercise of every such power as though no such law had been enacted.

Section 4.15. Sale of Trust Estate.

(a) The power to effect any public or private sale of any portion of the Trust Estate pursuant to Section 4.04 hereof shall not be exhausted by any one or more sales as to any portion of the Trust Estate remaining unsold, but shall continue unimpaired until either the entire Trust Estate shall have been sold or all amounts payable on the Notes and under this Indenture with respect thereto shall have been paid. The Indenture Trustee may from time to time postpone any sale by public announcement made at the time and place of such sale. The Indenture Trustee hereby expressly waives its right to any amount fixed by law as compensation for any such sale but such waiver does not apply to any amounts to which the Indenture Trustee is otherwise entitled under Section 5.04 of this Indenture.

(b) The Indenture Trustee shall not sell the Trust Estate, or any portion thereof, unless:

(i) the Required Noteholders consent to, or direct the Indenture Trustee to make, such sale; or

(ii) the proceeds of such sale would be not less than the entire amount which would be payable to the Holders of the Notes, in full payment thereof, in accordance with Section 4.05, on the Payment Date next succeeding the date of such sale, together with all other amounts due under this Indenture.

The foregoing provisions of this Section 4.15 shall not preclude or limit the ability of the Indenture Trustee to purchase all or any portion of the Trust Estate at any sale, public or private, and the purchase by the Indenture Trustee of all or any portion of the Trust Estate at any sale shall not be deemed a sale or disposition thereof for purposes of this Section 4.15(b).

(c) Unless the Holders of all Outstanding Notes have otherwise consented or directed the Indenture Trustee, at any sale of all or any portion of the Trust Estate at which a minimum bid equal to or greater than the amount described in paragraph (ii) of subsection (b) of this Section 4.15 has not been established by the Indenture Trustee and no Person bids an amount equal to or greater than such amount, the Indenture Trustee shall in accordance with paragraph (ii) of subsection (d) of this Section 4.15 bid an amount at least $1.00 more than the highest other bid in order to preserve the Trust Estate.

(d) In connection with a sale of all or any portion of the Trust Estate:

(i) any Holder or Holders of Notes may bid for and purchase the property offered for sale, and upon compliance with the terms of sale may hold, retain and possess and dispose of such property, without further accountability, and may, in paying the purchase money therefor, deliver any Outstanding Notes or claims for interest thereon in lieu of cash up to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon, and such Notes, in case the amounts so payable thereon shall be less than the amount due thereon, shall be returned to the Holders thereof after being appropriately stamped to show such partial payment;

(ii) the Indenture Trustee may bid for and acquire the property offered for sale in connection with any sale thereof, and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting the gross sale price against the sum of (A) the amount which would be distributable to the Holders of the Notes as a result of such sale in accordance with Section 4.05 on the Payment Date next succeeding the date of such sale and (B) the expenses of the sale and of any Proceedings in connection therewith which are reimbursable to it, without being required to produce the Notes in order to complete any such sale or in order for the net sale price to be credited against such Notes, and any property so acquired by the Indenture Trustee shall be held and dealt with by it in accordance with the provisions of this Indenture;

(iii) the Indenture Trustee shall execute and deliver, without recourse, an appropriate instrument of conveyance transferring its interest in any portion of the Trust Estate in connection with a sale thereof;

(iv) the Indenture Trustee is hereby irrevocably appointed the agent and attorney-in-fact of the Issuer to transfer and convey the Issuer's interest in any portion of the Trust Estate in connection with a sale thereof, and to take all action necessary to effect such sale; and

(v) no purchaser or transferee at such a sale 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 monies.

Section 4.16. 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 Trust Estate.

ARTICLE V

THE INDENTURE TRUSTEE

Section 5.01. Certain Duties and Responsibilities.

The Issuer hereby irrevocably constitutes and appoints the Indenture Trustee and any Responsible Officer thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in place and stead of the Issuer and in the name of the Issuer or in its own name or in the name of a nominee, from time to time in the Indenture Trustee's discretion, for the purpose of enforcing the rights, powers and remedies of the Issuer under the Receivables Purchase Agreement and to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Indenture and the Receivables Purchase Agreement, all as set forth in this Section 5.01.

(a) The rights, duties and liabilities of the Indenture Trustee in respect of this Indenture shall be as follows:

(i) The Indenture Trustee shall have the full power and authority to do all things not inconsistent with the provisions of this Indenture that it may deem advisable in order to enforce the provisions hereof or to take any action with respect to a default or an Event of Default hereunder, or to institute, appear in or defend any suit or other proceeding with respect hereto, or to protect the interests of the Noteholders. The Indenture Trustee shall not be answerable or accountable except for its own bad faith, willful misconduct or negligence. The Issuer shall prepare and file or cause to be filed, at the Issuer's expense, a UCC Financing Statement, describing the Issuer as debtor, the Indenture Trustee as secured party and the Trust Estate as the collateral, in all appropriate locations promptly following the initial issuance of the Notes, and the Issuer shall prepare and file at each such office, continuation statements with respect thereto, in each case within six months prior to each fifth anniversary of the original filing. The Issuer is hereby authorized and obligated to make, at the expense of the Issuer, all required filings and refilings of which the Issuer becomes aware, necessary to preserve the liens created by this Indenture to the extent not done by the Issuer as provided herein. The Indenture Trustee shall not be required to take any action to exercise or enforce the trusts hereby created which, in the opinion of the Indenture Trustee, shall be likely to involve expense or liability to the Indenture Trustee, unless the Indenture Trustee shall have received an agreement satisfactory to it in its sole reasonable discretion to indemnify it against such liability and expense. Except as otherwise expressly provided herein, the Indenture Trustee shall not be required to ascertain or inquire as to the performance or observance of any of the covenants or agreements contained herein, or in the Receivables Purchase

Agreement or in any other instruments to be performed or observed by the Issuer or any party to the Receivables Purchase Agreement.

(ii) Subject to the other provisions of this Article V, the Indenture Trustee, upon receipt of all resolutions, certificates, statements, opinions, reports, documents, orders, or other instruments furnished to the Indenture Trustee that are specifically required to be furnished pursuant to any provisions of this Indenture, shall examine them to determine whether they are on their face in the form required by this Indenture to the extent expressly set forth herein. If any such instrument is found on its face not to conform to the requirements of this Indenture in a material manner, the Indenture Trustee shall take such action as it deems appropriate to have the instrument corrected, and if the instrument is not corrected to the Indenture Trustee's reasonable satisfaction, the Indenture Trustee will provide notice thereof to the Noteholders. The Indenture Trustee shall not incur any liability in acting upon any signature, notice, request, consent, certificate, opinion, or other instrument reasonably believed by it to be genuine. In administering the trusts hereunder, the Indenture Trustee may execute any of the trusts or powers hereunder directly or through its agents or attorneys, provided that it shall remain liable for the acts of all such agents and attorneys. The Indenture Trustee may, subject to Section 5.04, consult with counsel, accountants and other professionals to be selected and employed by it, and the Indenture Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice of any such Person nor for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts.

(iii) The Indenture Trustee shall not have any duty to make, arrange or ensure the completion of any recording, filing or registration of any instrument or other document (including any UCC Financing Statements), or any amendments or supplements to any of said instruments or to determine if any such instrument or other document is in a form suitable for recording, filing or registration, and the Indenture Trustee shall not have any duty to make, arrange or ensure the completion of the payment of any fees, charges or taxes in connection therewith.

(iv) Whenever in performing its duties hereunder, the Indenture Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Indenture Trustee may, in the absence of bad faith on the part of the Indenture Trustee, rely upon (unless other evidence in respect thereof be specifically prescribed herein) an Officer's Certificate of the Issuer, and such Officer's Certificate shall be full warrant to the Indenture Trustee for any action taken, suffered or omitted by it on the faith thereof.

(v) The Indenture Trustee shall not have any obligations to see to the payment or discharge of any liens (other than the liens hereof) upon the Receivables, or to see to the application of any payment of the principal of or interest on any note secured thereby or to the delivery or transfer to any Person of any property released from any such lien, or to give notice to or make demand upon any mortgagor, mortgagee, trustor, beneficiary or other Person for the delivery or transfer of any such property. The Indenture Trustee (and

any successor trustee or co-trustee in its individual capacity) nevertheless agrees that it will, at its own cost and expense, promptly take all action as may be necessary to discharge any liens or encumbrances on the Receivables arising as a result of the Indenture Trustee (or such successor trustee or co-trustee, as the case may be) acting improperly in its capacity as Indenture Trustee (or such successor trustee or co-trustee, as the case may be).

(vi) The Indenture Trustee shall not be concerned with or accountable to any Person for the use or application of any deposited monies or of any property or securities or the proceeds thereof that shall be released or withdrawn in accordance with the provisions hereof or of any property or securities or the proceeds thereof that shall be released from the lien hereof or thereof in accordance with the provisions hereof or thereof and the Indenture Trustee shall not have any liability for the acts of other parties that are not in accordance with the provisions hereof.

(b) The rights, duties and liabilities of the Indenture Trustee in respect of the Receivables and this Indenture, in addition to those set forth in Section 5.01(a), shall be as follows:

(i) except during the continuance of an Event of Default with respect to the Notes, the Indenture Trustee undertakes 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) the Indenture Trustee may, in the absence of bad faith on its part, 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; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture, to the extent expressly set forth herein.

(c) Subject to Section 4.12 hereof, in case an Event of Default actually known to the Indenture Trustee with respect to the Notes has occurred and is continuing, the Indenture Trustee shall exercise such of 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 his own affairs.

(d) No provision of this Indenture shall be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(i) this subsection shall not be construed to limit the effect of subsections (a), (b) or (c) of this Section; (ii) the Indenture Trustee shall not be liable for any error of

judgment made in good faith by a Responsible Officer, unless it shall be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(ii) the Indenture Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the directions of the Majority Noteholders, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Notes; and

(iii) the Indenture Trustee shall not be charged with knowledge of a default in the observance of any covenant contained in Section 9.06 or Section 9.07 unless either (i) a Responsible Officer of the Indenture Trustee shall have actual knowledge of such default or (ii) written notice of such default shall have been given by the Issuer or by any Noteholder to and received by a Responsible Officer of the Indenture Trustee.

Section 5.02. Notice of Defaults.

(a) The Indenture Trustee, promptly but not later than two (2) Business Days after a Responsible Officer of the Indenture Trustee acquires actual knowledge of the occurrence of any Event of Default or any event which, after notice or lapse of time would become an Event of Default with respect to the Notes, shall notify the Issuer, the Noteholders and the Agent of any such event, unless all such events known to the Indenture Trustee shall have been cured before the giving of such notice or unless the same is rescinded and annulled, or waived by the Noteholders pursuant to Section 4.02 or Section 4.12. For the purpose of this Section 5.02, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to the Notes.

(b) The Indenture Trustee also agrees, promptly but no later than two (2) Business Days after a Responsible Officer of the Indenture Trustee acquires actual knowledge of the occurrence of any default or event of default under the Receivables Purchase Agreement, to notify the Issuer, the Noteholders and the Agent of such default or event of default.

Section 5.03. Certain Rights of Indenture Trustee.

Subject to the provisions of Section 5.01, in connection with this Indenture:

(a) the Indenture Trustee may request and rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties as may be required by such party or parties pursuant to the terms of this Indenture;

(b) any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by an Issuer Request or Issuer Order;

(c) whenever in the administration of this Indenture the Indenture Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action

hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(d) the Indenture Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel rendered thereby shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Indenture Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Noteholders pursuant to this Indenture, unless such Noteholders shall have offered to the Indenture Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction;

(f) the Indenture Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, note, debenture, note, coupon, other evidence of indebtedness or other paper or document, but the Indenture Trustee in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(g) the Indenture Trustee may, subject to Section 5.04, execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys of the Indenture Trustee, provided that it shall remain liable for the acts of all such attorneys and agents;

(h) the Indenture Trustee shall not be required to provide any surety or note of any kind in connection with the execution or performance of its duties hereunder;

(i) except with respect to the representations made by it in Section 5.06, the Indenture Trustee shall not make any representations as to the validity or sufficiency of this Indenture; and

(j) the Indenture Trustee shall not at any time have any responsibility or liability with respect to the legality, validity or enforceability of the Receivables other than its failure to act in accordance with the terms of this Indenture.

None of the provisions contained in this Indenture shall in any event require the Indenture Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers hereunder if there are reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 5.04. Compensation and Reimbursement.

(a) Subject to Section 5.04(b), the Issuer hereby agrees:

(1) to pay or cause to be paid to the Indenture Trustee on a monthly basis, the Indenture Trustee Fee as compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and all reasonable expenses (including the reasonable expenses of its counsel), disbursements and advances incurred or made by the Indenture Trustee in connection with this Indenture, the Receivables or the Notes, provided that the Issuer shall have no obligation to pay the Indenture Trustee's overhead or other internal costs or expenses;

(2) to reimburse, indemnify and hold harmless the Indenture Trustee and any director, officer, employee, agent, Affiliate or Control Person of the Indenture Trustee for any loss, liability, expense or disbursements (including without limitation costs and expenses of litigation, and of investigation, reasonable counsel fees, damages, judgments and amounts paid in settlement) incurred in connection with the acceptance of performance of the trusts and duties by the Indenture Trustee with respect to this Indenture, the Receivables or the Notes (other than any loss, liability or expense incurred by reason of willful misfeasance, bad faith or negligence in the performance of duties, or as may arise from a breach of any representation or warranty of the Indenture Trustee set forth herein).

With respect to any third party claim:

(i) the Indenture Trustee shall give the Issuer, the Noteholders and the Agent written notice thereof promptly after the Indenture Trustee shall have knowledge thereof;

(ii) while maintaining control over its own defense, the Indenture Trustee shall cooperate and consult fully with the Issuer in preparing such defense; and

(iii) notwithstanding the foregoing provisions of this Section 5.04(a), the Indenture Trustee shall not be entitled to reimbursement out of the Note Payment Account for settlement of any such claim by the Indenture Trustee entered into without the prior consent of the Issuer, which consent shall not be unreasonably withheld or delayed.

The Indenture Trustee agrees to fully perform its duties under this Indenture notwithstanding any failure on the part of the Issuer to make any payments, reimbursements or indemnifications to the Indenture Trustee pursuant to this Section 5.04(a); provided, however, that (subject to Sections 5.04(b) and 5.04(c)) nothing in this Section 5.04 shall be construed to limit the exercise by the Indenture Trustee of any right or remedy permitted under this Indenture in the event of the Issuer's failure to pay any sums due the Indenture Trustee pursuant to this Section 5.04.

(b) The obligations of the Issuer set forth in Section 5.04(a) are nonrecourse obligations solely of the Issuer and will be payable only from the Trust Estate in accordance with Section 2.10(c). The Indenture Trustee hereby agrees that it has no rights or claims against the Issuer directly and shall only look to the Trust Estate to satisfy the Issuer's obligations under

Section 5.04(a). The Indenture Trustee also hereby agrees not to file or join in filing any petition in bankruptcy or commence any similar proceeding in respect of the Issuer.

Section 5.05. Corporate Indenture Trustee Required; Eligibility.

