

Section 12.3 Certain Restrictions.

(a) Any sale or purchase by the Issuer of a Collateral Obligation or Eligible Investment shall be conducted on an arm's length basis. A purchase or sale may be effected with the Collateral Manager or a person Affiliated with the Collateral Manager or any fund or account for which the Collateral Manager or an Affiliate of the Collateral Manager acts as investment adviser only in accordance with the terms of the Collateral Management Agreement.

(b) Notwithstanding anything to the contrary herein, the Issuer will not purchase or acquire (whether as part of a "unit" with a Collateral Obligation, in exchange for a Collateral Obligation or otherwise) any asset that constitutes an equity interest for U.S. federal income tax purposes unless such asset is issued by an entity that is treated as a corporation that is not a United States real property holding corporation as defined in Section 897(c)(2) of the Code for U.S. federal income tax purposes.

(c) Synthetic Securities will not be used as a means of making future advances to a Synthetic Security Counterparty.

(d) The Issuer and the Collateral Manager, in acting on behalf of the Issuer, will comply with all restrictions contained in Schedule A to the Collateral Management Agreement.

ARTICLE 13

NOTEHOLDERS' RELATIONS

Section 13.1 Subordination.

(a) Anything in this Indenture or the Notes to the contrary notwithstanding, the Holders of each Class of Notes that constitute a Junior Class agree for the benefit of the Holders of the Notes of each Priority Class with respect to such Junior Class that such Junior Class shall be subordinate and junior to the Notes of each such Priority Class to the extent and in the manner set forth in this Indenture. If any Event of Default has not been cured or waived and acceleration occurs in accordance with Article 5, including as a result of an Event of Default specified in Section 5.1(f) or (g), each Priority Class shall be paid in full in Cash before any further payment or distribution is made on account of any Junior Class with respect thereto. The Holders of each Class agree not to cause the filing of a petition in bankruptcy against the Issuer or the Co-Issuer for failure to pay to them amounts due to such Class or hereunder until the payment in full of all Notes and not before one year and a day, or if longer, the applicable preference period then in effect, has elapsed since such payment.

(b) In the event that, notwithstanding the provisions of this Indenture, any Holder of Notes of any Junior Class shall have received any payment or distribution in respect of such Notes contrary to the provisions of this Indenture, then, unless and until each Priority Class with respect thereto shall have been paid in full in Cash in accordance with this Indenture, such payment or distribution shall be received and held in trust for the benefit of, and shall forthwith be paid over and delivered to, the Trustee, which shall pay and deliver the same to the Holders of the applicable Priority Class(es) in accordance with this Indenture; *provided, however*, that, if