

In the event the Issuer instructs the Fiscal Agent not to pay all or part of a distribution to Shareholders, the Fiscal Agent will be required to retain the funds in an account established under the Fiscal Agency Agreement and to pay such amounts as soon as practical after being instructed to do so by the Issuer.

HEDGE AGREEMENTS

The Issuer may enter into one or more interest rate or cash flow swaps, caps or timing agreements or other interest rate or protection agreements (each, a "Hedge Agreement") with a counterparty (each, a "Hedge Counterparty") (or its guarantor) that satisfies the Hedge Counterparty Ratings. Any such Hedge Agreement must permit the Issuer to terminate the agreement (with the Hedge Counterparty bearing the costs of any replacement Hedge Agreement) if the Hedge Counterparty ceases to meet the Hedge Counterparty Ratings, except in certain circumstances where the Hedge Counterparty provides credit support.

The Trustee will apply any proceeds from termination of a Hedge Agreement to enter into a replacement Hedge Agreement (as directed by the Investment Manager) on substantially identical terms or such other terms as to which Rating Agency Confirmation is obtained; *provided*, that the Investment Manager may determine not to enter into a replacement Hedge Agreement if Rating Agency Confirmation is obtained. Subject to the foregoing proviso, the Investment Manager (on behalf of the Issuer) will use reasonable best efforts to cause the termination of a Hedge Agreement to become effective simultaneously with the entry into a replacement Hedge Agreement.

INVESTMENT MANAGEMENT AGREEMENT

General

The Investment Manager will perform certain investment management functions, including directing the purchase and sale of Collateral and performing certain administrative functions on behalf of the Issuer in accordance with the applicable provisions of the Indenture. The Investment Manager agrees, and will be authorized, to (i) select the Collateral Obligations to be acquired by the Issuer, (ii) monitor the portfolio of Collateral Obligations on an ongoing basis and advise the Issuer as to which Collateral Obligations to sell and which Collateral Obligations to acquire, (iii) instruct the Trustee with respect to any disposition or tender of a Collateral Obligation or Eligible Investment by the Issuer, and (iv) assist the Issuer in the preparation of reports, orders and other documents to the extent required pursuant to the Indenture.

The Investment Manager will use reasonable care in rendering its services under the Investment Management Agreement, using a degree of skill and attention no less than that which the Investment Manager exercises with respect to comparable assets that it manages for itself and for others in accordance with its existing practices and procedures relating to assets of the nature and character of the Collateral Obligations and in a manner consistent with the degree of skill and attention exercised by reasonable and prudent institutional managers of assets of the nature and character of the Collateral Obligations, except as expressly provided otherwise in accordance with the Investment Management Agreement and the Indenture. Neither the Investment Manager nor its Affiliates, nor their respective stockholders, directors, officers or employees, will be liable to the Issuer, the Trustee, the Collateral Administrator or the holders of the Securities for any loss incurred as a result of the acts or omissions taken by or recommended by the Investment Manager under the Investment Management Agreement or the Indenture, except by reason of acts constituting bad faith, willful misconduct or gross negligence in the performance, or reckless disregard, of its obligations thereunder or with respect to the acquisition of Loans by the Issuer as advised by the Investment Manager prior to the Closing Date. Subject to the above mentioned standard of conduct, the Investment Manager, its Affiliates and their respective stockholders, directors, officers or employees will be entitled to indemnification by the Issuer for any losses or liabilities, including legal or other expenses, relating to the issuance of the Securities, the transactions contemplated by the Indenture or the performance of the Investment Manager's obligations under the Investment Management Agreement, which will be payable in accordance with the Priority of Payments.

Under the Investment Management Agreement, the Investment Manager is obligated not to intentionally or with gross negligence or reckless disregard take any action that, among other things, would subject the Issuer to U.S. federal, state or local income taxation on a net income basis. With respect to certain of its investment activities on behalf of the Issuer, and subject to certain conditions set forth in the Investment Management Agreement, the