

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

**CONTIMORTGAGE HOME EQUITY TRUST 1997-5**

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15 (d)

OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported) December 30, 1997

CONTIMORTGAGE HOME EQUITY LOAN TRUST 1997-5  
(Exact name of registrant as specified in its charter)

NEW YORK  
(State or other jurisdiction)

333-39505  
(Commission  
File Number)

APPLICATION PENDING  
(IRS Employer  
ID Number)

277 PARK AVENUE, NEW YORK, NEW YORK

10172

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(Address of principal executive offices)

(Zip Code)

Registrant's Telephone Number, including area code: (212) 207-2800

N/A

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(Former name or former address, if changed since last report)

Item 2. ACQUISITION OR DISPOSITION OF ASSETS

Description of the Certificates and the Mortgage Loans

ContiSecurities Asset Funding Corp. registered issuance of up to

\$6,000,000,000 principal amount of Asset Backed Certificates on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1993, as amended (the "Act"), by a Registration Statement on Form S-3 (Registration File No. 333-39505) (as amended, the "Registration Statement"). Pursuant to the Registration Statement, ContiMortgage Home Equity Loan Trust 1997-5 (the "Registrant" or the "Trust") issued \$1,660,000,000 in aggregate principal amount of its Home Equity Pass-Through Certificates, Series 1997-5 (the "Certificates"), on December 23, 1997. This Current Report on Form 8-K is being filed to satisfy an undertaking to file copies of certain agreements executed in connection with the issuance of the Certificates, the forms of which were filed as Exhibits to the Registration Statement.

Certain certificates were issued pursuant to a Pooling and Servicing Agreement (the "Pooling and Servicing Agreement") attached hereto as Exhibit 4.2, dated as of December 1, 1997, among ContiSecurities Asset Funding Corp. (the "Depositor"), ContiMortgage Corporation (the "Company"), as seller and servicer (the "Servicer") and Manufacturers and Traders Trust Company, in its capacity as trustee (the "Trustee"). The certificates issued pursuant to the Pooling and Servicing Agreement consist of the following classes: the Class A-1, Class A-2 Fixed, Class A-3, Class A-4, Class A-5, Class A-6, Class A-7, Class A-8, Class A-9, Class A-10 and Class A-11 IO Certificates (the "Class A Trust Certificates"), the Class B Certificates (the "Class B Certificates"), the Class R Certificates (the "Class R Certificates") and the Class R-I Certificates (the "Class R-I Certificates" and together with the Class A Trust Certificates, the Class B Certificates and the Class R Certificates, the "Trust Certificates"). The Trust Certificates evidence, in the aggregate, 100% of the undivided beneficial ownership interests in the Trust. Certain certificates were issued pursuant to a Grantor Trust Agreement (the "Grantor Trust Agreement") attached hereto as Exhibit 4.3, dated as of December 1, 1997, among ContiSecurities Asset Funding Corp. (the "Depositor"), ContiMortgage Corporation (the "Company"), as servicer (the "Servicer") and Manufacturers and Traders Trust Company, in its capacity as trustee (the "Grantor Trustee"). The certificates issued pursuant to the Grantor Trust Agreement consist of the Class A-2 Floating Certificates. Only the Class A Trust Certificates (except the Class A-2 Fixed Certificates), the Class A-2 Floating Certificates and Class B Certificates were offered pursuant to the Registration Statement.

The assets of the Trust initially include a pool of closed-end home equity loans (the "Home Equity Loans") secured by mortgages or deeds of trust primarily on one-to-four family residential properties. Interest distributions on the Class A Trust Certificates are based on the Certificate Principal Balance (or, in the case of the Class A-11 IO Certificates, the Notional Principal Amount) thereof and the applicable Pass-Through Rate thereof. The Pass-Through rates for the Class A Certificates are as follows: Class A-1, 5.90625%; Class A-2 Fixed, 6.37%; Class A-3, 6.40%; Class A-4, 6.58%; Class A-5, 6.63%, Class A-6, 6.87%; Class A-7 Class A-8, Class A-9, Class A-10 and Class A-11 IO, as defined in the Pooling and Servicing Agreement and Class A-2 Floating as defined in the Grantor Trust Agreement. The Pass-Through Rate for the Class B Certificate is 7.62%. The Class A Trust Certificates have initial aggregate principal amount as follows: Class A-1, \$103,340,000; Class A-2 Fixed, 675,000,000; Class A-3, \$63,000,000; Class A-4, \$140,000,000; Class A-5, \$40,000,000; Class A-6, \$115,540,000; Class

A-7, \$130,000,000; Class A-8, \$109,520,000; Class A-9, \$35,605,000; Class A-10, \$194,875,000; Class B, \$53,120,000. The Class A-11 IO Certificate is interest only and has no Certificate Principal Balance. The Class A-2 Floating Certificate has an initial aggregate principal balance of \$675,000,000.

As of the Cut-Off Date, the Home Equity Loans possessed the characteristics described in the Prospectus dated December 16, 1997 and the Prospectus Supplement dated December 16, 1997 filed pursuant to Rule 424(b)(5) of the Act on December 22, 1997.

Item 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a) Not applicable.

(b) Not applicable.

(c) Exhibits:

- 4.1 Underwriting Agreement dated December 5, 1997 among ContiSecurities Asset Funding Corp., Greenwich Capital Markets Inc., ContiMortgage Corporation and ContiWest Corporation.
- 4.2 Pooling and Servicing Agreement dated as of December 1, 1997, among ContiSecurities Asset Funding Corp., as the depositor, ContiMortgage Corporation, as a seller and servicer, ContiWest Corporation, as a seller and Manufacturers and Traders Trust Company, as the Trustee.
- 4.3 Grantor Trust Agreement dated as of December 1, 1997, among ContiSecurities Asset Funding Corp., as the depositor, ContiMortgage Corporation, as the servicer and Manufacturers and Traders Trust Company, as the Grantor Trustee.

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.

CONTISECURITIES ASSET FUNDING CORP.

BY:/s/ James E. Moore

Name: James E. Moore

Title: Authorized Signatory

Dated: December 30, 1997

EXHIBIT INDEX

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\$1,660,000,000  
CONTIMORTGAGE HOME EQUITY LOAN TRUST 1997-5  
Home Equity Loan Pass-Through Certificates  
Series 1997-5

UNDERWRITING AGREEMENT

December 5, 1997

Greenwich Capital Markets, Inc.

As Representative of the Several Underwriters  
600 Steamboat Road  
Greenwich, Connecticut 06830

Ladies and Gentlemen:

ContiSecurities Asset Funding Corp. (the "Depositor"), a Delaware corporation, has authorized the issuance and sale of Home Equity Loan Pass-Through Certificates, Series 1997-5, Class A-1, Class A-2 Fixed, Class A-3, Class A-4, Class A-5, Class A-6, Class A-7, Class A-8, Class A-9, Class A-10 and Class A-11 IO, (the "Class A Trust Certificates"), Class B (the "Subordinate Certificates") and the Grantor Trust Pass-Through Certificates, Series 1997-A, Class A-2 Floating (the "Grantor Trust Certificates"). The Class A Trust Certificates (other than the Class A-2 Fixed Certificates), the Grantor Trust Certificates and the Subordinate Certificates are collectively the "Offered Certificates". Also issued are the Class R and R-I Certificates (the "Retained Certificates"). The Class A-2 Floating Certificates evidence interests in the ContiMortgage Grantor Trust 1997-A (the "Grantor Trust"). The Class A Trust Certificates, the Grantor Trust Certificates, the Subordinate Certificates and the Retained Certificates shall be referred to as the "Certificates".

Only the Offered Certificates are being purchased by the Underwriters named in Schedule A hereto, and the Underwriters are purchasing, severally, only the Offered Certificates set forth opposite their names in Schedule A, except that the amounts purchased by the Underwriters may change in accordance with Section X of this Agreement. Greenwich Capital Markets, Inc. ("Greenwich") is acting as representative of the several Underwriters and in such capacity is hereinafter referred to as the "Representative."

The Class A Trust Certificates, Subordinate Certificates and Retained Certificates (collectively the "Trust Certificates") will be issued under a pooling and servicing agreement (the "Pooling and Servicing Agreement"), to be dated as of December 1, 1997 among the Depositor, ContiMortgage Corporation ("ContiMortgage"), as the servicer and a seller (in such capacity, the "Servicer" or a "Seller," as the case may be), ContiWest Corporation

("ContiWest"), as a seller (a "Seller," and collectively with ContiMortgage, the "Sellers") and Manufacturers and Traders Trust Company, as the Trustee (in such capacity, the "Trustee"). Each of the Depositor, ContiMortgage and ContiWest is a subsidiary of ContiFinancial Corporation ("ContiFinancial").