The Issuer hereby agrees, for the benefit of the Noteholders, that there shall at all times be an Indenture Trustee hereunder which shall be a bank (within the meaning of Section 2(a)(5) of the 1940 Act) organized and doing business under the laws of the United States or any state thereof, authorized under such laws to exercise corporate trust powers, having aggregate capital, surplus and undivided profits of at least $100,000,000, and subject to supervision or examination by federal or state authority, the long term debt of which is rated not lower than "A" by any Rating Agency. If such bank publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital, surplus and undivided profits of such bank shall be deemed to be its combined capital, surplus and undivided profits as set forth in its most recent report of condition so published. The Indenture Trustee shall at all times meet the requirements of Section 26(a)(1) of the 1940 Act and shall in no event be an Affiliate of the Issuer or an Affiliate of any Person involved in the organization or operation of the Issuer or be directly or indirectly controlled by the Issuer. If at any time a Responsible Officer of the Indenture Trustee becomes aware that the Indenture Trustee has ceased to be eligible in accordance with the provisions of this Section 5.05, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 5.06. Authorization of Indenture Trustee.

The Indenture Trustee represents and warrants as to itself: that it is duly authorized under applicable federal law and the law of the state of its organization, its charter and its by-laws to execute and deliver this Indenture, and to perform its obligations hereunder, including, without limitation, that it is duly authorized to accept the Grant to it for the benefit of the Noteholders of the Trust Estate and is authorized to authenticate the Notes, and that all corporate action necessary or required therefor has been duly and effectively taken or obtained and all federal and state governmental consents and approvals required with respect thereto have been obtained.

Section 5.07. Merger, Conversion, Consolidation or Succession to Business.

Any corporation, bank, trust company or association into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation, bank, trust company or association resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation, bank, trust company or association succeeding to all or substantially all the corporate trust business of the Indenture Trustee, shall be the successor of the Indenture Trustee hereunder, provided such corporation, bank, trust company or association shall be otherwise qualified and eligible under this Article V, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

Section 5.08. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article V shall become effective until (i) the acceptance of appointment by the successor Indenture Trustee in accordance with the applicable requirements of Section 5.09 and (ii) repayment to the predecessor Indenture Trustee of all unpaid fees and expenses.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer and the Agent. If the respective instruments of acceptance by a successor Indenture Trustee required by Section 5.09 shall not have been delivered to each such party within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of their respective successors.

(c) The Indenture Trustee may be removed at any time by the Majority Noteholders and notice of such action by the Noteholders shall be delivered to the Indenture Trustee and the Issuer.

(d) If at any time:

(i) the Indenture Trustee shall cease to be eligible under Section 5.05, or the representations of the Indenture Trustee in Section 5.06 shall prove to be untrue in any material respect, and the Indenture Trustee shall fail to resign after written request therefor by the Issuer or Noteholders of 10% of the aggregate Note Principal Balance of the Outstanding Notes; or

(ii) the Indenture Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Indenture Trustee or of its property shall be appointed or any public officer shall take charge or control of the Indenture Trustee or its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (i) the Issuer may remove the Indenture Trustee, or (ii) subject to Section 4.13, any Noteholder may, on its own behalf and on behalf of all others similarly situated, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) If the Indenture Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Indenture Trustee for any cause, the Issuer shall promptly remove the Indenture Trustee and appoint a successor Indenture Trustee, subject to the Agent's consent, who shall comply with the applicable requirements of Section 5.09. If, within 60 days after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee shall not have been appointed by the Issuer and shall not have accepted such appointment in accordance with the applicable requirements of Section 5.09, then a successor Indenture Trustee shall be appointed by the Majority Noteholders by notice delivered to the Issuer and the retiring Indenture Trustee, and the successor Indenture Trustee so appointed

shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 5.09, become the successor Indenture Trustee with respect to the Notes.

If, within 120 days after such resignation, removal or incapacity, or the occurrence of such vacancy, no successor Indenture Trustee shall have been so appointed and accepted appointment in the manner required by Section 5.09, the resigning Indenture Trustee may, on its own behalf and on behalf of all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(f) The Issuer shall give notice of any resignation or removal of the Indenture Trustee and the appointment of a successor Indenture Trustee by giving notice of such event to the Noteholders. Each notice shall include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

Section 5.09. Acceptance of Appointment by Successor.

In case of the appointment hereunder of a successor Indenture Trustee, the successor Indenture Trustee so appointed shall execute, acknowledge and deliver to the Issuer and to the retiring Indenture Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Indenture Trustee shall become effective and such successor Indenture Trustee without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Indenture Trustee; but, on the request of the Issuer or the successor Indenture Trustee such retiring Indenture Trustee shall, upon payment of each of its fees and expenses, execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the retiring Indenture Trustee shall duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such retiring Indenture Trustee hereunder, shall take such action as may be requested by the Administrator on behalf of the Issuer to provide for the appropriate interest in the Trust Estate to be vested in such successor Indenture Trustee, but shall not be responsible for the recording of such documents and instruments as may be necessary to give effect to the foregoing.

Upon request of any such successor Indenture Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts referred to in this Section 5.09.

No successor Indenture Trustee shall accept its appointment unless at the time of such acceptance such successor Indenture Trustee shall be qualified and eligible under this Article V.

Section 5.10. Unclaimed Funds.

The Indenture Trustee is required to hold any payments received by it with respect to the Notes that are not paid to the Noteholders in trust for the Noteholders. Notwithstanding the foregoing, at the expiration of two years following the Final Payment Date for the Notes, any monies set aside in accordance with Section 2.10(b) for payment of principal, interest and other amounts on such Notes remain unclaimed by any lawful owner thereof, such unclaimed funds and, to the extent required by applicable law, any accrued interest thereon shall be remitted to the

Issuer to be held in trust by the Issuer for the benefit of the applicable Noteholder until distributed in accordance with applicable law, and all liability of the Indenture Trustee with respect to such money shall thereupon cease; provided, that the Indenture Trustee, before being required to make any such repayment, may, at the expense of the applicable Noteholder, payable out of such unclaimed funds, to the extent permitted by applicable law, and otherwise at the expense of the Issuer, cause to be published at least once but not more than three times in two newspapers in the English language customarily published on each Business Day and of general circulation, in New York, New York, a notice to the effect that such monies remain unclaimed and have not been applied for the purpose for which they were deposited, and that after a date specified therein, which shall be not less than 30 days after the date of first publication of said notice, any unclaimed balance of such monies then remaining in the hands of the Indenture Trustee will be paid to the Issuer upon its written directions to be held in trust for the benefit of the applicable Noteholder until distributed in accordance with applicable law. Any successor to the Issuer through merger, consolidation or otherwise or any recipient of substantially all the assets of the Issuer in a liquidation of the Issuer shall remain liable for the amount of any unclaimed balance paid to the Issuer pursuant to this Section 5.10.

Section 5.11. Illegal Acts.

No provision of this Indenture or any amendment or supplement hereto shall be deemed to impose any duty or obligation on the Indenture Trustee to do any act in the performance of its duties hereunder or to exercise any right, power, duty or obligation conferred or imposed on it, which under any present or future law shall be unlawful, or which shall be beyond the corporate powers, authorization or qualification of the Indenture Trustee.

Section 5.12. Communications by the Indenture Trustee.

The Indenture Trustee shall send to the Issuer, within one Business Day after the Maturity Date thereof, if any principal of or interest on such Notes due and payable hereunder is not paid, a written demand for payment thereof.

Section 5.13. Separate Indenture Trustees and Co-Trustees.

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting legal requirements applicable to it in the performance of its duties hereunder, the Indenture Trustee shall have the power to, and shall execute and deliver all instruments to, appoint one or more Persons to act as separate trustees or co-trustees hereunder, jointly with the Indenture Trustee, of any of the Trust Estate subject to this Indenture, and any such Persons shall be such separate trustee or co-trustee, with such powers and duties consistent with this Indenture as shall be specified in the instrument appointing such Person but without thereby releasing the Indenture Trustee from any of its duties hereunder. If the Indenture Trustee obtains the consent of the Agent and the Issuer to the retention of any such separate trustee or co-trustee, the Indenture Trustee shall not be responsible for any fees or expenses of any such separate trustee or co-trustee. If the Indenture Trustee shall request the Issuer to do so, the Issuer shall join with the Indenture Trustee in the execution of such instrument, but the Indenture Trustee shall have the power to make such appointment without making such request. A separate trustee or co-

trustee appointed pursuant to this Section 5.13 need not meet the eligibility requirements of Section 5.05.

(b) Every separate trustee and co-trustee shall, to the extent not prohibited by law, be subject to the following terms and conditions:

(i) the rights, powers, duties and obligations conferred or imposed upon such separate or co-trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate or co-trustee jointly, as shall be provided in the appointing instrument, except to the extent that under any law of any jurisdiction in which any particular act is to be performed any nonresident trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such separate trustee or co-trustee;

(ii) all powers, duties, obligations and rights conferred upon the Indenture Trustee, in respect of the custody of all cash deposited hereunder shall be exercised solely by the Indenture Trustee; and

(iii) the Indenture Trustee may at any time by written instrument accept the resignation of or remove any such separate trustee or co-trustee, and, upon the request of the Indenture Trustee, the Issuer shall join with the Indenture Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to make effective such resignation or removal, but the Indenture Trustee shall have the power to accept such resignation or to make such removal without making such request. A successor to a separate trustee or co-trustee so resigning or removed may be appointed in the manner otherwise provided herein.

(c) Such separate trustee or co-trustee, upon acceptance of such trust, shall be vested with the estates or property specified in such instrument, jointly with the Indenture Trustee, and the Indenture Trustee shall take such action as may be necessary to provide for (i) the appropriate interest in the Trust Estate to be vested in such separate trustee or co-trustee, (ii) the execution and delivery of any transfer documentation or note powers that may be necessary to give effect to transfer of the Receivables to the co-trustee. Any separate trustee or co-trustee may, at any time, by written instrument, constitute the Indenture Trustee its agent or attorney in fact with full power and authority, to the extent permitted by law, to do all acts and things and exercise all discretion authorized or permitted by it, for and on behalf of it and in its name. If any separate trustee or co-trustee shall be dissolved, become incapable of acting, resign, be removed or die, all the estates, property, rights, powers, trusts, duties and obligations of said separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Indenture Trustee, without the appointment of a successor to said separate trustee or co-trustee, until the appointment of a successor to said separate trustee or co-trustee is necessary as provided in this Indenture.

(d) Any notice, request or other writing, by or on behalf of any Noteholder, delivered to the Indenture Trustee shall be deemed to have been delivered to all separate trustees and co-trustees.

(e) Although co-trustees may be jointly liable, no co-trustee or separate trustee shall be severally liable by reason of any act or omission of the Indenture Trustee or any other such trustee hereunder.

ARTICLE VI

REPORTS TO NOTEHOLDERS

Section 6.01. Reports to Noteholders and Others.

(a) Based on information provided to the Indenture Trustee by the Servicer pursuant to the Pooling and Servicing Agreements and the Transaction Documents, the Indenture Trustee shall prepare, or cause to be prepared, and deliver by first class mail or electronic means on each Payment Date, or as soon thereafter as is practicable, to the Issuer, any Interested Person, each Noteholder and Certificateholder or any of their designees (the "Interested Parties") a statement in respect of the payments made on such Payment Date setting forth the information set forth in Exhibit F hereto (the "Trustee Report"). On each Payment Date, the Indenture Trustee shall make the Trustee Report available each month to the Agent and Interested Parties via the Indenture Trustee's internet website. The Indenture Trustee's internet website shall initially be located at www.ctslink.com which may be accessed by Interested Parties with the use of an assigned password. The Indenture Trustee shall provide reasonable assistance in using the website to users that call the Indenture Trustee's customer service desk at (866) 846-4526. Parties that are unable to use the above distribution options are entitled to have a paper copy mailed to them via first class mail by calling the customer service desk and indicating the need for assistance.

(b) Within a reasonable period of time after the end of each calendar year, upon request unless required pursuant to the Code, (but in no event more than 60 days following the end of such calendar year), the Indenture Trustee shall prepare, or cause to be prepared, and mail to each Person who at any time during the calendar year was a Noteholder (i) a statement containing the aggregate amount of principal and interest payments on the Notes for such calendar year or applicable portion thereof during which such person was a Noteholder and (ii) such other customary information as the Indenture Trustee deems necessary or desirable for Noteholders to prepare their federal, state and local income tax returns. The obligations of the Indenture Trustee in the immediately preceding sentence shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Indenture Trustee pursuant to any requirements of the Code. As soon as practicable following the request of any Noteholder in writing, the Indenture Trustee shall furnish to such Noteholder such information regarding the Receivables as such holder may reasonably request.

Section 6.02. Servicer Reports.

(a) By no later than the second Business Day before each Payment Date, the Servicer shall deliver to the Issuer, the Indenture Trustee, the Agent and the Verification Agent a report in the form of Exhibit C hereto (the "Monthly Servicer Report") (in electronic form) listing each Event of Default, Funding Termination Event and Securitization Termination Event for each

Securitization Trust with a yes or no answer beside each indicating whether each possible Event of Default, Funding Termination Event and Securitization Termination Event has occurred as of the end of the preceding Collection Period, the information described in Exhibit C with respect to the Aggregate Receivables and the Securitization Trusts.

(b) In addition, no later than the second Business Day before each Payment Date, the Servicer shall deliver to the Issuer, the Indenture Trustee, the Verification Agent and the Agent a report in substantially the form of Exhibit D hereto (the "Payment Date Report") containing the information described in Exhibit D. Each Payment Date Report shall also (A) state the aggregate Collateral Value as of the end of the preceding Collection Period and (B) demonstrate that the Collateral Coverage Requirement was met at such time and (C) contain any other information necessary for the Indenture Trustee to make the payments required by Section 2.10 on such Payment Date and all information necessary for the Indenture Trustee to send statements to Noteholders pursuant to Section 6.01(a) and such additional information as may be reasonably requested by the Indenture Trustee, the Agent or the Verification Agent from time to time.

(c) By no later than 7:00 PM Eastern time two Business Days prior to each Funding Date (or, with respect to any Funding Date described in clause (iii) of the definition thereof, by no later than 7:00 PM Eastern time one (1) Business Day prior to each such Funding Date), the Servicer shall deliver to the Issuer, the Indenture Trustee, the Verification Agent and the Agent a report in substantially the form of Exhibit E hereto (each, a "Funding Date Report") containing the information described in Exhibit E and (A) listing all Additional Receivables to be purchased as of the close of business on such Funding Date (summarized in each case by Pool-Level Advances, Loan-Level Advances and Servicing Advances for each Securitization Trust at such date and including each Loan-Level Advance and Servicing Advance by loan number and (B) stating the aggregate amount of the Cash Purchase Price to be paid on the Funding Date.

(d) Notwithstanding anything contained herein to the contrary, none of the Verification Agent (except as described in the Verification Agent Letter), the Indenture Trustee nor the Agent shall have any obligation to verify or recalculate any information provided to them by the Servicer.

Section 6.03. Access to Certain Information.

(a) The Indenture Trustee shall afford to the Issuer, the Agent, the Servicer, the Seller and any Holder or Holders of Notes, and to the OTS, the FDIC and any other banking or insurance regulatory authority that may exercise authority over any Noteholder, access to any documentation regarding the Receivables within its control that may be required to be provided by this Indenture or by applicable law. Such access shall be afforded without charge but only upon reasonable prior written request and during normal business hours at the offices of the Indenture Trustee designated by it.