The Trust Certificates will evidence fractional undivided interests in the Trust (the "Trust") formed pursuant to the Pooling and Servicing Agreement. The assets of the Trust will initially include, among other things, a pool of home equity loans, one comprised of fixed rate home equity loans and the other comprised of adjustable rate home equity loans having a Cut-Off Date as of the close of business on December 15, 1997 (the "Home Equity Loans"), and such amounts as may be held by the Trustee in any accounts held by the Trustee for the Trust. The Home Equity Loans are secured primarily by first and second deeds of trust or mortgages on one- to four-family residential properties. A form of the Pooling and Servicing Agreement has been filed as an exhibit to the Registration Statement.

The Grantor Trust Certificates will be issued pursuant to a Grantor Trust Agreement (the "Grantor Trust Agreement") dated as of December 1, 1997, among the Depositor, the Servicer and Manufacturers and Traders Trust Company, as the Grantor Trustee (in such capacity, the "Grantor Trustee").

The Grantor Trust Certificates evidence interests in the ContiMortgage Grantor Trust 1997-A, which is comprised of: (i) the Class A-2 Fixed Certificates issued by the Trust, (ii) a swap agreement between the Grantor Trust and National Westminster Bank, Plc. (the "Swap Agreement") and (iii) the rights of the Grantor Trustee under the related Certificate Insurance Policy.

The Certificates are more fully described in a Registration Statement which the Depositor has furnished to the Underwriters. Capitalized terms used but not defined herein shall have the meanings given to them in the Pooling and Servicing Agreement and the Grantor Trust Agreement.

The Class A Trust Certificates and the Grantor Trust Certificates will each be entitled to the benefits of a certificate guaranty insurance policy (together, the "Policies") issued by MBIA Insurance Corporation ("MBIA"). The Depositor, ContiMortgage and ContiWest will also enter into an Indemnification Agreement (the "Indemnification Agreement") dated as of December 1, 1997 among the Underwriters, the Depositor, ContiMortgage, ContiWest and MBIA, governing the liability of the several parties with respect to the losses resulting from material misstatements or omissions contained in the Prospectus Supplement.

Pursuant to Section 3.05 of the Pooling and Servicing Agreement and concurrently with the execution thereof, ContiMortgage and ContiWest will transfer to the Depositor all of their right, title and interest in and to the unpaid principal balances of the Home Equity Loans as of the Cut-Off Date and interest due after the Cut-Off Date and the collateral securing each Home Equity Loan.

SECTION I. REPRESENTATIONS AND WARRANTIES OF THE DEPOSITOR. The Depositor represents and warrants to, and agrees with the Underwriters that as of the date

hereof and as of the Closing Date:

A. A Registration Statement on Form S-3 (No. 333-39505), has (i) been prepared by the Depositor in conformity with the requirements of the Securities Act of 1933, as amended (the "Securities Act") and the rules and regulations (the "Rules and Regulations") of the United States Securities and Exchange Commission (the "Commission") thereunder, (ii) been filed with the Commission under the Securities Act and (iii) become effective and is still effective as of the date hereof under the Securities Act; Copies of such Registration Statement have been delivered by the Depositor to the Underwriters. As used in this Agreement, "Effective Time" means the date and the time as of which such Registration Statement, or the most recent post-effective amendment thereto, if any, was declared effective by the Commission; "Effective Date" means the date of the Effective Time; "Registration Statement" means such registration statement, at the Effective Time, including any documents incorporated by reference therein at such time; "Basic Prospectus" means such final prospectus dated December 16, 1997; and "Prospectus Supplement" means the final prospectus supplement relating to the Offered Certificates, to be filed with the Commission pursuant to paragraphs (2), (3) or (5) of Rule 424(b) of the Rules and Regulations. "Prospectus" means the Basic Prospectus together with the Prospectus Supplement. Reference made herein to the Prospectus shall be deemed to refer to and include any documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Securities Act, as of the date of the Prospectus and any reference to any amendment or supplement to the Prospectus shall be deemed to refer to and include any document filed under the Securities Exchange Act of 1934 (the "Exchange Act") after the date of the Prospectus, and incorporated by reference in the Prospectus and any reference to any amendment to the Registration Statement shall be deemed to include any report of the Depositor filed with the Commission pursuant to Section 13(a) or 15(d) of the Exchange Act after the Effective Time that is incorporated by reference in the Registration Statement. The Commission has not issued any order preventing or suspending the use of the Prospectus or the effectiveness of the Registration Statement and no proceedings for such purpose are pending or, to the Depositor's knowledge, threatened by the Commission. There are no contracts or documents of the Depositor which are required to be filed as exhibits to the Registration Statement pursuant to the Securities Act or the Rules and Regulations which have not been so filed or incorporated by reference therein on or prior to the Effective Date of the Registration Statement other than such documents or materials, if any, as any Underwriter delivers to the Depositor pursuant to Section VIII (D) hereof for filing on Form 8-K. The conditions for use of Form S-3, as set forth in the General Instructions thereto, have been satisfied.

To the extent that any Underwriter has provided to the Depositor Computational Materials that such Underwriter has provided to a prospective investor, the Depositor will file or cause to be filed with the Commission a report on Form 8-K containing such Computational Materials, as soon as reasonably practicable after the date of this Agreement, but in any event, not later than 11:00 a.m. New York time the date on which the Prospectus is made available to the Underwriter and is filed with the Commission pursuant to Rule 424 of the Rules and Regulations.

B. The Registration Statement and the Prospectus conform, and any further amendments or supplements to the Registration Statement or the Prospectus will conform, when they become effective or are filed with the Commission, as the case may be, in all respects to the requirements of the Securities Act and the Rules and Regulations. The Registration Statement, as of the Effective Date thereof and of any amendment thereto, did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus as of its date, and as amended or supplemented as of the Closing Date does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that no representation or warranty is made as to information contained in or omitted from the Registration Statement or the Prospectus in reliance upon and in conformity with written information furnished to the Depositor in writing by any Underwriters through the Representative expressly for use therein.

C. The documents incorporated by reference in the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and any further documents so filed and incorporated by reference in the Prospectus, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided that no representation is made as to documents deemed to be incorporated by reference in the Prospectus as the result of filing a Form 8-K at the request of the Underwriters except to the extent such documents reflect information furnished by the Depositor to the Underwriters for the purpose of preparing such documents.

D. Since the respective dates as of which information is given in the Prospectus, there has not been any material adverse change in the general affairs, management, financial condition, or results of operations of the Depositor, otherwise than as set forth or contemplated in the Prospectus as supplemented or amended as of the Closing Date.

E. The Depositor has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and is in good standing as a foreign corporation in each jurisdiction in which its ownership or lease of property or the conduct of its business so requires such standing. The Depositor has all power and authority necessary to own or hold its properties, to conduct the business in which it is engaged and to enter into and perform its obligations under this Agreement, the Grantor Trust Agreement and the Pooling and Servicing Agreement and to cause the Certificates to be issued.

F. There are no actions, proceedings or investigations pending with respect to which the Depositor has received service of process before or threatened by any court, administrative agency or other tribunal to which the Depositor is a party or of which any of its properties is the subject (a) which if determined adversely to the Depositor would have a material adverse effect on the business or financial condition of the Depositor, (b) asserting the invalidity of this Agreement, the Pooling and Servicing Agreement or the Certificates (c) seeking to prevent the issuance of the Certificates or the consummation by the Depositor of any of the transactions contemplated by the Pooling and Servicing Agreement, the Grantor Trust Agreement or this Agreement, as the case may be, or (d) which might materially and adversely affect the performance by the Depositor of its obligations under, or the validity or enforceability of, the Pooling and Servicing Agreement, the Grantor Trust Agreement, this Agreement or the Certificates.

G. This Agreement has been, and the Grantor Trust Agreement and the Pooling and Servicing Agreement when executed and delivered as contemplated hereby and thereby will have been, duly authorized, executed and delivered by the Depositor, and this Agreement constitutes, and the Pooling and Servicing Agreement and the Grantor Trust Agreement when executed and delivered as contemplated herein will constitute, legal, valid and binding instruments enforceable against the Depositor in accordance with their respective terms, subject as to enforceability to (x) applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights generally, (y) general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and (z) with respect to rights of indemnity under this Agreement and limitations of public policy under applicable securities laws.

H. The execution, delivery and performance of this Agreement, the Grantor Trust Agreement and the Pooling and Servicing Agreement by the Depositor and the consummation of the transactions contemplated hereby and thereby, and the issuance and delivery of the Certificates do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Depositor is a party, by which the Depositor is bound or to which any of the properties or assets of the Depositor or any of its subsidiaries is subject, which breach or violation would have a material adverse effect on the business, operations or financial condition of the Depositor or its ability to perform its obligations under this Agreement, the Grantor Trust Agreement and the Pooling and Servicing Agreement, nor will such actions result in any violation of the provisions of the articles of incorporation or by-laws of the Depositor or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Depositor or any of its properties or assets, which breach or violation would have a material adverse effect on the business, operations or financial condition of the Depositor or its ability to perform its obligations under this Agreement, the Grantor Trust Agreement and the Pooling and Servicing Agreement.

I. The Depositor has no reason to know that Arthur Andersen & Co. are not

independent public accountants with respect to the Depositor as required by the Securities Act and the Rules and Regulations.

J. The direction by the Depositor to the Trustee and the Grantor Trustee to authenticate, issue and deliver the Certificates has been duly authorized by the Depositor, and, assuming the Trustee and the Grantor Trustee have been duly authorized to undertake such actions, when executed; authenticated, issued and delivered by the Trustee and the Grantor Trustee, as applicable, in accordance with the Pooling and Servicing Agreement and the Grantor Trust Agreement, the Certificates will be validly issued and outstanding and the holders of the Certificates will be entitled to the rights and benefits of the Certificates as provided by the Pooling and Servicing Agreement and the Grantor Trust Agreement.

K. No consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body of the United States is required for the issuance of the Certificates and the sale of the Offered Certificates to the Underwriters, or the consummation by the Depositor of the other transactions contemplated by this Agreement, the Grantor Trust Agreement and the Pooling and Servicing Agreement except such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Offered Certificates by the Underwriters or as have been obtained.

L. The Depositor 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 conducted by it and as described in the Prospectus, and the Depositor has not received notice of any proceedings relating to the revocation or modification of any such license, certificate, authority or permit which if decided adversely to the Depositor would, singly or in the aggregate, materially and adversely affect the conduct of its business, operations or financial condition.

M. At the time of execution and delivery of the Pooling and Servicing Agreement, the Depositor will: (i) have good title to the Home Equity Loans conveyed by the Sellers, free and clear of any lien, mortgage, pledge, charge, encumbrance, adverse claim or other security interest (collectively, "Liens"); (ii) not have assigned to any person any of its right or title in the Home Equity Loans contemplated in the Pooling and Servicing Agreement or in the Certificates being issued pursuant thereto; and (iii) have the power and authority to sell its interest in the Home Equity Loans to the Trustee and to sell the Offered Certificates to the Underwriters. Upon execution and delivery of the Pooling and Servicing Agreement by the Trustee, the Trustee will have acquired beneficial ownership of all of the right, title and interest in and to the Home Equity Loans, free of any Liens. Upon delivery to the Underwriters of the Offered Certificates, the Underwriters will have good title to the Offered Certificates, free of any Liens.

N. Reserved.

O. As of the Statistical Calculation Date, each of the Home Equity Loans

will meet the eligibility criteria described in the Prospectus and will conform to the descriptions thereof contained in the Prospectus.

P. Reserved.

Q. Neither the Depositor nor the Trust created by the Pooling and Servicing Agreement nor the Grantor Trust created pursuant to the Grantor Trust Agreement is an "investment company" within the meaning of such term under the Investment Company Act of 1940 (the "1940 Act") and the rules and regulations of the Commission thereunder.

R. At the Closing Date, the Offered Certificates, the Grantor Trust Agreement and the Pooling and Servicing Agreement will conform in all material respects to the descriptions thereof contained in the Prospectus.

S. At the Closing Date, the Offered Certificates (other than the Subordinate Certificates) shall have been rated in the highest rating category by Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. ("Standard & Poor's") and Fitch IBCA, Inc. ("Fitch") and the Subordinate Certificates shall have been rated "Baa3" by Moody's, "BBB-" by Standard & Poor's and "BBB" by Fitch.

T. Any taxes, fees and other governmental charges in connection with the execution, delivery and issuance of this Agreement, the Grantor Trust Agreement, the Pooling and Servicing Agreement and the Certificates have been paid or will be paid at or prior to the Closing Date.

U. At the Closing Date, each of the representations and warranties of the Depositor, ContiMortgage and ContiWest set forth herein, in the Grantor Trust Agreement and in the Pooling and Servicing Agreement will be true and correct in all material respects.

V. Any certificate signed by an officer of the Depositor and delivered to the Representative or counsel for the Representative in connection with an offering of the Offered Certificates shall be deemed, and shall state that it is, a representation and warranty as to the matters covered thereby to each person to whom the representations and warranties in this Section I are made.

W. No registration, other than the filing of the Registration Statement is required with respect to the transfer of the Class A-2 Fixed Certificates from the Depositor to the Grantor Trust.

SECTION II. PURCHASE AND SALE. The commitment of the Underwriters to purchase the Offered Certificates pursuant to this Agreement shall be deemed to have been made on the basis of the representations and warranties herein contained and shall be subject to the terms and conditions herein set forth. The Depositor agrees to instruct the Trustee to issue the Offered Certificates and agrees to sell to the Underwriters, and the Underwriters agree (except as provided in Sections X and XI hereof) severally and not jointly to purchase from the Depositor, the aggregate initial principal amounts or percentage interests of the Offered Certificates of each Class, as set forth opposite their names on

Schedule A, at the purchase price or prices set forth on Schedule A.

SECTION III. DELIVERY AND PAYMENT. Delivery of and payment for the Offered Certificates shall be made at the offices of Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038, or at such other place as shall be agreed upon by the Representative and the Depositor at 10:00 A.M. New York City time on December 23, 1997 or at such other time or date as shall be agreed upon in writing by the Representative and the Depositor (such date being referred to as the "Closing Date"). Payment shall be made to the Depositor by wire transfer of same day funds payable to the account of the Depositor. Delivery of the Offered Certificates shall be made to the Representative for the accounts of the Underwriters against payment of the purchase price thereof. The Certificates shall be in such authorized denominations and registered in such names as the Representative may request in writing at least two business days prior to the Closing Date. The Offered Certificates will be made available for examination by the Representative no later than 2:00 p.m. New York City time on the first business day prior to the Closing Date.

SECTION IV. OFFERING BY THE UNDERWRITERS. It is understood that, subject to the terms and conditions hereof, the Underwriters propose to offer the Offered Certificates for sale to the public as set forth in the Prospectus.

SECTION V. COVENANTS OF THE DEPOSITOR. The Depositor and, to the extent the provisions of subsections H and I below relate to ContiMortgage and ContiWest, respectively, ContiMortgage and ContiWest agree as follows:

A. To prepare the Prospectus in a form approved by the Underwriters and to file such Prospectus pursuant to Rule 424(b) under the Securities Act not later than the Commission's close of business on the second business day following the availability of the Prospectus to the Underwriters; to make no further amendment or any supplement to the Registration Statement or to the Prospectus prior to the Closing Date except as permitted herein; to advise the Underwriters, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective prior to the Closing Date or any supplement to the Prospectus or any amended Prospectus has been filed prior to the Closing Date and to furnish the Underwriters with copies thereof without charge; to file promptly all reports and any definitive proxy or information statements required to be filed by the Depositor with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Prospectus and, for so long as the delivery of a prospectus is required in connection with the offering or sale of the Offered Certificates; to promptly advise the Underwriters of its receipt of notice of the issuance by the Commission of any stop order or the institution of or, to the knowledge of the Depositor, the threatening of any proceeding for such purpose, or of: (i) any order preventing or suspending the use of the Prospectus; (ii) the suspension of the qualification of the Offered Certificates for offering or sale in any jurisdiction; (iii) the initiation of or threat of any proceeding for any such purpose; or (iv) any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information. In the event of the issuance of any stop order or of any order preventing or suspending the use of the Prospectus or suspending any such qualification, the

Depositor promptly shall use its best efforts to obtain the withdrawal of such order by the Commission.

B. To furnish promptly to the Underwriters and to counsel for the Underwriters a signed copy of the Registration Statement as originally filed with the Commission, and of each amendment thereto filed with the Commission, including all consents and exhibits filed therewith.