(b) The Indenture Trustee shall maintain at its office primarily responsible for administration of the Trust Estate and shall deliver to the Issuer, the Servicer, the Seller, the Agent and any Noteholder or Person identified to the Indenture Trustee as a prospective transferee of a Note or an interest therein (at the reasonable request and expense of the requesting

party), copies of the following items (to the extent that such items have been delivered to the Indenture Trustee or the Indenture Trustee can cause such items to be delivered to it without unreasonable burden or expense): (i) this Indenture, the Receivables Purchase Agreement and any amendments hereto or thereto; (ii) all reports prepared by, and all reports delivered to, the Indenture Trustee or the Servicer since the Closing Date; (iii) all Officer's Certificates delivered by the Servicer since the Closing Date and all Officer's Certificates delivered by the Issuer since the Closing Date pursuant to Section 9.08 of this Indenture; (iv) all accountants' reports caused to be delivered by the Servicer since the Closing Date; and (v) each of the Receivables Files. The Indenture Trustee shall make available copies of any and all of the foregoing items upon request of any party set forth in the previous sentence. However, the Indenture Trustee shall be permitted to require of such party the payment of a sum sufficient to cover the reasonable costs and expenses of providing such copies as are requested by such party.

ARTICLE VII

FUNDING ACCOUNT; PURCHASE OF ADDITIONAL RECEIVABLES

Section 7.01. Funding Account.

On each Funding Date, the Indenture Trustee shall deposit or cause to be deposited into the Funding Account based on the information set forth in the Funding Date Report: (i) the amount of any Additional Note Balances purchased by the Note Purchasers pursuant to the Note Purchase Agreement on such Funding Date (to the extent that the Excess Amount is insufficient to pay the Cash Purchase Price with respect to the Additional Receivables to be acquired by the Issuer on such Funding Date); and (ii) subject to Section 2.10(d), the Excess Amount, if any, on deposit in the Reimbursement Account to the extent required to fund the Cash Purchase Price of the Additional Receivables on such Funding Date. On each Funding Date, subject to satisfaction of the Funding Conditions and the other requirements of Section 7.02, the Indenture Trustee shall withdraw from the Funding Account and pay to the Servicer the Cash Purchase Price for the Additional Receivables to be acquired by the Issuer on such Funding Date.

Section 7.02. Purchase of Additional Receivables.

Two Business Days prior to each Funding Date, the Seller shall deliver a Funding Notice and, pursuant to Section 6.02(c), a Funding Date Report to the Indenture Trustee and the Agent. The Seller shall certify in the Funding Notice that the Funding Conditions set forth in clauses (ii), (iv), (v), (vi), (vii), (viii), (xii), (xiii) (with respect to Sections 3.01(a)(ii), (iii) and (iv) of the Note Purchase Agreement) and (xiv) of this Section 7.02 have been satisfied and, on the Funding Date, the Seller shall re-certify that such Funding Conditions are satisfied. Upon receipt of the Funding Notice and Funding Date Report by the Indenture Trustee and confirmation by the Indenture Trustee that the Funding Conditions set forth in clauses (i) (as to the Indenture Trustee's receipt), (iii), (iv) (based on the Funding Notice), (ix), (x), (xi) and (xii) of this Section 7.02 have been satisfied on or prior to such Funding Date (provided that with respect to conditions (i), (iii) and (xii), that the Indenture Trustee has not received notice from the Agent or any Noteholder that such condition has not been satisfied), on the Funding Date the Indenture Trustee shall apply funds on deposit in the Funding Account in the manner specified in Section

7.01 with respect to such Additional Receivables, provided that the Indenture Trustee shall not fund the Cash Purchase Price of the Additional Receivables if it receives notice from the Issuer or the Agent that any of the Funding Conditions have not been satisfied. In the event that the Indenture Trustee determines that any of the Funding Conditions set forth conditions in clauses (i), (iii), (iv)(based on the information set forth in the Funding Notice), (ix), (x), (xi) and (xii) of this Section 7.02 have not been satisfied on or prior to such Funding Date, the Indenture Trustee shall promptly notify the Seller and the Agent.

The funding by the Indenture Trustee of the Cash Purchase Price with respect to any Additional Receivable shall be subject to the satisfaction on the related Funding Date of the following conditions precedent (the "Funding Conditions"):

(i) the Issuer shall have delivered (or caused to be delivered) to the Indenture Trustee and the Agent the related Schedule of Additional Receivables along with the applicable Funding Notice and Bill of Sale pursuant to the Receivables Purchase Agreement;

(ii) as of such Funding Date, neither the Seller nor the Issuer shall (A) be insolvent, (B) be made insolvent by the transfer of the related Receivables or (C) have reason to believe that its insolvency is imminent;

(iii) the Funding Period shall not have terminated;

(iv) as of such Funding Date (after giving effect to the transfer of the related Additional Receivables on such Funding Date), the Collateral Coverage Requirement shall be satisfied;

(v) each of the representations and warranties made by the Seller under the Receivables Purchase Agreement with respect to the related Receivables shall be true and correct in all material respects as of such Funding Date (or, as of the date of conveyance of the related Additional Receivable with respect to the representations and warranties set forth in Sections 6.01(r)(iv), (v), (x) and (xi) of the Receivables Purchase Agreement) with the same effect as if then made and each of the Seller and the Issuer shall have performed all obligations to be performed by it under the Transaction Documents on or prior to such Funding Date;

(vi) the Seller or the Issuer shall have taken any action requested by the Indenture Trustee or the Noteholders required to maintain the ownership interest of the Issuer and the first priority lien of the Indenture Trustee in the Trust Estate;

(vii) all conditions precedent to the transfer of the related Additional Receivable pursuant to the Receivables Purchase Agreement shall have been fulfilled as of such Funding Date;

(viii) if any Additional Note Balance is being purchased in respect of such Funding Date, the conditions precedent to the Note Purchasers' purchase of Additional

Note Balance set forth in Section 3.01 of the Note Purchase Agreement shall have been fulfilled as of such Funding Date;

(ix) sufficient funds are on deposit in the Funding Account (including, without limitation, proceeds of purchase by Noteholders of Additional Note Balances) to pay the full Cash Purchase Price with respect to such Additional Receivable;

(x) the Indenture Trustee has received confirmation from the Verification Agent that the verification procedures have been performed in accordance with the Verification Agent letter to the satisfaction of the Verification Agent;

(xi) commencing with the first Funding Date after the Initial Funding Date, an amount equal to not less than the Expense Reserve is on deposit in the Reimbursement Account (after taking into account the purchase of such Additional Receivable);

(xii) the Note Principal Balance is equal to or less than the Maximum Note Balance, after taking into account the purchase of such Additional Receivable;

(xiii) a Funding Interruption Event shall not have occurred and be continuing;

(xiv) the Additional Receivable does not relate to a Securitization Trust for which a Securitization Termination Event has occurred and such event has not been waived by the Agent and the Required Noteholders; and

(xv) after giving effect to such funding, an amount at least equal to the Required Reserve Amount is on deposit in the Reserve Account.

ARTICLE VIII

SUPPLEMENTAL INDENTURES; AMENDMENTS

Section 8.01. Supplemental Indentures or Amendments Without Consent of Noteholders.

Without the consent of the Noteholders but with the consent of the Agent and Option One (for so long as it holds any interest in the trust), the Issuer and the Indenture Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, or one or more amendments hereto or to the Notes or the Receivables Purchase Agreement, for any of the following purposes:

(1) to convey, transfer, assign, mortgage or pledge any property to the Indenture Trustee;

(2) to correct any manifestly incorrect description, or amplify the description, of any property subject to the lien of this Indenture;

(3) to modify the Indenture or the Receivables Purchase Agreement as required by, or made necessary by any change in, applicable law; or

(4) to correct any mistake or typographical error or cure any ambiguity, or to cure, correct or supplement any defective or inconsistent provision herein or in the Notes or the Receivables Purchase Agreement.

No such supplemental indenture or amendment shall be effective unless (i) the Issuer obtains a Tax Opinion and obtains an Opinion of Counsel to the effect that such supplemental indenture or amendment would not cause the Notes to be characterized other than as indebtedness for federal income tax purposes or cause the Notes to be deemed to have been exchanged for a new debt instrument pursuant to Treasury Regulation §1.1001-3, and furnishes each such Opinion of Counsel to the Indenture Trustee in connection therewith, and (ii) with respect to the clauses (1), (3) and (4) above, the party requesting such supplemental indenture or amendment furnishes to the Indenture Trustee and the Issuer an Opinion of Counsel that, such action will not adversely affect the interests of Noteholders under this Indenture in any material way.

Section 8.02. Supplemental Indentures With Consent of Noteholders.

With the consent of the Noteholders of not less than 66 2/3% in aggregate Note Principal Balance of the Outstanding Notes materially affected thereby and Option One (for so long as it holds any interest in the trust), the Issuer and the Indenture Trustee may enter into one or more indentures supplemental hereto, or one or more amendments hereto or to the Notes or the Receivables Purchase Agreement, for the purpose of adding any provisions hereto or thereto, changing in any manner or eliminating any of the provisions hereof or thereof, modifying in any manner the rights of the Noteholders hereunder or thereunder or evidencing and providing for the acceptance of appointment by a successor Indenture Trustee or Servicer; provided that no such supplemental indenture or amendment shall be effective unless the Issuer obtains a Tax Opinion and obtains an Opinion of Counsel to the effect that such supplemental indenture or amendment would not cause the Notes to be characterized other than as indebtedness for federal income tax purposes or cause the Notes to be deemed to have been exchanged for a new debt instrument pursuant to Treasury Regulation §1.1001-3 and, furnishes each such Opinion of Counsel to the Indenture Trustee in connection therewith; and provided, further, that no such supplemental indenture or amendment shall, without the consent of the Noteholders of 100% in aggregate Note Principal Balance of the Outstanding Notes affected thereby,

(1) change the Maturity Date or the Payment Date of any principal, interest or other amount on any Note, or reduce the Note Principal Balance thereof or the Floating Rate thereon, or authorize the Indenture Trustee to agree to delay the timing of, or reduce the payments to be made on or in respect of, the Receivables except as provided herein or in the Receivables Purchase Agreement, or change the coin or currency in which the principal of any Note or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Maturity Date thereof;

(2) reduce the percentage of the then aggregate Note Principal Balance of the Outstanding Notes, the consent of whose Noteholders is required for any such supplemental indenture or amendment, or the consent of whose Noteholders is required for any waiver of defaults hereunder and their consequences provided for in this Indenture, or for any other reason under this Indenture (including for actions taken by the Indenture Trustee pursuant to Section 5.01(a) hereof);

(3) change any obligation of the Issuer to maintain an office or agency in the places and for the purposes specified in Section 9.01;

(4) except as otherwise expressly provided in this Indenture, deprive any Noteholder of the benefit of a first priority security interest in the Trust Estate as provided in this Indenture;

(5) modify Section 2.10;

(6) change the Discount Factor or the Scheduled Termination Date; or

(7) release from the lien of the Indenture (except as specifically permitted hereby on the date of execution hereof) all or any part of the Trust Estate.

It shall not be necessary for the consent of the Noteholders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Section 8.03. Delivery of Supplements and Amendments.

Promptly after the execution by the Issuer and the Indenture Trustee of any supplemental indenture or amendment pursuant to the provisions hereof, the Indenture Trustee, at the expense of the Issuer payable out of the Trust Estate pursuant to Section 5.04, shall furnish a notice setting forth in general terms the substance of such supplemental indenture or amendment to each Noteholder at the address for such Noteholder set forth in the Note Register.

Section 8.04. Execution of Supplemental Indentures, etc.

In executing, or accepting the additional trusts created by, any supplemental indenture or amendment permitted by this Article VIII or in accepting the modifications thereby of the trusts created by this Indenture, the Indenture Trustee shall be entitled to receive, at the Issuer's expense payable out of the Trust Estate pursuant to Section 5.04, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture, amendment or modification is authorized or permitted by this Indenture. The Indenture Trustee may, but shall not be obligated to, enter into any such supplemental indenture or amendment or consent to any such modification which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

ARTICLE IX

COVENANTS; WARRANTIES

Section 9.01. Maintenance of Office or Agency.

The Issuer shall maintain or cause to be maintained an office or agency in the continental United States where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer shall give prompt written notice to the Indenture Trustee and the Noteholders of the location, and any change in the location, of such office or agency.

The Issuer may also from time to time designate one or more other offices or agencies outside the United States where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Issuer of its obligation to maintain an office or agency in accordance with the requirements set forth in the preceding paragraph. The Issuer shall give prompt written notice to the Indenture Trustee, Noteholders of any such designation or rescission and of any change in the location of such office or agency.

Section 9.02. Existence.

Subject to Section 9.08, the Issuer will keep in full effect its existence, rights and franchises under the laws of its jurisdiction of organization, and the existence, rights and franchises (if any) of the Issuer under the laws of its jurisdiction of organization.

Section 9.03. Payment of Taxes and Other Claims.

The Issuer shall pay or discharge or cause to be paid or discharged, before the same shall become delinquent, all taxes, assessments and governmental charges levied or imposed upon the Issuer or upon the income, profits or property of the Issuer, or shown to be due on the tax returns filed by the Issuer, except any such taxes, assessments, governmental charges or claims which the Issuer is in good faith contesting in appropriate proceedings and with respect to which reserves are established if required in accordance with GAAP, provided, that such failure to pay or discharge will not cause a forfeiture of, or a lien to encumber, any property included in the Trust Estate. The Indenture Trustee is authorized to pay out of the Note Payment Account, prior to making payments on the Notes, any such taxes, assessments, governmental charges or claims which, if not paid, would cause a forfeiture of, or a lien to encumber, any property included in the Trust Estate.

Section 9.04. Validity of the Notes; Title to the Trust Estate; Lien.

(a) The Issuer represents and warrants that the Issuer is duly authorized under applicable law to create and issue the Notes, to execute and deliver this Indenture, the other documents referred to herein to which it is a party and all instruments included in the Trust Estate which it has executed and delivered, and that all corporate action and governmental consents, authorizations and approvals necessary or required therefor have been duly and effectively taken or obtained. The Notes, when issued, will be, and this Indenture and such other

documents are, valid and legally binding obligations of the Issuer enforceable in accordance with their terms.

(b) The Issuer represents and warrants that, immediately prior to its Grant of the Trust Estate provided for herein, it was the sole owner of each Receivable, free and clear of any pledge, lien, encumbrance or security interest.

(c) The Issuer represents and warrants that, upon the issuance of the Notes, the Indenture Trustee has a valid and enforceable first priority security interest in the Trust Estate, subject only to exceptions permitted hereby.

(d) The Issuer represents and warrants that the Indenture is not required to be qualified under the 1939 Act and that the Issuer is not required to be registered as an "investment company" under the 1940 Act.

Section 9.05. Protection of Trust Estate.