C. To deliver promptly to the Underwriters without charge such number of the following documents as the Underwriters shall reasonably request: (i) conformed copies of the Registration Statement as originally filed with the Commission and each amendment thereto (in each case including exhibits); (ii) the Prospectus and any amended or supplemented Prospectus; and (iii) any document incorporated by reference in the Prospectus (including exhibits thereto). If the delivery of a prospectus is required at any time prior to the expiration of nine months after the Closing Date in connection with the offering or sale of the Offered Certificates, and if at such time any events shall have occurred as a result of which the Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Securities Act or the Exchange Act, the Depositor shall notify the Underwriters and, upon any Underwriters' request, shall file such document and prepare and furnish without charge to the Underwriters and to any dealer in securities as many copies as the Underwriters may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which corrects such statement or omission or effects such compliance, and in case the Underwriters are required to deliver a Prospectus in connection with sales of any of the Offered Certificates at any time nine months or more after the Effective Time, upon the request of the Underwriters but at their expense, the Depositor shall prepare and deliver to the Underwriters as many copies as the Underwriters may reasonably request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Securities Act.

D. To file promptly with the Commission any amendment to the Registration Statement or the Prospectus or any supplement to the Prospectus that may, in the judgment of the Depositor or the Underwriters, be required by the Securities Act or requested by the Commission. Neither the Underwriters' consent to nor their distribution of any amendment or supplement shall constitute a waiver of any of the conditions set forth in Section VI.

E. To furnish the Underwriters and counsel for the Underwriters, prior to filing with the Commission, and to obtain the consent of the Underwriters for the filing of the following documents relating to the Certificates: (i) any Post-Effective Amendment to the Registration Statement or supplement to the Prospectus, or document incorporated by reference in the Prospectus, or (ii) Prospectus pursuant to Rule 424 of the Rules and Regulations.

F. To make generally available to holders of the Offered Certificates as soon as practicable, but in any event not later than 90 days after the close of the period covered thereby, a statement of earnings of the Trust (which need not be audited) complying with Section 11(a) of the Securities Act and the Rules and Regulations (including, at the option of the Depositor, Rule 158) and covering a period of at least twelve consecutive months beginning not later than the first day of the first fiscal quarter following the Closing Date.

G. To use its best efforts, in cooperation with the Underwriters, to qualify the Offered Certificates for offering and sale under the applicable securities laws of such states and other jurisdictions of the United States or elsewhere as the Underwriters may designate, and maintain or cause to be maintained such qualifications in effect for as long as may be required for the distribution of the Offered Certificates. The Depositor will file or cause the filing of such statements and reports as may be required by the laws of each jurisdiction in which the Offered Certificates have been so qualified.

H. Unless the Underwriters shall otherwise have given their written consent, no collateralized mortgage obligations or other similar securities representing interests in or secured by other mortgage-related assets originated or owned by ContiMortgage shall be publicly offered or sold, nor shall ContiMortgage enter into any contractual arrangements that contemplate the public offering or sale of such securities, until the earlier to occur of the termination of the syndicate or the Closing Date.

I. Unless the Underwriters shall otherwise have given their written consent, no collateralized mortgage obligations or other similar securities representing interests in or secured by other mortgage-related assets originated or owned by ContiWest shall be publicly offered or sold, nor shall ContiWest enter into any contractual arrangements that contemplate the public offering or sale of such securities, until the earlier to occur of the termination of the syndicate or the Closing Date.

J. Unless the Underwriters shall otherwise have given their written consent (such consent not to be unreasonably withheld), no collateralized mortgage obligations or other similar securities representing interests in or secured by other mortgage-related assets that are similar to the Home Equity Loans originated or owned by the Depositor shall be publicly offered or sold until the earlier to occur of the termination of the syndicate or the Closing Date.

K. So long as the Offered Certificates shall be outstanding the Depositor shall cause the Trustee, pursuant to the Pooling and Servicing Agreement, to deliver to the Underwriters as soon as such statements are furnished to the Trustee: (i) the annual statement as to compliance delivered to the Trustee pursuant to Section 8.16 of the Pooling and Servicing Agreement; (ii) the annual statement of a firm of independent public accountants furnished to the Trustee pursuant to Section 8.17 of the Pooling and Servicing Agreement; (iii) the monthly servicing report furnished to the Trustee pursuant to Section 7.08 of the Pooling and Servicing Agreement; and (iv) the monthly reports furnished to the Certificateholders pursuant to Section 7.09 of the Pooling and Servicing Agreement.

L. To apply the net proceeds from the sale of the Offered Certificates in the manner set forth in the Prospectus.

SECTION VI. CONDITIONS TO THE UNDERWRITERS' OBLIGATION. The obligations of the Underwriters hereunder to purchase the Offered Certificates pursuant to the Agreement are subject to: (i) the accuracy on and as of the Closing Date of the representations and warranties on the part of the Depositor herein contained; (ii) the performance by the Depositor of all of its obligations hereunder; and (iii) the following conditions as of the Closing Date:

A. The Underwriters shall have received confirmation of the effectiveness of the Registration Statement. No stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission. Any request of the Commission for inclusion of additional information in the Registration Statement or the Prospectus shall have been complied with.

B. The Underwriters shall not have discovered and disclosed to the Depositor on or prior to the Closing Date that the Registration Statement or the Prospectus or any amendment or supplement thereto contains an untrue statement of a fact or omits to state a fact which, in the opinion of Dewey Ballantine LLP, counsel for the Underwriters, is material and is required to be stated therein or is necessary to make the statements therein not misleading.

C. All corporate proceedings and other legal matters relating to the authorization, form and validity of this Agreement, the Grantor Trust Agreement, the Pooling and Servicing Agreement, the Certificates, the Registration Statement and the Prospectus, and all other legal matters relating to this Agreement and the transactions contemplated hereby shall be satisfactory in all respects to counsel for the Underwriters, and the Depositor shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters.

D. Stroock & Stroock & Lavan LLP shall have furnished to the Underwriters their written opinion, as counsel to the Depositor, addressed to the Underwriters and dated the Closing Date, in form and substance satisfactory to the Underwriters, to the effect that:

(i) The conditions to the use by the Depositor of a registration statement on Form S-3 under the Securities Act, as set forth in the General Instructions to Form S-3, have been satisfied with respect to the Registration Statement and the Prospectus.

(ii) The Registration Statement and any amendments thereto have become effective under the Securities Act; to the best of such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and not withdrawn and no proceedings for that purpose have been instituted or threatened and not terminated; and the Registration Statement, the Prospectus and

each amendment or supplement thereto, as of their respective effective or issue dates (other than the financial and statistical information contained therein, as to which such counsel need express no opinion), complied as to form in all material respects with the applicable requirements of the Securities Act and the rules and regulations thereunder.

(iii) To the best of such counsel's knowledge, there are no material contracts, indentures or other documents of a character required to be described or referred to in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement other than those described or referred to therein or filed or incorporated by reference as exhibits thereto.

(iv) The statements set forth in the Basic Prospectus under the captions "Summary of Prospectus," "Description of The Certificates," "The Trusts" and "The Pooling and Servicing Agreement" and in the Prospectus Supplement under the captions "Description of The Offered Certificates" and "The Pooling and Servicing Agreement," to the extent such statements purport to summarize certain provisions of the Certificates or of the Pooling and Servicing Agreement, are fair and accurate in all material respects.

(v) The statements set forth in the Basic Prospectus and the Prospectus Supplement under the captions "ERISA Considerations," "Certain Legal Aspects of the Mortgage Assets" and "Certain Federal Income Tax Considerations" to the extent that they constitute matters of federal law, provide a fair and accurate summary of such law or conclusions.

(vi) The Pooling and Servicing Agreement conforms in all material respects to the description thereof contained in the Prospectus and is not required to be qualified under the Trust Indenture Act of 1939, as amended, and the Trust is not required to be registered under the Investment Company Act of 1940, as amended.

(vii) Neither the Depositor nor the Trust nor the Grantor Trust is an "investment company" or under the "control" of an "investment company" as such terms are defined in the 1940 Act.

(viii) Assuming that (a) the Trustee causes certain assets of the Trust Estate, as the Trustee has covenanted to do in the Pooling and Servicing Agreement, to be treated as a "real estate mortgage investment conduit" ("REMIC"), as such term is defined in the Internal Revenue Code of 1986, as amended (the "Code"), and (b) the parties to the Pooling and Servicing Agreement comply with the terms thereof, REMIC I and REMIC II will each be treated as a REMIC, each Class of the Class A Trust Certificates and the Subordinate Certificates will be treated as "regular interests" in REMIC II, the Class R Certificates will be treated as the sole "residual interest" in REMIC II and the Class R-I Certificates will be treated as the sole

"residual interest" in REMIC I. The Trust is not subject to tax upon its income or assets by any taxing authority of the State of New York.

(ix) To the best of such counsel's knowledge, there are no actions, proceedings or investigations pending that would adversely affect the status of REMIC I or REMIC II as a REMIC.

(x) As a consequence of the qualifications of REMIC I and REMIC II as REMICs, the Class A Trust Certificates and the Subordinate Certificates will be treated as "regular . . . interest(s) in a REMIC" under Section 7701(a)(19)(C) of the Code and "real estate assets" under Section 856(c) of the Code in the same proportion that the assets in the Trust consist of qualifying assets under such Sections. In addition, as a consequence of the qualification of REMIC I and the REMIC II as REMICs, interest on the Offered Certificates will be treated as "interest on obligations secured by mortgages on real property" under Section 856(c) of the Code to the extent that such Offered Certificates are treated as "real estate assets" under Section 856(c) of the Code.

(xi) No election will be made to qualify the Grantor Trust as a REMIC for federal income tax purposes. For federal income tax purposes, the Grantor Trust will be classified as a grantor trust under Subpart E, part I of Subchapter J of the Code, and not as an association taxable as a corporation. The Grantor Trust Certificates represent an undivided ownership interest in the Grantor Trust.

(xii) The Class A-10 Certificates and the Grantor Trust Certificates do not involve any "separate security" not registered under the Registration Statement.

(xiii) No registration, other than the filing of the Registration Statement is required with respect to the transfer of the Class A-2 Fixed Certificates from the Depositor to the Grantor Trust.

(xiv) The Certificates have been duly executed and delivered by the Depositor to the Trustee for authentication.

Such counsel shall also have furnished to the Underwriters a written statement, addressed to the Underwriters and dated the Closing Date, in form and substance satisfactory to the Underwriters to the effect that nothing has come to the attention of such counsel which lead them to believe that: (a) the Registration Statement, at the time such Registration Statement became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading (except as to financial or statistical data contained in the Registration Statement); (b) the Prospectus, as of its date and as of the Closing Date, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; or (c) any document

incorporated by reference in the Prospectus or any further amendment or supplement to any such incorporated document made by the Depositor prior to the Closing Date (other than any document filed at the request of an Underwriter to the extent such document relates to Computational Materials) contained, as of the time it became effective or was filed with the Commission, as the case may be, an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

E. The Underwriters shall have received the favorable opinion, dated the Closing Date, of Stroock & Stroock & Lavan LLP, special counsel to the Depositor, addressed to the Depositor and satisfactory to Moody's, Standard & Poor's, Fitch and the Underwriters, with respect to certain matters relating to the transfer of the Home Equity Loans to the Depositor and from the Depositor to the Trust, and such counsel shall have consented to reliance on such opinion by Moody's, Standard & Poor's, Fitch and the Underwriters as though such opinion had been addressed to each such party.

F. Stroock & Stroock & Lavan LLP, counsel for ContiMortgage in its capacity as both a Seller and the Servicer and ContiWest in its capacity as a Seller, shall have furnished to the Underwriters their written opinion, as counsel to ContiMortgage and ContiWest, addressed to the Underwriters and the Depositor and dated the Closing Date, in form and substance satisfactory to the Underwriters, to the effect that:

(i) ContiMortgage is duly organized, validly existing in good standing as a corporation under the laws of the State of Delaware.

(ii) ContiMortgage has full corporate power and authority to serve in the capacity of a seller and the servicer of the Home Equity Loans as contemplated in the Pooling and Servicing Agreement and to transfer the Home Equity Loans to the Depositor as contemplated in the Pooling and Servicing Agreement.

(iii) The Pooling and Servicing Agreement, Grantor Trust Agreement and this Agreement have been duly authorized, executed and delivered by ContiMortgage, and, assuming the due authorization, execution and delivery of such agreements by the other parties thereto, constitute the legal, valid and binding agreements of ContiMortgage, enforceable against ContiMortgage in accordance with their respective terms, subject as to enforceability to (x) bankruptcy, insolvency, reorganization, moratorium, receivership or other similar laws now or hereafter in effect relating to creditors' rights generally and (y) the qualification that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion, with respect to such remedies, of the court before which any proceedings with respect thereto may be brought.

(iv) No consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body having jurisdiction over ContiMortgage is required for the consummation by ContiMortgage of the transactions contemplated by the Pooling and Servicing Agreement except such consents, approvals, authorizations, registrations and qualifications as have been obtained.

(v) Neither the sale and transfer of the Home Equity Loans by ContiMortgage to the Depositor, nor the execution, delivery or performance by ContiMortgage of the Grantor Trust Agreement and the Pooling and Servicing Agreement and the transactions contemplated thereby (A) conflict with or result in a breach of, or constitute a default under, (i) any term or provision of the certificate of incorporation or by-laws of ContiMortgage; (ii) any term or provision of any material agreement, deed of trust, mortgage loan agreement, contract, instrument or indenture, or other agreement to which ContiMortgage is a party or is bound or to which any of the property or assets of ContiMortgage or any of its subsidiaries is subject; (iii) to the best of such firm's knowledge without independent investigation any order, judgment, writ, injunction or decree of any court or governmental authority having jurisdiction over ContiMortgage; or (iv) any law, rule or regulation, applicable to ContiMortgage; or (B) to the best of such firm's knowledge without independent investigation, results in the creation or imposition of any lien, charge or encumbrance upon the Trust Estate or upon the Certificates.

(vi) The execution of the Pooling and Servicing Agreement is sufficient to convey all of ContiMortgage's, ContiWest's and the Depositor's right, title and interest in the Home Equity Loans to the Trust (except as otherwise specifically set forth in the Pooling and Servicing Agreement) and following the consummation of the transaction contemplated by Section 3.05 of the Pooling and Servicing Agreement, the transfers of the Home Equity Loans by ContiMortgage and ContiWest to the Depositor and by the Depositor to the Trust are sufficient to vest in the Trust all of ContiMortgage's, ContiWest's and the Depositor's right, title and interest in the Home Equity Loans (except as otherwise specifically set forth in the Pooling and Servicing Agreement).

(vii) There are, to the best of such counsel's knowledge without independent investigation, no actions, proceedings or investigations pending with respect to which ContiMortgage has received service of process or threatened against ContiMortgage before any court, administrative agency or other tribunal (a) asserting the invalidity of the Grantor Trust Agreement, the Pooling and Servicing Agreement, the Underwriting Agreement or the Certificates, (b) seeking to prevent the consummation of any of the transactions contemplated by the Pooling and Servicing Agreement or (c) which would materially and adversely affect the performance by ContiMortgage of its obligations

under, or the validity or enforceability of, the Grantor Trust Agreement, the Pooling and Servicing Agreement or the Underwriting Agreement.

G. Michael R. Mayberry, Esq., Counsel for ContiWest, in its capacity as a Seller, shall have furnished to the Underwriters his written opinion, addressed to the Underwriters and dated as of the Closing Date, in form and substance satisfactory to the Underwriters, to the effect that:

(i) ContiWest is duly organized, validly existing in good standing as a corporation under the laws of the State of Nevada.

(ii) ContiWest has full corporate power and authority to serve in the capacity of a seller of the Home Equity Loans as contemplated in the Pooling and Servicing Agreement and to transfer the Home Equity Loans to the Depositor as contemplated in the Pooling and Servicing Agreement.

(iii) The Pooling and Servicing Agreement and this Agreement have been duly authorized, executed and delivered by ContiWest, and, assuming the due authorization, execution and delivery of such agreement by the other parties thereto, constitute the legal, valid and binding agreements of ContiWest, enforceable against ContiWest in accordance with its terms, subject as to enforceability to (x) bankruptcy, insolvency, reorganization, moratorium, receivership or other similar laws now or hereafter in effect relating to creditors' rights generally and (y) the qualification that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion, with respect to such remedies, of the court before which any proceedings with respect thereto may be brought.

(iv) No consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body having jurisdiction over ContiWest is required for the consummation by ContiWest of the transactions contemplated by the Pooling and Servicing Agreement except such consents, approvals, authorizations, registrations and qualifications as have been obtained.