The Issuer and, to the extent directed by the Issuer or the Majority Noteholders, the Indenture Trustee shall execute and deliver all such amendments and supplements hereto (subject to Sections 8.01 and 8.02) and all such financing statements, continuation statements, instruments of further assurance and other instruments, and shall take such other action necessary or advisable to:

(a) Grant more effectively all or any portion of the Trust Estate securing the Notes;

(b) maintain or preserve the lien (and the priority thereof) of this Indenture or carry out more effectively the purposes hereof;

(c) perfect, publish notice of, or protect the validity of any Grant made or to be made by this Indenture;

(d) enforce any of the Receivables included in the Trust Estate; or

(e) preserve and defend title to the Trust Estate securing the Notes and the rights of the Indenture Trustee, and of the Noteholders, in the Trust Estate against the claims of all Persons and parties.

The Issuer hereby designates the Indenture Trustee and the Agent, its agent and attorney-in-fact, to prepare and file any financing statement, continuation statement or other instrument required pursuant to this Section 9.05; provided that, subject to and consistent with Section 5.01, neither the Indenture Trustee nor the Agent will be obligated to prepare or file any such statements or instruments.

Section 9.06. Nonconsolidation.

The Issuer shall at all times:

(a) maintain separate records and books of account from any other person or entity;

(b) maintain separate bank accounts from any other person or entity;

(c) maintain its assets in its own name and not commingle its assets with those of any other person or entity;

(d) conduct its own business in its own name;

(e) maintain separate financial statements, showing its assets and liabilities separate and apart from those of any other person or entity and not have its assets listed on the financial statements of any other person or entity (other than as required with respect to consolidated financial statements prepared in accordance with generally accepted accounting principles, and with respect to any consolidated or combined financial statements having appropriate footnotes indicating that the Issuer is a separate legal entity);

(f) pay its own liabilities and expenses only out of its own funds;

(g) observe all corporate and other organizational formalities;

(h) maintain an arm's length relationship with each of its Affiliates;

(i) pay the salaries of its employees, if any, out of its own funds;

(j) maintain a sufficient number of employees or engage independent agents, in each case to the extent reasonably required in light of its contemplated business operations;

(k) not guarantee, become obligated or pay for the debts of any other entity or person;

(l) not hold out its credit as being available to satisfy the obligations of any other person or entity;

(m) not pledge its assets for the benefit of any other party (except the pledges set forth in this Indenture);

(n) hold itself out as a separate entity;

(o) correct any known misunderstanding regarding its separate identity; and

(p) maintain adequate capital in light of its contemplated business operations.

Section 9.07. Negative Covenants.

The Issuer shall not:

(a) sell, transfer, exchange or otherwise dispose of any of the Collateral, except as expressly permitted by this Indenture;

(b) dissolve or liquidate in whole or in part, except as provided herein (it being understood that the payment or repurchase of Receivables does not constitute a partial liquidation within the meaning of this provision);

(c) engage, directly or indirectly, in any business other than that arising out of the issue of the Notes, and the actions contemplated or required to be performed under this Indenture or the Receivables Purchase Agreement;

(d) incur, create or assume any indebtedness for borrowed money other than the Notes;

(e) make or permit to remain outstanding, any loan or advance to, or own or acquire any stock or securities of, any Person other than the Receivables and any other instruments constituting part of the Trust Estate, it being understood that the Issuer's purchase of Receivables does not constitute lending, making advances or acquiring stock; or

(f) voluntarily file a petition for bankruptcy, reorganization, assignment for the benefit of creditors or similar proceeding.

Section 9.08. Statement as to Compliance.

The Issuer shall deliver to the Indenture Trustee, Agent and the Noteholders, within 90 days after the end of each calendar year, an Officer's Certificate of the Issuer stating that (a), in the course of the performance by the officer executing such Officer's Certificate of such officer's present duties as an officer of the Issuer, such officer would normally obtain knowledge or have made due inquiry as to the existence of any condition or event which would constitute an Event of Default after notice or lapse of time or both and that to the best of the officer's knowledge, (b) the Issuer has fulfilled all of its obligations under this Indenture in all material respects throughout such year, or, if there has been a default in the fulfillment of any such obligation in any material respect, specifying each such default known to such officer and the nature and status thereof, and (c) no event has occurred and is continuing which is, or after notice or lapse of time or both would become, an Event of Default, or, if such an event has occurred and is continuing, specifying each such event known to such officer and the nature and status thereof.

Section 9.09. Issuer may Consolidate, Etc., only on Certain Terms.

(a) The Issuer shall not consolidate or merge with or into any other Person or convey or transfer the Trust Estate to any Person without the consent of Noteholders with an aggregate Note Principal Balance of not less than 66 2/3% of the aggregate Note Principal Balance of the Outstanding Notes and unless:

(i) the Person (if other than the Issuer) formed by or surviving such consolidation or merger or that acquires by conveyance or transfer the Trust Estate (the "Successor Person"), shall be a Person organized and existing under the laws of the United States of America or any State and shall have expressly assumed, executed and delivered to the Indenture Trustee, the obligation (to the same extent as the Issuer was so obligated) to make payments of principal, interest and other amounts on all of the Notes

and pay all amounts owned by the Issuer under this Indenture, and the obligation to perform every covenant of this Indenture on the part of the Issuer to be performed or observed, all as provided herein;

(ii) immediately after giving effect to such transaction, no default or Event of Default shall have occurred and be continuing;

(iii) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance or transfer comply with and satisfy all conditions precedent relating to the transactions set forth in this Section 9.09;

(iv) the Successor Person shall have delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel each stating that, with respect to a Successor Person that is a corporation, limited liability company, partnership or trust, such Successor Person shall be duly organized, validly existing and in good standing in the jurisdiction in which such Successor Person is organized; that the Successor Person has sufficient power and authority to assume the obligations set forth in clause (i) above and to execute and deliver an indenture supplemental hereto for the purpose of assuming such obligation; that the Successor Person has duly authorized the execution, delivery and performance of an indenture supplemental hereto for the purpose of assuming such obligations; and that such supplemental indenture is a valid, legal and binding obligation of the Successor Person, enforceable in accordance with its terms, subject only to bankruptcy, reorganization, insolvency and other laws affecting the enforcement of creditor's rights generally and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or law); and that, immediately following the event which causes the Successor Person to become the Successor Person, (A) the Successor Person has good and marketable title, free and clear of any lien, security interest or charge other than the lien and security interest of this Indenture and any other lien permitted hereby, to the Collateral and (B) the Indenture Trustee continues to have a perfected first priority security interest in the Collateral.

(b) Upon any consolidation or merger, or any conveyance or transfer of the Trust Estate securing the Notes, the Successor Person shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Successor Person had been named as the Issuer herein. In the event of any such conveyance or transfer of the Trust Estate permitted by this Section 9.09, the Person named as the "Issuer" in the first paragraph of this Indenture, or any successor that shall theretofore have become such in the manner prescribed in this Article and that has thereafter effected such a conveyance or transfer, may be dissolved, wound-up and liquidated at any time thereafter, and such Person thereafter shall be released from its liabilities as obligor and maker on all of the then Outstanding Notes and from its obligations under this Indenture.

Section 9.10. Purchase of Notes.

The Issuer may reacquire Notes, in its discretion, by open market purchases in privately negotiated transactions or otherwise.

Section 9.11. Indemnification.

(a) Without limiting any other rights that an Indemnified Party may have hereunder or under applicable law, the Issuer hereby agrees to indemnify each Indemnified Party (as defined below) from and against any and all Indemnified Amounts (as defined below), excluding, however, Indemnified Amounts to the extent resulting from gross negligence or willful misconduct on the part of such Indemnified Party. To the extent that the foregoing undertaking to indemnify the Indemnified Parties may be unenforceable because it is violative of any law or public policy, the Issuer nevertheless shall pay such amounts as may be permitted under applicable law to satisfy its indemnification obligations hereunder to the fullest extent permissible under applicable law.

Without limiting or being limited by the foregoing, the Issuer shall pay in accordance with Section 2.10(c) to each Indemnified Party any and all amounts necessary to indemnify such Indemnified Party from and against any and all Indemnified Amounts relating to or resulting from:

(i) a breach of any representation or warranty made by the Issuer under or in connection with this Indenture or any other Transaction Document; or

(ii) the failure by the Issuer to comply with any term, provision or covenant contained in this Indenture or any other Transaction Document; or

(iii) any information prepared by and furnished or to be furnished by any of the Issuer or the Seller or any of their Affiliates 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 Seller, any of their Affiliates or with respect to the Receivables, to the extent such information contains any untrue statement or alleged untrue statement of material fact.

(b) Any Indemnified Amounts subject to the indemnification provisions of this Section 9.11 shall be paid to the Indemnified Party within 20 Business Days following demand therefor; provided that, prior to an Event of Default, amounts payable under this Section 9.11 shall only be payable on Payment Dates pursuant to Section 2.10(c). “Indemnified Party” means any of the Indenture Trustee, the Owner Trustee, the Securities Intermediary, the Agent and the Secured Parties and their officers, employees, directors, attorneys, consultants, agents and successors or assigns. “Indemnified Amounts” means any and all claims, losses, liabilities,

obligations, damages, penalties, actions, judgments, suits, and related reasonable costs and reasonable expenses of any nature whatsoever, including reasonable attorneys' fees and disbursements, imposed on, incurred by or asserted against an Indemnified Party with respect to this Indenture or any other Transaction Document.

(c) Promptly after an Indemnified Party shall have been served with the summons or other first legal process or shall have received written notice of the threat of a claim in respect of which an indemnity may be claimed against the Issuer under this Section 9.11, the Indemnified Party shall notify the Issuer in writing of the service of such summons, other legal process or written notice, giving information therein as to the nature and basis of the claim, but failure so to notify the Issuer shall not relieve the Issuer from any liability which it may have hereunder or otherwise except to the extent that the Issuer is prejudiced by such failure so to notify the Issuer. The Issuer will be entitled, at its own expense, to participate in the defense of any such claim or action and to assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Party, unless the defendants in any such action include both the Indemnified Party and the Issuer, and the Indemnified Party (upon the advice of counsel) shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the Issuer, or one or more Indemnified Parties, and which in the reasonable opinion of such counsel are sufficient to create a conflict of interest for the same counsel to represent both the Issuer and such Indemnified Party. Each Indemnified Party shall cooperate with the Issuer in the defense of any such action or claim. The Issuer shall not, without the prior written consent of the Indemnified Party which consent shall not be unreasonably withheld or delayed, 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 or threatened proceeding.

ARTICLE X

AGENT

Section 10.01. Appointment. Each Noteholder, by its acceptance of a Note or a beneficial interest in a Note, hereby irrevocably appoints and authorizes the Agent to perform the duties of the Agent as set forth in this Indenture including: (i) to receive on behalf of each Noteholder any payment of principal of or interest on the Notes outstanding hereunder and all other amounts accrued hereunder for the account of the Noteholders and paid to the Agent, and to distribute promptly to each Noteholder its Percentage Interest of all payments so received and (ii) to distribute to each Noteholder copies of all material notices (including any Funding Notice delivered in accordance with the Note Purchase Agreement) and agreements received by the Agent and not required to be delivered to each Noteholder pursuant to the terms of this Indenture, provided that the Agent shall not have any liability to the Noteholders for the Agent's inadvertent failure to distribute any such notices or agreements to the Noteholders and (iii) subject to Section 10.03 of this Indenture, to take such action as the Agent deems appropriate on its behalf to administer the Notes and the other Transaction Documents and to exercise such other powers delegated to the Agent by the terms hereof or the other Transaction Documents

(including, without limitation, the power to give or to refuse to give notices, waivers, consents, approvals and instructions and the power to make or to refuse to make determinations and calculations) together with such powers as are reasonably incidental thereto to carry out the purposes hereof and thereof. As to any matters not expressly provided for by this Indenture and the other Transaction Documents (including, without limitation, enforcement or collection of the Notes), the 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 Majority Noteholders, and such instructions of the Majority Noteholders shall be binding upon all Noteholders and all holders of Notes; provided, however, that the Agent shall not be required to take any action which, in the reasonable opinion of the Agent, exposes the Agent to liability or which is contrary to this Indenture or any other Transaction Document or applicable law.

Section 10.02. Nature of Duties. The Agent shall have no duties or responsibilities except those expressly set forth in this Indenture or in the other Transaction Documents. The duties of the Agent shall be mechanical and administrative in nature. The Agent shall not have by reason of this Indenture or any Transaction Document a fiduciary relationship in respect of any Noteholder. Nothing in this Indenture or any of the Transaction Documents, express or implied, is intended to or shall be construed to impose upon the Agent any obligations in respect of this Indenture or any of the other Transaction Documents except as expressly set forth herein or therein. Each Noteholder shall make its own independent investigation of the financial condition and affairs of the Issuer in connection with the advancing Additional Note Balance pursuant to the Note Purchase Agreement and shall make its own appraisal of the creditworthiness of the Issuer and the value of the Collateral, and the Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Noteholder with any credit or other information with respect thereto, whether coming into its possession before the advance of the Initial Note Balance hereunder or at any time or times thereafter, provided that, upon the reasonable request of a Noteholder, the Agent shall provide to such Noteholder any documents or reports delivered to the Agent by the Issuer pursuant to the terms of this Indenture or any other Transaction Document. The Agent shall obtain the approval of the Majority Noteholders prior to taking any of the following actions: (i) the giving of notice or waiving of a Funding Termination Event, (ii) the waiving of a Securitization Termination Event or (iii) the delivery of notice or waiving of an Event of Default. If the Agent seeks the consent or approval of the Majority Noteholders to the taking or refraining from taking any action hereunder, the Agent shall send notice thereof to each Noteholder. The Agent shall promptly notify each Noteholder any time that the Majority Noteholders have instructed the Agent to act or refrain from acting pursuant hereto.

Section 10.03. Rights, Exculpation, Etc. The 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 Indenture or the other Transaction Documents unless such action or inaction shall constitute gross negligence or willful misconduct on the part of the Agent or its directors, officers, agents or employees. Without limiting the generality of the foregoing, the Agent (i) may treat the payee of any Note as the holder thereof until the Agent receives written notice of the assignment or transfer thereof, pursuant to Section 10.08 hereof, signed by such payee and in form satisfactory to the Agent; (ii) may consult with legal counsel (including, without limitation,

counsel to the Agent or counsel to the Issuer), 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 or experts; (iii) makes no warranty or representation to any Noteholder and shall not be responsible to any Noteholder for any statements, certificates, warranties or representations made in or in connection with this Indenture or the other Transaction Documents; (iv) 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 Indenture or the other Transaction Documents on the part of any Person, the existence or possible existence of any default or Event of Default, or to inspect the Collateral or other property (including, without limitation, the books and records) of any Person; (v) shall not be responsible to any Noteholder for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Indenture or the other Transaction Documents or any other instrument or document furnished pursuant hereto or thereto; and (vi) shall not be deemed to have made any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Indenture Trustee's Lien thereon, or any certificate prepared by the Issuer in connection therewith, nor shall the Agent be responsible or liable to the Noteholders for any failure to monitor or maintain any portion of the Collateral. The Agent shall not be liable for any apportionment or distribution of payments made in good faith pursuant to Section 2.10, and if any such apportionment or distribution is subsequently determined to have been made in error the sole recourse of any Noteholder to whom payment was due but not made, shall be to recover from other Noteholders any payment in excess of the amount which they are determined to be entitled. The Agent may at any time request instructions from the Noteholders with respect to any actions or approvals which by the terms of this Indenture or of any of the other Transaction Document the Agent is permitted or required to take or to grant, and if such instructions are promptly requested, the Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval under any of the other Transaction Documents until it shall have received such instructions from the Majority Noteholders. Without limiting the foregoing, no Noteholder shall have any right of action whatsoever against the Agent as a result of the Agent acting or refraining from acting under this Indenture, the Notes or any of the other Transaction Documents in accordance with the instructions of the Majority Noteholders.

Section 10.04. Reliance. The Agent shall be entitled to rely upon any written notices, statements, certificates, orders or other documents or any telephone message believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person, and with respect to all matters pertaining to this Indenture or any of the other Transaction Documents and its duties hereunder or thereunder, upon advice of counsel selected by it.

Section 10.05. Indemnification. To the extent that the Agent is not reimbursed and indemnified by the Issuer, the Noteholders will reimburse and indemnify the Agent from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, advances or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Indenture or any of the other Transaction Documents or any action taken or omitted by the Agent under this Indenture or any of the other Transaction Documents, in proportion to each Noteholder's Percentage Interest, including, without limitation, advances and disbursements

made pursuant to Section 10.08; provided, however, that no Noteholder shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, advances or disbursements for which there has been a final judicial determination that such resulted from the Agent's gross negligence or willful misconduct. The obligations of the Noteholders under this Section 10.05 shall survive the payment in full of the Notes and the termination of this Indenture.

Section 10.06. Agent Individually. With respect to its Percentage Interest of the Commitment under the Note Purchase Agreement, the advances made by it and the Notes issued to or held by it, the Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Noteholder or holder of a Note. The terms "Noteholders" or "Majority Noteholders" or any similar terms shall, unless the context clearly otherwise indicates, include the Agent in its individual capacity as a Noteholder or one of the Majority Noteholders. The term "Agent" shall mean the Agent solely in its individual capacity as the Agent hereunder. The Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with the Issuer as if it were not acting as an Agent pursuant hereto without any duty to account to the Noteholders.

Section 10.07. Successor Agent.

(a) The Agent may resign from the performance of all its functions and duties hereunder and under the other Transaction Documents at any time by giving at least thirty (30) Business Days' prior written notice to the Issuer and each Noteholder. Such resignation shall take effect upon the acceptance by a successor Agent of appointment pursuant to clauses (b) and (c) below or as otherwise provided below.

(b) Upon any such notice of resignation, the Majority Noteholders shall appoint a successor Agent (or, in the event that the Agent's Percentage Interest is less than fifty-one percent, the Noteholders may appoint a successor Agent) who, in the absence of a continuing Event of Default, shall be reasonably satisfactory to the Issuer. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Indenture and the other Transaction Documents. After the Agent's resignation hereunder as the Agent, the provisions of this Article X shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Indenture and the other Transaction Documents.

(c) If a successor Agent shall not have been so appointed within said thirty (30) Business Day period, the retiring Agent shall then appoint a successor Agent who, if an Event of Default is not continuing, shall be reasonably satisfactory to the Issuer, who shall serve as Agent until such time, if any, as the Majority Noteholders appoint a successor Agent as provided above.

Section 10.08. Collateral Matters.

(a) The Agent may from time to time, during the occurrence and continuance of an Event of Default and with the consent of the Required Noteholders, make such disbursements and advances ("Agent Advances") which the Agent, in its sole discretion, deems necessary or desirable to preserve or protect the Collateral or any portion thereof, to enhance the likelihood or maximize the amount of repayment by the Issuer of the Notes and other Issuer Obligations or to pay any other amount chargeable to the Issuer pursuant to the terms of this Indenture, including, without limitation, costs, fees and expenses as described in Section 10.05. The Agent Advances shall be repayable on demand and be secured by the Collateral. The Agent Advances shall not constitute advances on the Notes but shall otherwise constitute Issuer Obligations hereunder. The Agent shall notify each Noteholder and the Issuer in writing of each Agent Advance, which notice shall include a description of the purpose of such Agent Advance. Without limitation to its obligations pursuant to Section 10.05, each Noteholder agrees that it shall make available to the Agent, upon the Agent's demand, in U.S. dollars in immediately available funds, the amount equal to such Noteholder's Percentage Interest of such Agent Advance. If such funds are not made available to the Agent by such Noteholder, the Agent shall be entitled to recover such funds on demand from such Noteholder, together with interest thereon, for each day from the date such payment was due until the date such amount is paid to the Agent, at the Reference Rate.

(b) The Agent shall have no obligation whatsoever to any Noteholders to assure that the Collateral exists or is owned by the Issuer or is cared for, protected or insured or has been encumbered or that the Lien granted to the Indenture Trustee pursuant to this Indenture has been properly or sufficiently or lawfully created, perfected, protected or enforced or is entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to the Agent in this Section 10.08 or in any of the other Transaction Documents, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, unless specified to the contrary herein, the Agent may act in any manner it may deem appropriate, in its sole discretion, given the Agent's own interest in the Collateral as one of the Noteholders and that the Agent shall have no duty or liability whatsoever to any other Noteholder.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Execution Counterparts.

This instrument may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 11.02. 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, the Issuer shall furnish to the Indenture Trustee 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.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) 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;

(ii) 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;

(iii) 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

(iv) a statement as to whether, in the opinion of each such signatory, such condition or covenant has been complied with.

Section 11.03. 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 his 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 Issuer, stating that the information with respect to such factual matters is in the possession of the Issuer, 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 any Person shall deliver any document as a condition of the granting of such application, or as evidence of such Person'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 such Person 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 V.

Section 11.04. 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 5.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section. With respect to authorization to be given or taken by Noteholders, the Indenture Trustee shall be authorized to follow the written directions or the vote of the Majority Noteholders, unless any greater or lesser percentage is required by the terms hereunder.

(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 Note Principal Balance and serial numbers of Notes held by any Person, and the date of holding the same, shall be proved by the Note Register.

(d) Any request, demand, authorization, direction, notice, consent, election, declaration, waiver or other act of any Noteholder shall bind every future Noteholder of the same Note and the Noteholder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, suffered or omitted 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 11.05. Computation of Percentage of Noteholders.

Whenever this Indenture states that any action may be taken by a specified percentage of the Noteholders, such statement shall mean that such action may be taken by the Noteholders of such specified percentage of the aggregate Note Principal Balance of the Outstanding Notes.

Section 11.06. Notice to the Indenture Trustee, the Issuer and Certain Other Persons.

Any communication provided for or permitted hereunder shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given if delivered by courier or mailed by first class mail, postage prepaid, or if transmitted by telecopier and confirmed in a writing delivered or mailed as aforesaid, to: (i) in the case of the Issuer, Option One Advance Trust 2007-ADV2, 3 Ada, Irvine, California 92618, Attention: Rod Smith, telecopy number: (949) 790-7514, telephone number: (949) 790-8100 and (ii) in the case of the Indenture Trustee, the Corporate Trust Office, or as to each such Person, such other address or facsimile number as may hereafter be furnished by such Person to the parties hereto in writing.

Section 11.07. Notices to Noteholders; Notification Requirements and Waiver.

Where this Indenture provides for notice to Noteholders of any event, such notice shall be sufficiently given if in writing and delivered by courier or mailed by first-class mail, postage prepaid; to each Noteholder affected by such event, at its 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 delivered or mailed in the manner herein provided shall conclusively be presumed to have been duly 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 courier and 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 11.08. Successors and Assigns.

All covenants and agreements in this Indenture by the Issuer shall bind its successors and permitted assigns, whether so expressed or not.

Section 11.09. Separability Clause.

In case any provision of this Indenture or of the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall, to the extent permitted by law, not in any way be affected or impaired thereby.

Section 11.10. Governing Law.

(a) THIS INDENTURE AND THE NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT REFERENCE TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

(b) Any action or proceeding against any of the parties hereto relating in any way to this Indenture or any Note or the Trust Estate may be brought and enforced in the courts of the State of New York sitting in the borough of Manhattan or of the United States District Court for the Southern District of New York and the Issuer irrevocably submits to the jurisdiction of each such court in respect of any such action or proceeding. The Issuer hereby waives, to the fullest extent permitted by law, any right to remove any such action or proceeding by reason of improper venue or inconvenient forum.

Section 11.11. 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 11.12. 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, the Noteholders and any other party secured hereunder or named as a beneficiary of any provision hereof, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 11.13. Non-Recourse Obligation.

Notwithstanding any other provision of this Indenture, the obligations of the Issuer under this Indenture and the Notes are limited recourse obligations of the Issuer, payable solely from the Collateral in accordance with the terms of this Indenture.

No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer on the Notes or under this Indenture (other than with respect to Permitted Investments as to which such Person is the issuer) or any certificate or other writing delivered in connection herewith or therewith, against (i) any owner of an interest in the Issuer or (ii) any partner, owner, beneficiary, agent, officer, director, employee, agent or Control Person of the Indenture Trustee in its individual capacity, the Indenture Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Indenture Trustee does not have any such obligations in its individual capacity). It is understood that the foregoing provisions of

this Section 11.13 shall not (i) prevent recourse to the Collateral for the sums due or to become due under any security, instrument or agreement which is part of the Collateral or (ii) constitute a waiver, release or discharge of any indebtedness or obligation evidenced by the Notes or secured by this Indenture, and the same shall continue until paid or discharged. It is further understood that the foregoing provisions of this Section 11.13 shall not limit the right of any person to name the Issuer as a party defendant in any action or suit or in the exercise of any other remedy under the Notes or this Indenture, so long as no judgment in the nature of a deficiency judgment or seeking personal liability shall be asked for or (if obtained) enforced against any such person or entity.

Section 11.14. 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 relating to the Receivables with the Issuer's officers, employees, and independent certified public accountants, all at such reasonable times and as often as may be reasonably requested. 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) or the Indenture Trustee may reasonably determine that such disclosure is consistent with its obligations hereunder.

Section 11.15. Method of Payment.

Except as otherwise provided in Section 2.10(b), all amounts payable or to be remitted pursuant to this Indenture shall be paid or remitted or caused to be paid or remitted in immediately available funds by wire transfer to an account specified in writing by the recipient thereof.

Section 11.16. No Recourse.

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 trustee of the Issuer, 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 of 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.

Section 11.17. Noteholder Consent

Whenever a Noteholder is requested to give any consent, approval or waiver in its capacity as Noteholder, each Noteholder to which such request was made shall respond to such request within two (2) Business Days; provided, that if a response is not received by the party authorized to make such request pursuant to the terms and provisions of the Transaction Documents (such party, the "Requesting Party") from a Noteholder to which such request was made within two (2) Business Days, such request for consent, approval or waiver, as applicable, with respect to each such Noteholder shall be deemed to have been rejected.

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Indenture to be duly executed, all as of the day and year first above written.

OPTION ONE ADVANCE TRUST 2007-ADV2

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

By: /s/ Roseline K. Maney
Name: Roseline K. Maney
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Indenture Trustee

By: _____
Name:
Title:

Consented to by:

GREENWICH CAPITAL FINANCIAL PRODUCTS, INC.
as Agent and Noteholder

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Indenture to be duly executed, all as of the day and year first above written.

OPTION ONE ADVANCE TRUST 2007-ADV2

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

By: _____
Name:
Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Indenture Trustee

By: /s/ Jacqueline E. Kimball
Name: Jacqueline E. Kimball
Title: Vice President

Consented to by:

GREENWICH CAPITAL FINANCIAL PRODUCTS, INC.
as Agent and Noteholder

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Indenture to be duly executed, all as of the day and year first above written.

OPTION ONE ADVANCE TRUST 2007-ADV2

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

By: _____
Name:
Title:

WELLS FARGO BANK, NATIONAL
ASSOCIATION
as Indenture Trustee

By: _____
Name:
Title:

Consented to by:

GREENWICH CAPITAL FINANCIAL
PRODUCTS, INC.
as Agent and Noteholder

By: /s/ Dominic Obaditch
Name: Dominic Obaditch
Title: Managing Director
Greenwich Capital Corporate Services, Inc.
as attorney-in-fact

DB STRUCTURED PRODUCTS, INC.
as Noteholder

By: /s/ GLENN MINKOFF
Name: GLENN MINKOFF
Title: DIRECTOR

By: /s/ John McCarthy
Name: John McCarthy
Title: Authorized Signatory

THE CIT GROUP/BUSINESS CREDIT, INC.
as Noteholder

By: _____
Name:
Title:

DB STRUCTURED PRODUCTS, INC. as Noteholder

By: _____
Name:
Title:

By: _____
Name:
Title:

THE CIT GROUP/BUSINESS CREDIT, INC. as Noteholder

By: /s/ Howard Trebach
Name: Howard Trebach
Title: Vice President

STATE OF DELAWARE)
) ss.:
COUNTY OF NEW CASTLE

On this 17th day of January 2008, before me, the undersigned officer, personally appeared ROSELINE K. MANEY , and acknowledged himself to me to be the Vice President of Wilmington Trust Company, and that as such officer, being duly authorized to do so pursuant to such entity's by-laws or a resolution of its board of directors, executed and acknowledged the foregoing instrument for the purposes therein contained, by signing the name of such entity by himself or herself as such officer as his or her free and voluntary act and deed and the free and voluntary act and deed of said entity.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ SUSANNE M. GULA
Notary Public

SUSANNE M. GULA
Notary Public — State of Delaware
My Comm. Expires Nov. 21, 2009

NOTARIAL SEAL

STATE OF Maryland)
) : ss.:
COUNTY OF Howard)

On this 18th day of January, 2008, before me, the undersigned officer, personally appeared Jacqueline E. Kimball and acknowledged himself to me to be the Vice President of Wells Fargo Bank, National Association, and that as such officer, being duly authorized to do so pursuant to such entity's by-laws or a resolution of its board of directors, executed and acknowledged the foregoing instrument for the purposes therein contained, by signing the name of such entity by himself or herself as such officer as his or her free and voluntary act and deed and the free and voluntary act and deed of said entity.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ Sandra Titus
Notary Public

NOTARIAL SEAL

SCHEDULE I
LOAN LEVEL SECURITIZATION TRUSTS

Investor No.	Investor Name	Servicer Advances	Loan Level Delinquency Advance	PSA Requiring Amendment
250	OOMC Series 2003-5	Approved		
251	OOMC Series 2003-6	Approved		
254	ABSC Series 2003-HE6	Approved		
257	Merrill Lynch Series 2003-OPT1	Approved	Approved	
258	ACE Series 2003-OP1	Approved		
261	OOMC Loan Trust 2004-1	Approved		
262	ABFC Series 2004-OPT1	Approved		
264	OOMC Woodbridge Series 2004-1	Approved		
267	ACE 2004-OP1 STEP SERV FEE	Approved		
269	SABR Trust 2004-OP1 —STEP SF	Approved	Approved	
272	BofA ABFC Series 2004-OPT2	Approved		
274	OOMC Loan Trust Series 2004-2	Approved		
276	BofA ABFC 2004-OPT3	Approved		
277	Lehman SAIL 2004-4	Approved		
279	ABSC Series 2004-HE3	Approved	Approved	
284	ABFC 2004-OPT4	Approved	Approved	
287	OOMC Loan Trust Series 2004-3	Approved		
288	UBS MASTR Series 2004-OPT2	Approved	Approved	
289	ABFC 2004-OPT5	Approved	Approved	
290	Merrill Lynch Series 2004-OPT1	Approved		
292	OOMLT 2005-1 STEP SERV FEE	Approved		
294	Citigroup CMLTI 2005-OPT1	Approved	Approved	
297	MASTR 2005-OPT1 STEP SERV FEE	Approved	Approved	
299	CMLT 2005-OPT2 STEP SERV FEE	Approved	Approved	
324	Lehman SAIL 2003-BC10 — STEP INV	Approved		
330	Lehman SAIL 2004-8 STEP	Approved		
333	Citigroup Mort Loan Trust 2004-OPT1 step	Approved	Approved	
334	Barclays SABR Series 2004-OP2	Approved	Approved	
346	Morgan Stanley 2004-OP1	Approved	Approved	
360	Barclays SABR Series 2005-OP1	Approved	Approved	
361	Lehman SAIL 2005-3	Approved		
369	OOMLT 2005-2 STEP SERV FEE	Approved		
370	SOUNDVIEW 2005-OPT1- PMI	Approved		
372	Lehman SAIL 2005-5	Approved		
377	Citigroup CMLTI 2005-OPT3	Approved	Approved	
380	OOMLT 2005-3	Approved		
381	ABSC 2005-HE6	Approved	Approved	
384	JPMAC 2005-OPT1	Approved	Approved	
386	Soundview 2005-OPT2	Approved	Approved	