(v) Neither the sale and transfer of the Home Equity Loans by ContiWest to the Depositor, nor the execution, delivery or performance by ContiWest of the Pooling and Servicing Agreement and the transactions contemplated thereby (A) conflict with or result in a breach of, or constitute a default under, (i) any term or provision of the Articles of incorporation or by-laws of ContiWest; (ii) any term or provision of any material agreement, deed of trust, mortgage loan agreement, contract, instrument or indenture, or other agreement to which ContiWest is a party or is bound or to which any of the property or assets of ContiWest or any of its subsidiaries is subject; (iii) to the best of such counsel's knowledge without independent investigation

any order, judgment, writ, injunction or decree of any court or governmental authority having jurisdiction over ContiWest; or (iv) any law, rule or regulation, applicable to ContiWest; or (B) to the best of such counsel's knowledge without independent investigation, results in the creation or imposition of any lien, charge or encumbrance upon the Trust Estate or upon the Certificates.

(vi) There are, to the best of such counsel's knowledge without independent investigation, no actions, proceedings or investigations pending with respect to which ContiWest has received service of process or threatened against ContiWest before any court, administrative agency or other tribunal (a) asserting the invalidity of the Pooling and Servicing Agreement, the Underwriting Agreement or the Certificates, (b) seeking to prevent the consummation of any of the transactions contemplated by the Pooling and Servicing Agreement or (c) which would materially and adversely affect the performance by ContiWest of its obligations under, or the validity or enforceability of, the Pooling and Servicing Agreement or the Underwriting Agreement.

H. Alan L. Langus, Esq., Counsel for the Depositor, shall have furnished to the Underwriters his written opinion, addressed to the Underwriters and dated the Closing Date, in form and substance satisfactory to the Underwriters, to the effect that:

(i) The Depositor has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware and is in good standing as a foreign corporation in each jurisdiction in which its ownership or lease of property or the conduct of its business so requires such standing except where the failure to be in good standing would not result in a material adverse change in the condition of the Depositor, whether or not arising in the ordinary course of business. The Depositor has all power and authority necessary to own or hold its properties and to conduct the business in which it is engaged and to enter into and perform its obligations under this Agreement and the Pooling and Servicing Agreement and to cause the Certificates to be issued.

(ii) The Depositor is not in violation of its articles of incorporation or by-laws or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other instrument to which the Depositor is a party or by which it or its properties may be bound, which default might result in any material adverse changes in the financial condition, earnings, affairs or business of the Depositor or which might materially and adversely affect the properties or assets, taken as a whole, of the Depositor.

(iii) This Agreement, the Grantor Trust Agreement and the Pooling and Servicing Agreement have been duly authorized, executed and delivered by the Depositor and, assuming the due authorization,

execution and delivery of such agreements by the other parties thereto, such agreements constitute valid and binding obligations, enforceable against the Depositor in accordance with their respective terms, subject as to enforceability to (x) bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, (y) general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and (z) with respect to rights of indemnity under this Agreement, limitations of public policy under applicable securities laws.

(iv) The execution, delivery and performance of this Agreement, the Grantor Trust Agreement and the Pooling and Servicing Agreement by the Depositor, the consummation of the transactions contemplated hereby and thereby, and the issuance and delivery of the Certificates do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Depositor is a party or by which the Depositor is bound or to which any of the property or assets of the Depositor or any of its subsidiaries is subject, which breach or violation would have a material adverse effect on the business, operations or financial condition of the Depositor or its ability to perform its obligations under this Agreement, the Grantor Trust Agreement and the Pooling and Servicing Agreement nor will such actions result in a violation of the provisions of the articles of incorporation or by-laws of the Depositor or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Depositor or any of its properties or assets, which breach or violation would have a material adverse effect on the business, operations or financial condition of the Depositor or its ability to perform its obligations under this Agreement and the Pooling and Servicing Agreement.

(v) The execution of the Certificates by the Depositor and the direction by the Depositor to the Trustee and the Grantor Trustee to issue, authenticate and deliver the Certificates has been duly authorized by the Depositor and, assuming that the Trustee and the Grantor Trustee have been duly authorized to do so, when executed by the Depositor and authenticated and delivered by the Trustee in accordance with the Pooling and Servicing Agreement and the Grantor Trust Agreement, the Certificates will be validly issued and outstanding and will be entitled to the benefits of the Pooling and Servicing Agreement and the Grantor Trust Agreement.

(vi) No consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body is required for the issuance of the Certificates, and the sale of the Offered Certificates to the Underwriters, or the consummation by the Depositor of the other transactions contemplated by this Agreement and the Pooling and Servicing Agreement, except such

consents, approvals, authorizations, registrations or qualifications as may be required under the Securities Act or state securities or Blue Sky laws in connection with the purchase and distribution of the Offered Certificates by the Underwriters or as have been previously obtained.

(vii) There are not, to the best of his knowledge without independent investigation, any actions, proceedings or investigations pending with respect to which the Depositor has received service of process before or threatened by any court, administrative agency or other tribunal to which the Depositor is a party or of which any of its properties is the subject: (a) which if determined adversely to the Depositor would have a material adverse effect on the business, results of operations or financial condition of the Depositor; (b) asserting the invalidity of the Grantor Trust Agreement, the Pooling and Servicing Agreement or the Certificates; (c) seeking to prevent the issuance of the Certificates or the consummation by the Depositor of any of the transactions contemplated by the Grantor Trust Agreement, the Pooling and Servicing Agreement or this Agreement, as the case may be; or (d) which might materially and adversely affect the performance by the Depositor of its obligations under, or the validity or enforceability of, the Grantor Trust Agreement, the Pooling and Servicing Agreement, this Agreement or the Certificates.

(viii) The Certificates have been duly and validly authorized and issued and, immediately prior to the sale of the Offered Certificates to the Underwriters, such Certificates are owned by the Depositor, free and clear of all Liens.

I. The Underwriters shall have received the favorable opinion of counsel to the Trustee and the Grantor Trustee (together, for purposes of this section only, "MTT"), dated the Closing Date, addressed to the Underwriters and in form and scope satisfactory to counsel to the Underwriters, to the effect that:

(i) MTT is a banking corporation duly incorporated and validly existing under the law of the State of New York.

(ii) MTT has the full corporate trust power to execute, deliver and perform its obligations under the Pooling and Servicing Agreement and the Grantor Trust Agreement.

(iii) The execution and delivery by MTT of the Pooling and Servicing Agreement and the Grantor Trust Agreement, and the performance by MTT of its obligations under the Pooling and Servicing Agreement and the Grantor Trust Agreement, have been duly authorized by all necessary corporate action of MTT.

(iv) The Pooling and Servicing Agreement and the Grantor Trust Agreement are valid and legally binding obligations of MTT enforceable against MTT.

(v) The execution and delivery by MTT of the Pooling and Servicing Agreement and the Grantor Trust Agreement do not (a) violate the Organization Certificate of MTT or the by-laws of the MTT, (b) to such counsel's knowledge, violate any judgment, decree or order of any New York or United States federal court or other New York or United States federal governmental authority by which MTT is bound or (c) assuming the non-existence of any judgment, decree or order of any court or other governmental authority that would be violated by such execution and delivery, violate any New York or United States federal statute, rule or regulation or require any consent, approval or authorization of any New York or United States federal court or other New York or United States federal governmental authority.

(vi) The Trust Certificates have been duly authenticated and delivered by the Trustee. The Grantor Trust Certificates have been duly authenticated and delivered by the Grantor Trustee.

(vii) If the Trustee were acting as Servicer under the Pooling and Servicing Agreement as of the date of such opinion, the Trustee would have the full corporate trust power to perform the obligations of the Servicer under the Pooling and Servicing Agreement; and

(viii) To the best of such counsel's knowledge, there are no actions, proceedings or investigations pending or threatened against or affecting MTT before or by any court, arbitrator, administrative agency or other governmental authority which, if decided adversely to MTT, would materially and adversely affect the ability of MTT to carry out the transactions contemplated in the Pooling and Servicing Agreement or the Grantor Trust Agreement.

J. The Underwriters shall have received the favorable opinion or opinions, dated the Closing Date, of counsel for the Underwriters, with respect to the issue and sale of the Offered Certificates, the Registration Statement, this Agreement, the Prospectus and such other related matters as the Underwriters may reasonably require.