391	Citigroup CMLTI 2005-OPT4	Approved	
396	Soundview 2005-OPT3	Approved	Approved
397	OOMLT 2005-4	Approved	
399	NHELI 2005-HE1	Approved	
400	ABFC 2005-OPT1	Approved	
401	OOMLT 2005-5	Approved	
402	SGMS 2005-OPT1	Approved	
406	SOUNDVIEW 2005-OPT4	Approved	Approved
412	OOMLT 2006-1	Approved	
413	SABR 2005-OP2	Approved	Approved
414	JPMAC 2005-OPT2	Approved	Approved
416	HSBC HASCO 2006-OPT1	Approved	
417	Barclays SABR Series 2006-OP1	Approved	Approved
420	HSBC HASCO 2006-OPT2	Approved	
422	Soundview 2006-OPT1	Approved	Approved
423	Carrington 2006-OPT1	Approved	
425	HSBC HASCO 2006-OPT3	Approved	
428	ABSC 2006-HE3	Approved	Approved
429	Soundview 2006-OPT2	Approved	Approved
430	Lehman SASCO 2006-OPT1	Approved	
432	HSBC HASCO 2006-OPT4	Approved	
434	ACE 2006-OP1	Approved	
435	Soundview 2006-OPT3	Approved	Approved
437	Soundview 2006-OPT4	Approved	Approved
440	Soundview 2006-OPT5	Approved	Approved
441	OOMC Loan Trust Series 2006-2	Approved	
442	ABSC 2006-HE5	Approved	Approved
445	ABFC 2006-OPT1	Approved	Approved
449	ABFC 2006-OPT2	Approved	Approved
450	OOMLT 2006-3	Approved	
551	ACE 2006-OP2	Approved	
554	ABFC 2006-OPT3	Approved	Approved
558	ABFC 2006-HE1	Approved	
559	SGMS 2006-OPT2- Dual Cutoff	Approved	
565	OOMLT 2007-01- Dual Cutoff	Approved	
566	OOMC Loan Trust Series 2007-FXD1	Approved	
567	HSBC HASCO 2007-OPT1	Approved	
569	OOMC Loan Trust Series 2007-CP1	Approved	
571	OOMC Loan Trust Series 2007-2	Approved	
574	OOMC Loan Trust Series 2007-FXD2	Approved	
575	OOMC Loan Trust Series 2007-3	Approved	
576	OOMC Loan Trust Series 2007-HL1	Approved	
577	OOMC Loan Trust Series 2007-4	Approved	
578	OOMC Loan Trust Series 2007-5	Approved	
581	Soundview 2007-OPT1	Approved	Approved
582	OOMC Loan Trust Series 2007-6	Approved	

583	Soundview 2007-OPT2	Approved		
584	Lehman SASCO 2007-TC1	Approved		
586	Soundview 2007-OPT3	Approved		
587	UBS MASTR Series 2007-HE2	Approved		
588	Soundview 2007-OPT4	Approved		
589	Soundview 2007-OPT5	Approved		
623	Lehman Bros SASCO 1999-BC4	Approved		Due 2/18
626	OOMC Loan Trust 2000-A (FHLMC T023	Approved	Approved	Due 2/18
630	OOMC Series 2000-B	Approved		
640	OOMC Loan Trust 2000-5	Approved		
642	OOMC Loan Trust 2000-D	Approved		
645	OOMC Loan Trust 2001-A (FHLMC T31)	Approved		
652	OOMC Loan Trust 2001-B (FHLMC T032)	Approved		
654	OOMC Loan Trust 2001-C (FHLMC T0)	Approved		
658	OOMC Loan Trust 2001-D (FHLMC T036)	Approved		
666	OOMC Loan Trust 2002-A -STEP SERV FEE	Approved		
669	OOMC Loan Trust 2002-3 — STEP	Approved		
684	ABFC Series 2002-OPT1	Approved		
687	OOMC Series 2003-1	Approved		
688	UBS — MASTR 2003-OPT1	Approved	Approved	
689	OOMC Woodbridge 2003-1	Approved		
690	OOMC Loan Trust 2003-2	Approved		
691	OOMC Series 2003-3	Approved		
693	OOMC Series 2003-4 StepSvcFee	Approved		
695	OOMC Woodbridge Series 2003-2	Approved		
696	ABFC Series 2003-OPT1	Approved		

SCHEDULE II
POOL LEVEL SECURITIZATION TRUSTS

Investor No.	Investor Name	Pool Level Delinquency Advances	PSA Requiring Amendment
250	OOMC Series 2003-5	Approved	
251	OOMC Series 2003-6	Approved	
252	Lehman SAIL 2003-BC11 Step Fee	Approved	Due 2/18
255	Lehman SAIL 2003-BC12	Approved	Due 2/18
256	Lehman SAIL 2003-BC13	Approved	Due 2/18
258	ACE Series 2003-OP1	Approved	
261	OOMC Loan Trust 2004-1	Approved	
265	Lehman SAIL 2004-2	Approved	Due 2/18
267	ACE 2004-OP1 STEP SERV FEE	Approved	
274	OOMC Loan Trust Series 2004-2	Approved	
277	Lehman SAIL 2004-4	Approved	
281	Lehman SAIL 2004-6	Approved	Due 2/18
282	Lehman SAIL 2004-7	Approved	Due 2/18
287	OOMC Loan Trust Series 2004-3	Approved	
292	OOMLT 2005-1 STEP SERV FEE	Approved	
310	Lehman ARC 2002-BC8	Approved	Due 2/18
317	Lehman SAIL 2003-BC5	Approved	Due 2/18
318	Lehman SAIL 2003-BC6	Approved	Due 2/18
319	Lehman SAIL 2003-BC7	Approved	Due 2/18
320	Lehman SAIL 2003-BC8	Approved	Due 2/18
321	Lehman SAIL 2003-BC9	Approved	Due 2/18
324	Lehman SAIL 2003-BC10 - STEP INV	Approved	
330	Lehman SAIL 2004-8 STEP	Approved	
336	Lehman SASCO 2004-S3	Approved	Due 2/18
345	Lehman SAIL 2004-11	Approved	Due 2/18
361	Lehman SAIL 2005-3	Approved	
365	ABFC Series 2005-HE1 STEP SF	Approved	
367	Lehman SAIL 2005-4	Approved	Due 2/18
369	OOMLT 2005-2 STEP SERV FEE	Approved	
370	SOUNDVIEW 2005-OPT1- PMI	Approved	
372	Lehman SAIL 2005-5	Approved	
374	Lehman SAIL 2005-6	Approved	Due 2/18
380	OOMLT 2005-3	Approved	
391	Citigroup CMLTI 2005-OPT4	Approved	
393	Lehman SASCO 2005-SC1	Approved	Due 2/18
397	OOMLT 2005-4	Approved	
399	NHELI 2005-HE1	Approved	
401	OOMLT 2005-5	Approved	
402	SGMS 2005-OPT1	Approved	
405	Lehman SASCO 2005-OPT1	Approved	Due 2/18

412	OOMLT 2006-1	Approved	
416	HSBC HASCO 2006-OPT1	Approved	
420	HSBC HASCO 2006-OPT2	Approved	
423	Carrington 2006-OPT1	Approved	
425	HSBC HASCO 2006-OPT3	Approved	
430	Lehman SASCO 2006-OPT1	Approved	
432	HSBC HASCO 2006-OPT4	Approved	
434	ACE 2006-OP1	Approved	
441	OOMC Loan Trust Series 2006-2	Approved	
443	Lehman SAIL 2006-BNC3	Approved	Due 2/18
446	Lehman SASCO 2006-BC2	Approved	Due 2/18
448	Merrill Lynch Series 2006-OPT1	Approved	
450	OOMLT 2006-3	Approved	
551	ACE 2006-OP2	Approved	
558	ABFC 2006-HE1	Approved	
559	SGMS 2006-OPT2- Dual Cutoff	Approved	
564	Lehman SASCO 2006-BC6	Approved	Due 2/18
565	OOMLT 2007-01- Dual Cutoff	Approved	
566	OOMC Loan Trust Series 2007-FXD1	Approved	
567	HSBC HASCO 2007-OPT1	Approved	
568	Lehman SASCO 2007-BC1	Approved	Due 2/18
569	OOMC Loan Trust Series 2007-CP1	Approved	
571	OOMC Loan Trust Series 2007-2	Approved	
573	Merrill Lynch Series 2007-HE2	Approved	
574	OOMC Loan Trust Series 2007-FXD2	Approved	
575	OOMC Loan Trust Series 2007-3	Approved	
576	OOMC Loan Trust Series 2007-HL1	Approved	
577	OOMC Loan Trust Series 2007-4	Approved	
578	OOMC Loan Trust Series 2007-5	Approved	
579	Lehman SASCO 2007-GEL2	Approved	Due 2/18
582	OOMC Loan Trust Series 2007-6	Approved	
584	Lehman SASCO 2007-TC1	Approved	
623	Lehman Bros SASCO 1999-BC4	Approved	Due 2/18
625	OOMC Series 1999-C	Approved	Due 2/18
630	OOMC Series 2000-B	Approved	
640	OOMC Loan Trust 2000-5	Approved	
642	OOMC Loan Trust 2000-D	Approved	
645	OOMC Loan Trust 2001-A (FHLMC T31)	Approved	
652	OOMC Loan Trust 2001-B (FHLMC T032)	Approved	
654	OOMC Loan Trust 2001-C (FHLMC T0)	Approved	
658	OOMC Loan Trust 2001-D (FHLMC T036)	Approved	
666	OOMC Loan Trust 2002-A -STEP SERV FEE	Approved	
669	OOMC Loan Trust 2002-3 -STEP	Approved	
680	Lehman ARC Series 2002-BC6	Approved	Due 2/18
682	Morgan Stanley 2002-OP1	Approved	Due 2/18
687	OOMC Series 2003-1	Approved	

690	OOMC Loan Trust 2003-2	Approved
691	OOMC Series 2003-3	Approved
693	OOMC Series 2003-4 StepSvcFee	Approved

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.

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 WHO IS A QUALIFIED PURCHASER UNDER SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "1940 ACT") THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHO IS A QUALIFIED PURCHASER UNDER SECTION 3(C)(7) OF THE 1940 ACT TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (C) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, IN EACH CASE IN COMPLIANCE WITH THE REQUIREMENTS OF THE INDENTURE AND APPLICABLE STATE SECURITIES LAWS.

EACH TRANSFEREE OF THIS NOTE SHALL PROVIDE THE INDENTURE TRUSTEE THE CERTIFICATION REQUIRED IN SECTION 2.05(c) OF THE INDENTURE.

Maximum Note Balance:	$
Maximum Note Principal Balance:	$
Initial Percentage Interest:	%

No.

ADVANCE RECEIVABLES BACKED NOTES, SERIES 2007-ADV2

Option One Advance Trust 2007-ADV2, 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 Indenture.

Principal of this Note is payable on each Payment Date or such other date as set forth in the Indenture 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 Floating 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 Amended and Restated Indenture (the "Indenture"), dated as of January 18, 2008 between the Issuer and Wells Fargo Bank, National Association, as Indenture Trustee (the "Indenture Trustee").

By its acceptance of this Note, each Noteholder covenants and agrees, until the earlier of (a) the termination of the Funding Period and (b) the Maturity Date, on each Funding Date to advance amounts in respect of Additional Note Balance hereunder to the Issuer, subject to and in accordance with the terms of the Indenture, the Receivables Purchase Agreement and the Note Purchase Agreement.

In the event of an advance of Additional Note Balance by the Noteholders as provided in Section 2.01 of the Note Purchase 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 Balance purchased 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 Balance and its right to receive interest payments in respect of the Additional Note 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.

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 Note Purchase 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.

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: _____, 2008

OPTION ONE ADVANCE TRUST 2007-ADV2

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

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: _____, 2008

WELLS FARGO BANK, NATIONAL ASSOCIATION, 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 Advance Receivables Backed Notes, Series 2007-ADV2 (herein called the "Notes"), all issued under the Indenture. Reference is hereby made to the Indenture and all indentures supplemental thereto, and the Note Purchase Agreement for a statement of the respective rights and obligations thereunder of the Issuer, the Indenture Trustee and the Holders of the Notes. To the extent that any provision of this Note contradicts or is inconsistent with the provisions of the Indenture or the Note Purchase Agreement, the provisions of the Indenture or the Note Purchase 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 Note Purchase 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 Note Purchase Agreement.

The entire unpaid principal amount of this Note shall be due and payable on the Maturity Date or any Redemption Date in full in connection with a Redemption in whole of the Notes pursuant to 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 the Indenture. All principal payments on the Notes shall be made *pro rata* to the Holders of the Notes entitled thereto.

The Collateral secures this Note and all other Notes equally and ratably without prejudice, priority or distinction between any Note and any other Note. The Notes are non-recourse obligations of the Issuer and are limited in right of payment to amounts available from the Collateral, as provided in the Indenture. The Issuer shall not otherwise be liable for payments on the Notes, and none of the owners, agents, officers, directors, employees, or successors or assigns of the Issuer shall be personally liable for any amounts payable, or performance due, under the Notes or the Indenture.

Any installment of interest or principal on this Note shall be paid on the applicable Payment Date or such other date as set forth in the Indenture, as applicable, 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 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 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 Owner Trustee in their individual capacities, (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 Owner Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Indenture Trustee or Owner Trustee or of any successor or assign of the Indenture Trustee or 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 Transaction 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.

Prior to the due presentment for registration of transfer of this Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Note (as of the day of determination or as of such other date as may be specified in the Indenture) is registered as the owner hereof for all purposes, whether or not this

Note be overdue, and none of the Issuer, the Indenture Trustee or any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Notes under the Indenture at any time by the Issuer with the consent of the Majority Noteholders. The Indenture also contains provisions permitting the Holders of Notes representing specified Percentage Interests of the Outstanding Notes, on behalf of all of the Noteholders, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note (or any one or more predecessor Notes) shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Note. The Indenture also permits the Indenture Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of any Noteholder.

The term "Issuer" as used in this Note includes any successor to the Issuer under the Indenture.

The Notes are issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations therein set forth.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Note at the times, place and rate, and in the coin or currency herein prescribed.

Anything herein to the contrary notwithstanding, except as expressly provided in the Transaction Documents, none of the Issuer 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 Transaction 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 Series 2007-ADV2 Note
dated as of January 18, 2008
of Option One Advance Trust 2007-ADV2

Date of advance of Additional Note Balance	Amount of advance of Additional Note Balance	Percentage Interest	Aggregate Note Balance	Note Principal Balance of Note
		__%		

EXHIBIT B

FORM OF TRANSFEREE CERTIFICATE FOR TRANSFERS OF NOTES TO QUALIFIED INSTITUTIONAL BUYERS

[Date]

Wells Fargo Bank, National Association
Wells Fargo Center
Sixth and Marquette Avenue
Minneapolis, Minnesota 55479-0113
Attention: Corporate Trust Services — Option One Advance Trust 2007-ADV2

Re: Option One Advance Trust 2007-ADV2, Advance Receivables Backed Notes, Series 2007-ADV2 (the "Notes")

Ladies and Gentlemen:

This letter is delivered to you in connection with the transfer by _____ (the "Transferor") to _____ (the "Transferee") of the Notes having an initial Note Principal Balance as of [_____], of $_____. The Notes were issued pursuant to an Amended and Restated Indenture, dated as of January 18, 2008 (the "Indenture"), between Option One Advance Trust 2007-ADV2 as issuer and Wells Fargo Bank, National Association as indenture trustee. All terms used herein and not otherwise defined shall have the meanings set forth in the Indenture. The Transferee hereby certifies, represents and warrants to you, as Note Registrar, that:

1. The Transferee is a "qualified institutional buyer" (a "Qualified Institutional Buyer") as that term is defined in Rule 144A ("Rule 144A") under the Securities Act of 1933, as amended, and has completed one of the forms of certification to that effect attached hereto as Annex A and Annex B. The Transferee is a "qualified purchaser" (a "Qualified Purchaser") as defined in Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "1940 Act"). The Transferee is aware that the sale to it of the Notes is being made in reliance on Rule 144A and Section 3(c)(7) of the 1940 Act. The Transferee is acquiring the Notes for its own account or for the account of a Qualified Institutional Buyer who is a Qualified Purchaser, and understands that such Notes may be resold, pledged or transferred only (i) to a person reasonably believed to be a Qualified Institutional Buyer and Qualified Purchaser that purchases for its own account or for the account of a Qualified Institutional Buyer and Qualified Purchaser to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A and Section 3(c)(7) of the 1940 Act, or (ii) pursuant to another exemption from registration under the Securities Act.

2. The Transferee understands that it may not sell or otherwise transfer any Notes except in compliance with the provisions of the Indenture, which provisions it has carefully reviewed, and that each Notes will bear the following legend:

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.

3. The Transferee represents to the Issuer and the Indenture Trustee that either: (a) it is not, and is not purchasing on behalf of, as fiduciary of, or with assets of, an employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is subject to Part 4 of Title I of ERISA, or a plan within the meaning of Section 4975 of the Internal Revenue Code of 1986; or (b)(i) the Notes are rated investment grade or better as of the date of purchase, (ii) it believes that the Notes are properly treated as indebtedness without substantial equity features for purposes of the Section 2510.3-101 of the Department of Labor Regulations and agrees to so treat such Notes and (iii) the acquisition and holding of the Notes will not result in a violation of the prohibited transaction rules of ERISA or Section 4975 of the Code.

4. The Transferee has been furnished with all information regarding (a) the Notes and distributions thereon, (b) the nature, performance and servicing of the Receivables, (c) the Indenture and (d) any other matter related thereto, that it has requested.

Very truly yours,

(Transferor)

By: _____
Name:
Title:

QUALIFIED INSTITUTIONAL BUYER STATUS UNDER SEC RULE 144A

[for Transferees other than Registered Investment Companies]

The undersigned hereby certifies as follows to [name of Transferor] (the "Transferor") and [name of Note Registrar], as Note Registrar, with respect to the Notes (the "Notes") being transferred as described in the Transferee Certificate to which this certification relates and to which this certification is an Annex:

1. As indicated below, the undersigned is the chief financial officer, a person fulfilling an equivalent function, or other executive officer of the entity purchasing the Notes (the "Transferee").

2. The Transferee is a "qualified institutional buyer" as that term is defined in Rule l44A under the Securities Act of 1933 ("Rule 144A") because (i) the Transferee owned and/or invested on a discretionary basis $25,000,000 or more in securities (other than the excluded securities referred to below) as of the end of the Transferee's most recent fiscal year (such amount being calculated in accordance with Rule 144A) and (ii) the Transferee satisfies the criteria in the category marked below.

o *Corporation, etc*. The Transferee is a corporation (other than a bank, savings and loan association or similar institution), Massachusetts or similar business trust, partnership, or any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986.

o *Bank*. The Transferee (a) is a national bank or a banking institution organized under the laws of any State, U.S. territory or the District of Columbia, the business of which is substantially confined to banking and is supervised by the State or territorial banking commission or similar official or is a foreign bank or equivalent institution, and (b) has an audited net worth of at least $25,000,000 as demonstrated in its latest annual financial statements, *a copy of which is attached hereto*, as of a date not more than 16 months preceding the date of sale of the Note in the case of a U.S. bank, and not more than 18 months preceding such date of sale for a foreign bank or equivalent institution.

o *Savings and Loan*. The Transferee (a) is a savings and loan association, building and loan association, cooperative bank, homestead association or similar institution, which is supervised and examined by a state or federal authority having supervision over any such institutions or is a foreign savings and loan association or equivalent institution and (b) has an audited net worth of at least $25,000,000 as demonstrated in its latest annual financial statements, *a copy of which is attached hereto*, as of a date not more than 16 months preceding the date of sale of the Note in the case of a U.S. savings and loan association, and not more than 18 months preceding such date of sale for a foreign savings and loan association or equivalent institution.

o *Broker-dealer*. The Transferee is a dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934.

o *Insurance Company*. The Transferee is an insurance company whose primary and predominant business activity is the writing of insurance or the reinsuring of risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a State, U.S. territory or the District of Columbia.

o *State or Local Plan.* The Transferee is a plan established and maintained by a State, its political subdivisions, or any agency or instrumentality of the State or its political subdivisions, for the benefit of its employees.

o *ERISA Plan*. The Transferee is an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended.

o *Investment Advisor*. The Transferee is an investment advisor registered under the Investment Advisers Act of 1940.

o *Other*. (Please supply a brief description of the entity and a cross-reference to the paragraph and subparagraph under subsection (a)(1) of Rule 144A pursuant to which it qualifies. Note that registered investment companies should complete Annex B rather than this Annex A.)

3. The term "*securities*" as used herein *does not include* (i) securities of issuers that are affiliated with the Transferee, (ii) securities that are part of an unsold allotment to or subscription by the Transferee, if the Transferee is a dealer, (iii) bank deposit notes and certificates of deposit, (iv) loan participations, (v) repurchase agreements, (vi) securities owned but subject to a repurchase agreement and (vii) currency, interest rate and commodity swaps. For purposes of determining the aggregate amount of securities owned and/or invested on a discretionary basis by the Transferee, the Transferee did not include any of the securities referred to in this paragraph.

4. For purposes of determining the aggregate amount of securities owned and/or invested on a discretionary basis by the Transferee, the Transferee used the cost of such securities to the Transferee, unless the Transferee reports its securities holdings in its financial statements on the basis of their market value, and no current information with respect to the cost of those securities has been published, in which case the securities were valued at market. Further, in determining such aggregate amount, the Transferee may have included securities owned by subsidiaries of the Transferee, but only if such subsidiaries are consolidated with the Transferee in its financial statements prepared in accordance with generally accepted accounting principles and if the investments of such subsidiaries are managed under the Transferee's direction. However, such securities were not included if the Transferee is a majority-owned, consolidated subsidiary of another enterprise and the Transferee is not itself a reporting company under the Securities Exchange Act of 1934.

5. The Transferee acknowledges that it is familiar with Rule 144A and understands that the Transferor and other parties related to the Notes are relying and will continue to rely on the statements made herein because one or more sales to the Transferee may in reliance on Rule 144A.

o	o	Will the Transferee be purchasing the Notes
Yes	No	only for the Transferee's own account?

6. If the answer to the foregoing question is "no," then in each case where the Transferee is purchasing for an account other than its own, such account belongs to a third party that is itself a "qualified institutional buyer" within the meaning of Rule l44A, and the "qualified institutional buyer" status of such third party has been established by the Transferee through one or more of the appropriate methods contemplated by Rule 144A.

7. The Transferee will notify each of the parties to which this certification is made of any changes in the information and conclusions herein. Until such notice is given, the Transferee's purchase of the Notes will constitute a reaffirmation of this certification as of the date of such purchase. In addition, if the Transferee is a bank or savings and loan as provided above, the Transferee agrees that it will furnish to such parties any updated annual financial statements that become available on or before the date of such purchase, promptly after they become available.

Print Name of Transferee

By: _____
Name:
Title:
Date:

SCHEDULE A-1

SCHEDULE OF INITIAL RECEIVABLES

AVAILABLE UPON REQUEST

SEPARATION AND RELEASE AGREEMENT

This SEPARATION AND RELEASE AGREEMENT (the "Agreement") is entered into as of the 28th day of January, 2008, by and between H&R Block Management, LLC, a Delaware limited liability company ("HRB") and Marc West ("Executive").

WHEREAS, Executive and HRB are parties to an Employment Agreement dated September 15, 2004 (the "Employment Agreement"),

WHEREAS, Executive and HRB agree to terminate Executive's employment with HRB,

WHEREAS, Executive and HRB intend the terms and conditions of this Agreement to govern all issues related to Executive's employment and separation from HRB,

NOW, THEREFORE, in consideration of the covenants and mutual promises contained in this Agreement, Executive and HRB agree as follows:

1. Termination of Employment. The parties agree that Executive's employment with HRB will terminate on May 1, 2008 ("Termination Date"). Until the Termination Date, the Executive will remain on active payroll and be paid his current salary in accordance with HRB's regular payroll practices. Until the Termination Date, Executive agrees that he will make himself available for consultation on an as-needed basis as determined by HRB's Interim Chief Executive Officer with respect to matters within the scope of his employment, and will respond to questions and provide guidance as requested by HRB from time to time with respect to such matters. On or after the Termination Date, Executive acknowledges and agrees that he will not represent himself as being an employee, officer, director, trustee, member, partner, agent, or representative of HRB for any purpose, and will not make any public statements on behalf of HRB.

2. Resignation. Executive agrees that as of the Termination Date, he resigns from all offices, directorships, trusteeships, committee memberships, and fiduciary capacities held with, or on behalf of, HRB or its subsidiaries or affiliates (collectively as "Affiliates"), or any benefit plans of HRB or its Affiliates. Executive will execute the resignations attached as Exhibit A on minute book paper contemporaneously with his execution of this Agreement.

3. Severance Benefits. The parties agree to treat the Executive's termination of employment as a termination without "cause" and a "Qualifying Termination" (as defined in Section 1.07 of the Employment Agreement) for purposes of Executive's eligibility for severance compensation and benefits as set forth in this Section. Subject to the terms and conditions of this Agreement, including Executive's executing this Agreement and the Supplemental General Release, the Executive acknowledges and agrees that he will not be eligible for any compensation or benefits after the Termination Date except for the following:

a. Severance Pay. Subject to the terms of the H&R Block Severance Plan ("Severance Plan"), HRB will pay to Executive $640,000.00 (which amount represents an aggregate of Executive's (A) annual base salary of $400,000.00 and (B) target short-term incentive compensation for HRB's fiscal year 2008 of $240,000.00, each determined as of the date of this Agreement) over a 12-month period effective as of the

Termination Date in semi-monthly equal installments (less required tax withholdings and elected benefit withholdings).

b. Short Term Incentive Bonus Payment. HRB will pay Executive a Short Term Incentive bonus for Fiscal Year 2008 at 100% of his target in accordance with the Company's regular short term incentive process, and the terms and conditions of the short term incentive plan in which Executive currently participates. The Company will pay Executive the Short Term Incentive bonus due him at the time the Company pays other such bonuses.

c. Employee Benefits. Executive will remain eligible to participate in the various health and welfare benefit plans maintained by HRB in accordance with the terms of the Severance Plan. After his severance benefits cease, Executive may be eligible to continue coverage of group health plan benefits under COBRA. Conversion privileges may also be available for other benefit plans.

d. Stock Options. Those portions of any outstanding incentive stock options ("ISO Stock Options") and nonqualified stock options ("NQ Stock Options") to purchase shares of HRB's common stock granted to Executive by HRB that are scheduled to vest between the Termination Date and 18 months thereafter (based solely on the time-specific vesting schedule included in the applicable stock option agreement) shall vest and become exercisable as of the Termination Date. A list of the stock options vested as of the date of this Agreement and to become vested pursuant to this Section is attached as Exhibit B. Any stock options unaffected by the operation of this Section shall be forfeited to HRB on the Termination Date. No later than the Termination Date, Executive will complete an election form on which he will elect the time period during which he may exercise his ISO and NQ Stock Options. Executive acknowledges and agrees that he is solely responsible for the income tax treatment of his ISO and NQ Stock Options election, and that HRB has not provided him any personal tax advice about this election. HRB encourages Executive to seek independent tax advice regarding this election.

e. Restricted Shares. All restrictions on any shares of HRB's common stock awarded to Executive by HRB ("Restricted Shares") that would have lapsed absent a termination of employment in accordance with their terms by reason of time between the Termination Date and 18 months thereafter shall terminate (and shall be fully vested) as of the Termination Date. Any shares unaffected by the operation of this Section shall be forfeited to HRB on the Termination Date. A list of the Restricted Shares outstanding as of the date of this Agreement and to become vested pursuant to this Section is attached as Exhibit C.

f. Performance Shares. The number of performance shares Executive will receive at the end of the performance period (June 30, 2009) of those awarded him under the June 30, 2006 grant will be determined based upon (1) Executive's pro-rata length of service during the performance period, and (2) the achievement of the performance goals at the end of the performance period. HRB will pay any performance shares due Executive to him at the time payments are generally made to other individuals who received an award of performance shares on June 30, 2006. On the Termination Date, Executive shall forfeit to HRB any Performance Shares HRB awarded him pursuant to a

cycle which is less than one year old. A list of the Performance Shares eligible to become payable pursuant to this subsection is attached as Exhibit D.

g. Outplacement Services. HRB will pay directly to Right Management Services for twelve (12) months of outplacement services to be provided to Executive.

h. Deferred Compensation. Executive will receive his vested account balance and payment in accordance with Executive's payment elections under the H&R Block Deferred Compensation Plan for Executives, as amended.

h. Forfeiture. Executive agrees that the compensation and benefits described in this Section will cease and no further compensation and benefits will be provided to him if he violates any of the post-employment obligations under Section 5 of this Agreement, or Articles Two and Three of the Employment Agreement.

4. Vacation. HRB will pay Executive for his accrued, unused paid time off which includes vacation, floating holidays, and personal days (but excludes sick leave as set forth in the Company's policies) within 21 days of the Termination Date. Executive will not receive any other payment for vacation or holidays.