K. The Underwriters shall have received executed copies of the Broker-Dealer Agreement and the Auction Agent's Agreement with respect to the Class A-10 Certificates and the Swap Agreement with respect to the Grantor Trust Certificates.

L. The Depositor, ContiMortgage, ContiWest and ContiFinancial shall each have furnished to the Underwriters a certificate, dated the Closing Date and signed by the Chairman of the Board, the President or a Vice President of the Depositor, ContiMortgage, ContiWest and ContiFinancial, respectively, stating as it relates to each, as of the Closing Date:

(i) The representations and warranties of the Depositor, ContiMortgage and ContiWest in this Agreement are true and correct as of the Closing Date; and the Depositor, ContiMortgage and ContiWest

have complied with each of their respective agreements contained herein which are to have been complied with on or prior to the Closing Date;

(ii) The information contained in the Prospectus relating to the Depositor, ContiMortgage, ContiWest and the Home Equity Loans is true and accurate in all material respects and nothing has come to his or her attention that would lead such officer to believe that the Registration Statement or the Prospectus includes any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading;

(iii) There has been no amendment or other document filed affecting the certificate of incorporation or by-laws of the Depositor since May 18, 1995 or the certificate of incorporation or by-laws of ContiMortgage since October 19, 1990 or the Articles of incorporation or by-laws of ContiWest since January 1, 1997 and no such amendment has been authorized. No event has occurred since June 30, 1997 which has affected the good standing of the Depositor, ContiMortgage or ContiWest under the laws of the States of Delaware and Nevada, as applicable; and

(iv) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Depositor, ContiMortgage, ContiWest or ContiFinancial from September 30, 1997. No publicly-held debt of ContiFinancial shall have been downgraded or put on credit watch for possible downgrade since September 30, 1997; there has been no suspension of trading in ContiFinancial's publicly-held common stock since September 30, 1997.

M. The Trustee shall have furnished to the Underwriters a certificate of the Trustee, signed by one or more duly authorized officers of the Trustee, dated the Closing Date, as to the due authorization, execution and delivery of the Pooling and Servicing Agreement by the Trustee and the acceptance by the Trustee of the Trusts created thereby and the due execution, authentication and delivery of the Certificates by the Trustee thereunder and such other matters as the Representative shall reasonably request.

N. [Reserved]

O. The Offered Certificates (other than the Subordinate Certificates) shall have been rated in the highest rating category by Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. ("Standard & Poor's") and Fitch IBCA, Inc. ("Fitch") and the Subordinate Certificates shall have been rated "Baa3" by Moody's, "BBB-" by Standard & Poor's and "BBB" by Fitch; no Class of Offered Certificates shall have been put on credit watch for possible downgrade.

P. The Depositor shall have furnished to the Underwriters such further

information, certificates and documents as the Underwriters may reasonably have requested not less than three full business days prior to the Closing Date.

Q. Prior to the Closing Date, counsel for the Underwriters shall have been furnished with such documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the issuance and sale of the Certificates as herein contemplated and related proceedings or in order to evidence the accuracy and completeness of any of the representations and warranties, or the fulfillment of any of the conditions, herein contained, and all proceedings taken by the Depositor in connection with the issuance and sale of the Certificates as herein contemplated shall be satisfactory in form and substance to the Underwriters and counsel for the Underwriters.

R. Subsequent to the execution and delivery of this Agreement none of the following shall have occurred: (i) trading in securities generally on the New York Stock Exchange, the American Stock Exchange or the over-the-counter market shall have been suspended or minimum prices shall have been established on either of such exchanges or such market by the Commission, by such exchange or by any other regulatory body or governmental authority having jurisdiction; (ii) a banking moratorium shall have been declared by Federal or state authorities; (iii) the United States shall have become engaged in hostilities, there shall have been an escalation of hostilities involving the United States or there shall have been a declaration of a national emergency or war by the United States; or (iv) there shall have occurred such a material adverse change in general economic, political or financial conditions (or the effect of international conditions on the financial markets of the United States shall be such) as to make it in each of the instances set forth in clauses (i), (ii), (iii) and (iv) herein, in the reasonable judgment of the Underwriters, impractical or inadvisable to proceed with the public offering or delivery of the Certificates on the terms and in the manner contemplated in the Prospectus.

S. The Representative shall have received letters, including bring-down letters, from Arthur Andersen LLP, dated on or before the Closing Date, in form and substance satisfactory to the Representative and counsel for the Underwriters, to the effect that they have performed certain specified procedures requested by the Representative with respect to the information set forth in the Prospectus and certain matters relating to ContiMortgage and ContiWest.

T. The Underwriters shall have received any other opinions delivered to the Ratings Agencies.

U. The Policies shall have been duly executed and issued at or prior to the Closing Date and shall conform in all material respects to the description thereof in the Prospectus. The Insurance Agreement and the Indemnification Agreement shall each have been duly executed and delivered by MBIA and the other parties thereto at or prior to the Closing Date.

V. The Underwriters shall have received a favorable opinion of Kutak Rock, counsel to MBIA, dated the Closing Date and in form and substance satisfactory to counsel for the Underwriters, to the effect that:

(i) MBIA is a stock insurance corporation, duly incorporated and validly existing under the laws of the State of New York. MBIA is validly licensed to do business in New York and is authorized to issue the Policies and perform its obligations under the Policies in accordance with the terms thereof.

(ii) The execution and delivery by MBIA of the Policies and the Indemnification Agreement are within the corporate power of MBIA and have been authorized by all necessary corporate action on the part of MBIA; the Policies have been duly executed and is the valid and binding obligation of the Insurer enforceable in accordance with its terms except that the enforcement of the Policies may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, receivership and other similar laws affecting creditors' rights generally and by general principles of equity.

(iii) MBIA is authorized to deliver the Indemnification Agreement, and such agreement has been duly executed and delivered and constitute the legal, valid and binding obligations of MBIA enforceable in accordance with its terms except that the enforcement of the Indemnification Agreement may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, receivership and other similar laws affecting creditors' rights generally and by general principles of equity and by public policy considerations relating to indemnification for securities law violations.

(iv) No consent, approval, authorization or order of any state or federal court or governmental agency or body is required on the part of MBIA, the lack of which would adversely affect the validity or enforceability of the Policies; to the extent required by applicable legal requirements that would adversely affect validity or enforceability of the Policies, the form of the Policies has been filed with, and approved by, all governmental authorities having jurisdiction over the Insurer in connection with the Policies.

(v) The Policies are not required to be registered under the Securities Act.

(vi) The information set forth in the Prospectus Supplement under the caption "Credit Enhancement - The Certificate Insurance Policies," insofar as such statements constitute a description of the Policies, accurately summarize the Policies.

In rendering this opinion, such counsel may rely, as to matters of fact, on certificates of responsible officers of MBIA and public officials. Such opinion may assume the due authorization, execution and delivery of the instruments and documents referred to therein by the parties thereto other than MBIA.

W. The Underwriters shall have received from MBIA a certificate, signed by the president, a senior vice president or a vice president of MBIA, dated the

Closing Date, to the effect that the signer of such certificate has carefully examined the Policies, the Indemnification Agreement and the related documents and that, to the best of his or her knowledge based on reasonable investigation:

(i) There are no actions, suits or proceedings pending or threatened against or affecting MBIA which, if adversely determined, individually or in the aggregate, would adversely affect the Insurer's performance under the Policies or the Indemnification Agreement;

(ii) Each person who as an officer or representative of MBIA, signed or signs the Policies, the Indemnification Agreement or any other document delivered pursuant hereto, on the date thereof, or on the Closing Date, in connection with the transactions described in this Agreement was, at the respective times of such signing and delivery, and is now, duly elected or appointed, qualified and acting as such officer or representative, and the signatures of such persons appearing on such documents are their genuine signatures;

(iii) The information contained in the Prospectus Supplement under the captions "Credit Enhancement - The Certificate Insurance Policies" and "The Certificate Insurer" is true and correct in all material respects and does not omit to state a material fact with respect to the description of the Policies or the ability of MBIA to meet its payment obligations under the Policies;

(iv) The tables regarding MBIA's capitalization set forth under the caption "The Certificate Insurer" presents fairly the capitalization of the Insurer as of September 30, 1997;

(v) On or prior to the Closing Date, there has been no downgrading, nor has any notice been given of (A) any intended or potential downgrading or (B) any review or possible changes in rating the direction of which has not been indicated, in the rating accorded the claims paying ability of MBIA by any "nationally recognized statistical rating organization," as such term is defined for purposes of the Securities Act;

(vi) The audited balance sheet of MBIA as of December 31, 1996 and the related statement of income and retained earnings for the fiscal year then ended, and the accompanying footnotes, together with the related opinion of an independent certified public accountant, copies of which are incorporated by reference in the Prospectus Supplement, fairly present in all material respects the financial condition of MBIA as of such date and for the period covered by such statements in accordance with generally accepted accounting principles consistently applied; the unaudited balance sheet of MBIA as of September 30, 1997 and the related statement of income and retained earnings for the three- month period then ended, copies of which are included in the Prospectus Supplement, fairly present in all material respects the financial condition of MBIA as of such date and for the period covered by such statements in accordance with generally

accepted accounting principles applied consistently with those principles applied in preparing the December 31, 1996 audited statements.