5. Executive's Representations. Executive represents and acknowledges to HRB that (a) HRB has advised him to consult with an attorney of his choosing; (b) he has had twenty-one (21) days to consider the waiver of his rights under the Age Discrimination in Employment Act of 1967, as amended ("ADEA") prior to signing this Agreement; (c) he has disclosed to HRB any information in his possession concerning any conduct involving HRB or its Affiliates that he has any reason to believe involves any false claims to any governmental agency, or is or may be unlawful, or violates HRB policy in any respect; (d) the consideration provided him under this Agreement is sufficient to support the releases provided by him under this Agreement; and (e) he has not filed any charges, claims or lawsuits against HRB involving any aspect of his employment which have not been terminated as of the date of this Agreement. Executive understands that HRB regards the representations made by him as material and that HRB is relying on these representations in entering into this Agreement.

6. Effective Date of this Agreement. Executive shall have seven (7) days from the date he signs this Agreement to revoke his consent to the waiver of his rights under the ADEA in writing addressed and delivered to Alan Bennett, Interim Chief Executive Officer, which action shall revoke this Agreement. If Executive revokes this Agreement, all of its provisions shall be void and unenforceable. If Executive does not revoke his consent, this Agreement will take effect on the day after the end of this revocation period (the "Effective Date").

7. Surviving Employment Agreement Obligations. Executive and HRB agree that the termination of Executive's employment will not affect the following provisions of the Employment Agreement which, by their express terms, impose continuing obligations on one or more of the parties following termination of the Employment Agreement: (a) Article Two, "Confidentiality" — Sections 2.01, 2.02; (b) Article Three, "Non-Hiring; Non-Solicitation; No Conflicts; Non-Competition" — Sections 3.01, 3.02, 3.03, 3.05, 3.06; and (c) Article Four, "Miscellaneous" — Section 4.03. Under Section 3.05 of the Employment Agreement, the parties agree to revise "Line of Business" for purposes of Executive's non-compete restriction to include

any business that is competitive with the primary business activities of HRB's Tax Services segment as of the date hereof (which are tax preparation, accounting, and small business services). Executive acknowledges and agrees that he will fully comply with these obligations. HRB may agree to waive any of Executive's surviving post-employment obligations under the Employment Agreement. Any such waiver must be in writing and signed by Executive and the Chief Executive Officer of HRB. Unless otherwise agreed by the parties in writing, any payments made to Executive under this Agreement will immediately cease upon any such waiver.

8. Business Expenses and Commitments. As of the Termination Date, Executive agrees that he will have submitted required documentation for all outstanding expenses on his HRB corporate credit card. Executive further agrees that he will not initiate, make, renew, confirm or ratify any contracts or commitments for or on behalf of HRB or any Affiliate, nor will he incur any expenses on behalf of HRB or any Affiliate without HRB's prior written consent.

9. Release. Executive and his heirs, assigns, and agents forever release, waive, and discharge HRB and Released Parties as defined below from each and every claim, action, or right of any sort, known or unknown, arising on or before the Effective Date.

a. The foregoing release includes, but is not limited to, (1) any claim of retaliation or discrimination on the basis of race, sex, pregnancy, religion, marital status, sexual orientation, national origin, handicap or disability, age, veteran status, special disabled veteran status, or citizenship status or any other category protected by law; (2) any other claim based on a statutory prohibition or requirement such as the Age Discrimination in Employment Act, Title VII of the Civil Rights Act, the Americans With Disabilities Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, the Missouri Human Rights Act, the Missouri Service Letter Statute, and the Civil Rights Ordinance of Kansas City, Missouri; (3) any claim arising out of or related to an express or implied employment contract, any other contract affecting terms and conditions of employment, or a covenant of good faith and fair dealing; (4) any tort claims such as wrongful discharge, detrimental reliance, defamation, emotional distress, or compensatory or punitive damages; (5) any personal gain with respect to any claim arising under the qui tam provisions of the False Claims Act, 31 U.S.C. 3730, and (6) any claims to attorney fees, expenses, costs, disbursements, and the like.

b. Executive represents that he understands the foregoing release, that rights and claims under the Age Discrimination in Employment Act of 1967, as amended, are among the rights and claims against HRB he is releasing, and that he understands that he is not releasing any rights or claims arising after the Effective Date.

c. Executive further agrees never to sue HRB or cause HRB to be sued regarding any matter within the scope of the above release. If Executive violates this release by suing HRB or causing HRB to be sued, Executive agrees to pay all costs and expenses of defending against the suit incurred by HRB, including reasonable attorneys' fees except to the extent that paying such costs and expenses is prohibited by law or would result in the invalidation of the foregoing release.

d. “Released Parties” for purposes of this Agreement are HRB, all current and former parents, subsidiaries, related companies, partnerships or joint ventures, and, with respect to each of them, their predecessors and successors; and, with respect to each such entity, all of its past, present, and future employees, officers, directors, stockholders, owners, representatives, assigns, attorneys, agents, insurers, employee benefit programs (and the trustees, administrators, fiduciaries and insurers of such programs), and any other person acting by, through, under or in concert with any of the persons or entities listed in this paragraph, and their successors.

10. Breach by Executive. HRB’s obligations to Executive after the Effective Date are contingent on his obligations under this Agreement. Any material breach of this Agreement by Executive will result in the immediate cancellation of HRB’s obligations under this Agreement and of any benefits that have been granted to Executive by the terms of this Agreement except to the extent that such cancellation is prohibited by law or would result in the invalidation of the foregoing release.

11. Executive Availability. Executive agrees to make himself reasonably available to HRB to respond to requests by HRB for information pertaining to or relating to the Company and/or its Affiliates, agents, officers, directors or employees. Executive will cooperate fully with HRB in connection with any and all existing or future litigation or investigations brought by or against HRB or any of its Affiliates, agents, officers, directors or employees, whether administrative, civil or criminal in nature, in which and to the extent HRB deems Executive’s cooperation necessary. HRB will reimburse Executive for reasonable out-of pocket expenses incurred as a result of such cooperation. Nothing herein shall prevent the Employee from communicating with or participating in any government investigation.

12. Non-Disparagement. Executive agrees, subject to any obligations he may have under applicable law, that he will not make or cause to be made any statements that disparage, are inimical to, or damage the reputation of HRB or any of its Affiliates, agents, officers, directors, or employees. In the event such a communication is made to anyone, including but not limited to the media, public interest groups and publishing companies, it will be considered a material breach of the terms of this Agreement and Executive will be required to reimburse HRB for any and all compensation and benefits (other than those already vested) paid under the terms of this Agreement and all commitments to make additional payments to Executive will be null and void.

13. Return of Company Property. Executive agrees that as of the Termination Date he will have returned to HRB any and all HRB property or equipment in his possession, including but not limited to, any computer, printer, fax, phone, credit card, badge, Blackberry, and telephone card assigned to him.

14. Severability of Provisions. In the event that any provision in this Agreement is determined to be legally invalid or unenforceable by any court of competent jurisdiction, and cannot be modified to be enforceable, the affected provision shall be stricken from the Agreement, and the remaining terms of the Agreement and its enforceability shall remain unaffected.

15. Entire Agreement. This Agreement sets forth the entire agreement and understanding between the parties and may be changed only with the written consent of both

parties and only if both parties make express reference to this Agreement. The parties have not relied on any oral statements that are not included in this Agreement. This Agreement supersedes all prior agreements and understandings concerning the subject matter of this Agreement. Any modifications to this Agreement must be in writing and signed by Executive and the Chief Executive Officer of HRB. Failure of HRB to insist upon strict compliance with any of the terms, covenants, or conditions of this Agreement will not be deemed a waiver of such terms, covenants, or conditions.

16. Applicable Law. This Agreement shall be construed, interpreted, and applied in accordance with the law of the State of Missouri.

17. Successors and Assigns. This Agreement and each of its provisions will be binding upon Executive and his executors, successors, and administrators, and will inure to the benefit of HRB and its successors and assigns. Executive may not assign or transfer to others the obligation to perform his duties hereunder.

18. Specific Performance by Executive. The parties acknowledge that money damages alone will not adequately compensate HRB for Executive 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 Executive, in addition to all other remedies available at law, in equity or otherwise, HRB will be entitled to injunctive relief compelling Executive's specific performance of (or other compliance with) the terms hereof.

19. Counterparts. This Agreement may be signed in counterparts and delivered by facsimile transmission confirmed promptly thereafter by actual delivery of executed counterparts.

20. Supplemental Release. Executive agrees that within 21 days after the Termination Date, he will execute an additional release covering the period from the Effective Date to the Termination Date. Executive agrees that all HRB covenants that relate to its obligations beyond the last day of employment will be contingent on Executive's execution of the supplemental release. The supplemental release will be in the form of Exhibit E to this Agreement.

EXECUTIVE

/s/ Marc West
Marc West

Dated: 1/22/08

Accepted and Agreed:

H&R BLOCK, INC.

By: /s/ Alan Bennett
Alan Bennett
Interim Chief Executive Officer

Dated: 1/28/08

EXHIBIT A

RESIGNATION

TO: The Board of Directors of H&R Block, Inc.:

Effective May 1, 2008, I hereby resign my position from the following companies as follows:

- Group President, Burr Oak Technical Solutions, Inc., a Delaware corporation;
- Director, H&R Block (India) Private Limited, an India corporation;
- Group President, Commercial Markets, H&R Block Management, LLC, a Delaware limited liability company;
- Group President, Commercial Markets, H&R Block, Inc., a Missouri corporation;
- President, RedGear Technologies, Inc., a Missouri corporation;
- Group President, ServiceWorks, Inc., a Delaware corporation; and
- Group President, TaxWorks, Inc., a Delaware corporation.

Dated: 1/28/08

/s/ Marc West
Marc West

EXHIBIT B

STOCK OPTION SUMMARY

Grant Date	Grant Price	Outstanding	Vested	Accelerated
9/13/2004	$24.145	60,000	60,000	0
6/30/2005	$29.175	48,000	32,000	16,000
6/30/2006	$ 23.86	80,000	26,666	53,334
6/30/2007	$ 23.37	100,000	0	66,666
		288,000	118,666	136,000

EXHIBIT C

RESTRICTED SHARES SUMMARY

Grant Date	Grant Price	Outstanding	Vested	Accelerated
6/30/05	$0.00	1,334		1,334

EXHIBIT D

PERFORMANCE SHARES SUMMARY

Grant Date	Grant Price	Outstanding	Vested	Accelerated
6/30/2006	$0.00	9,000		*

* The number of shares actually awarded will be determined at the end of the 3-year performance cycle (6/30/2009) based upon actual performance results. Award will be prorated based upon the number of days worked by Executive during the three year performance cycle.

EXHIBIT E

SUPPLEMENTAL GENERAL RELEASE

This Supplemental General Release is delivered by Marc West ("Executive") to and for the benefit of the Released Parties (as defined below). The Executive acknowledges that this Supplemental General Release is executed in accordance with Section 20 of the Separation Agreement and Release between the parties.

1. General Release. Executive and his heirs, assigns, and agents forever release, waive, and discharge HRB and Released Parties as defined below from each and every claim, action, or right of any sort, known or unknown, arising on or before the Effective Date.

a. The foregoing release includes, but is not limited to, (1) any claim of retaliation or discrimination on the basis of race, sex, pregnancy, religion, marital status, sexual orientation, national origin, handicap or disability, age, veteran status, special disabled veteran status, or citizenship status or any other category protected by law; (2) any other claim based on a statutory prohibition or requirement such as the Age Discrimination in Employment Act, Title VII of the Civil Rights Act, the Americans With Disabilities Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, the Missouri Human Rights Act, the Missouri Service Letter Statute, and the Civil Rights Ordinance of Kansas City, Missouri; (3) any claim arising out of or related to an express or implied employment contract, any other contract affecting terms and conditions of employment, or a covenant of good faith and fair dealing; (4) any tort claims such as wrongful discharge, detrimental reliance, defamation, emotional distress, or compensatory or punitive damages; (5) any personal gain with respect to any claim arising under the qui tam provisions of the False Claims Act, 31 U.S.C. 3730, and (6) any claims to attorney fees, expenses, costs, disbursements, and the like.

b. Executive represents that he understands the foregoing release, that rights and claims under the Age Discrimination in Employment Act of 1967, as amended, are among the rights and claims against HRB he is releasing, and that he understands that he is not releasing any rights or claims arising after the Effective Date.

c. Executive further agrees never to sue HRB or cause HRB to be sued regarding any matter within the scope of the above release. If Executive violates this release by suing HRB or causing HRB to be sued, Executive agrees to pay all costs and expenses of defending against the suit incurred by HRB, including reasonable attorneys' fees except to the extent that paying such costs and expenses is prohibited by law or would result in the invalidation of the foregoing release.

d. "Released Parties" for purposes of this Agreement are HRB, all current and former parents, subsidiaries, related companies, partnerships or joint ventures, and, with respect to each of them, their predecessors and successors; and, with respect to each such entity, all of its past, present, and future employees, officers, directors, stockholders,

owners, representatives, assigns, attorneys, agents, insurers, employee benefit programs (and the trustees, administrators, fiduciaries and insurers of such programs), and any other person acting by, through, under or in concert with any of the persons or entities listed in this paragraph, and their successors.

2. No Existing Suit. Executive represents and warrants that, as of the Effective Date of this Supplemental General Release, he has not filed or commenced any suit, claim, charge, complaint, or other legal proceeding of any kind against the Released Parties. The Executive acknowledges that this Supplemental General Release does not prohibit him from filing a charge of discrimination with the Equal Employment Opportunity Commission.

3. Knowing and Voluntary Waiver. By signing this Supplemental General Release ("Release"), Executive expressly acknowledges and agrees (a) HRB has advised him to consult with an attorney of his choosing; (b) he has had twenty-one (21) days to consider the waiver of his rights under the Age Discrimination in Employment Act of 1967, as amended ("ADEA") prior to signing this Agreement; (c) he has carefully read this Release and know what it means; (d) the consideration provided him under this Release is sufficient to support the releases provided by him under this Release; and (e) Executive shall have seven (7) days from the date he signs this Release to revoke his consent to the waiver of his rights under the ADEA in writing addressed and delivered to Alan Bennett, Interim Chief Executive Officer, which action shall revoke this Release. If Executive revokes this Release, he agrees that he will not be entitled to receive any of the payments or benefits under Section 2 of the Separation Agreement. If Executive does not revoke his consent, this Agreement will take effect on the day after the end of this revocation period (the "Effective Date").

EXECUTIVE

/s/ Marc West
Marc West

DATE: 1/29/08

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Alan M. Bennett, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of H&R Block, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 5, 2008

/s/ Alan M. Bennett
Alan M. Bennett
Chief Executive Officer
H&R Block, Inc.

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Becky S. Shulman, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of H&R Block, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 5, 2008

/s/ Becky S. Shulman
Becky S. Shulman
Chief Financial Officer
H&R Block, Inc.

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of H&R Block, Inc. (the "Company") on Form 10-Q for the period ending January 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alan M. Bennett, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Alan M. Bennett
Alan M. Bennett
Chief Executive Officer
H&R Block, Inc.
March 5, 2008

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of H&R Block, Inc. (the "Company") on Form 10-Q for the period ending January 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Becky S. Shulman, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Becky S. Shulman
Becky S. Shulman
Chief Financial Officer
H&R Block, Inc.
March 5, 2008