(vii) to the best knowledge of such officer, since September 30, 1997, no material adverse change has occurred in the financial position of MBIA other than as set forth in the Prospectus Supplement.

The officer of MBIA certifying to items (v) - (vii) shall be an officer in charge of a principal financial function.

MBIA shall attach to such certificate a true and correct copy of its certificate or articles of incorporation, as appropriate, and its by-laws, all of which are in full force and effect on the date of such certificate.

If any condition specified in this Section VII shall not have been fulfilled when and as required to be fulfilled, this Agreement may be terminated by the Underwriters by notice to the Depositor at any time at or prior to the Closing Date, and such termination shall be without liability of any party to any other party except as provided in Section VII.

All opinions, letters, evidence and certificates mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Underwriters.

SECTION VII. PAYMENT OF EXPENSES. The Depositor agrees to pay:

A. the costs incident to the authorization, issuance, sale and delivery of the Certificates and any taxes payable in connection therewith; (b) the costs incident to the preparation, printing and filing under the Securities Act of the Registration Statement and any amendments and exhibits thereto; (c) the costs of distributing the Registration Statement as originally filed and each amendment thereto and any post-effective amendments thereof (including, in each case, exhibits), the Prospectus and any amendment or supplement to the Prospectus or any document incorporated by reference therein, all as provided in this Agreement; (d) the costs of reproducing and distributing this Agreement; (e) the fees and expenses of Dewey Ballantine LLP in qualifying the Certificates under the securities laws of the several jurisdictions as provided in Section V (G) hereof and of preparing, printing and distributing a Blue Sky Memorandum and a Legal Investment Survey (including related fees and expenses of counsel to the Representative); (f) any fees charged by securities rating services for rating the Offered Certificates; (g) the cost of the accountants comfort letter relating to the Prospectus; and (h) all other costs and expenses incidental to the performance of the obligations of the Depositor (including costs and expenses of counsel to the Depositor); PROVIDED THAT, except as provided in this Section VII, the Underwriters shall pay their own costs and expenses, including the costs and expenses of their counsel, any transfer taxes on the Offered Certificates which they may sell and the expenses of advertising any offering of the Offered Certificates made by the Underwriters, and the Underwriters shall pay the cost of any accountant's comfort letters relating to any Computational

Materials (as defined herein).

If this Agreement is terminated by the Underwriters in accordance with the provisions of Section VI or Section XI, the Depositor shall cause the Underwriters to be reimbursed for all reasonable out-of-pocket expenses, including fees and disbursements of Dewey Ballantine LLP, counsel for the Underwriters.

#### SECTION VIII. INDEMNIFICATION AND CONTRIBUTION.

A. The Depositor agrees to indemnify and hold harmless each Underwriter, each Underwriter's respective officers and directors and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Securities Act from and against any and all loss, claim, damage or liability, joint or several, or any action in respect thereof (including, but not limited to, any loss, claim, damage, liability or action relating to purchases and sales of the Offered Certificates), to which such Underwriter or any such controlling person may become subject, under the Securities Act or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, or any amendment thereof or supplement thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (iii) any untrue statement or alleged untrue statement of a material fact contained in the Prospectus, or any amendment thereof or supplement thereto, or (iv) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and shall reimburse such Underwriter and each such controlling person promptly upon demand for any legal or other expenses reasonably incurred by such Underwriter or such controlling person in connection with investigating or defending or preparing to defend against any such loss, claim, damage, liability or action as such expenses are incurred; PROVIDED, HOWEVER, that the Depositor shall not be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of, or is based upon, any untrue statement or alleged untrue statement or omission or alleged omission made in the Prospectus, or any amendment thereof or supplement thereto, or the Registration Statement, or any amendment thereof or supplement thereto, in reliance upon and in conformity with written information furnished to the Depositor by or on behalf of such Underwriter through the Representative, specifically for inclusion therein. The foregoing indemnity agreement is in addition to any liability which the Depositor may otherwise have to any Underwriter or any such officer or director or any controlling person of any such Underwriter.

B. Each Underwriter severally agrees to indemnify and hold harmless the Depositor, each of its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Depositor within the meaning of Section 15 of the Securities Act against any and all loss, claim, damage or liability, or any action in respect thereof, to which the Depositor or any such director, officer or controlling person may become subject, under the Securities Act or otherwise, insofar as such loss, claim,

damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, or any amendment thereof or supplement thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (iii) any untrue statement or alleged untrue statement of a material fact contained in the Prospectus, or any amendment thereof or supplement thereto, or (iv) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, but in each case only to the extent that the untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Depositor by or on behalf of such Underwriter specifically for inclusion therein, and shall reimburse the Depositor and any such director, officer or controlling person for any legal or other expenses reasonably incurred by the Depositor or any director, officer or controlling person in connection with investigating or defending or preparing to defend against any such loss, claim, damage, liability or action as such expenses are incurred. The foregoing indemnity agreement is in addition to any liability which any Underwriter may otherwise have to the Depositor or any such director, officer or controlling person.

C. Promptly after receipt by any indemnified party under this Section VIII of notice of any claim or the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against any indemnifying party under this Section VIII, notify the indemnifying party in writing of the claim or the commencement of that action; provided, however, that the failure to notify an indemnifying party shall not relieve it from any liability which it may have under this Section VIII except to the extent it has been materially prejudiced by such failure and, provided further, that the failure to notify any indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under this Section VIII.

If any such claim or action shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, except to the extent provided in the next following paragraph, the indemnifying party shall not be liable to the indemnified party under this Section VIII for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation.

Any indemnified party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless: (i) the employment thereof has been specifically authorized by the indemnifying party in writing; (ii) such indemnified party shall have been advised by such counsel that there may be one or more legal defenses available

to it which are different from or additional to those available to the indemnifying party and in the reasonable judgment of such counsel it is advisable for such indemnified party to employ separate counsel; or (iii) the indemnifying party has failed to assume the defense of such action and employ counsel reasonably satisfactory to the indemnified party, in which case, if such indemnified party notifies the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such action on behalf of such indemnified party, it being understood, however that the indemnifying party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to one local counsel per jurisdiction) at any time for all such indemnified parties, which firm shall be designated in writing by the related Underwriter, if the indemnified parties under this Section VIII consist of one or more Underwriters or any of its or their controlling persons, or the Depositor, if the indemnified parties under this Section VIII consist of the Depositor or any of the Depositor's directors, officers or controlling persons.

Each indemnified party, as a condition of the indemnity agreements contained in Section VIII (A) and (B), shall use its reasonable best efforts to cooperate with the indemnifying party in the defense of any such action or claim. No indemnifying party shall be liable for any settlement of any such action effected without its written consent (which consent shall not be unreasonably withheld), but if settled with its written consent or if there be a final judgment for the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action 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 any claims that are the subject of such action.

Notwithstanding the foregoing paragraph, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement.

D. Each Underwriter agrees to provide the Depositor no later than two Business Days prior to the day on which the Prospectus Supplement is required to be filed pursuant to Section I (A) hereof with a copy of any Computational Materials (defined below) produced by such Underwriter for filing with the Commission on Form 8-K.

E. Each Underwriter severally agrees, to indemnify and hold harmless the Depositor, each of the Depositor's officers and directors and each person who controls the Depositor within the meaning of Section 15 of the Securities Act against any and all losses, claims, damages or liabilities, to which they may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement of a material fact contained in the Computational Materials provided by such Underwriter, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading when read in conjunction with the Prospectus, and agrees to reimburse each such indemnified party for any legal or other expenses reasonably incurred by him, her or it in connection with investigating or defending or preparing to defend any such loss, claim, damage, liability or action as such expenses are incurred; PROVIDED, HOWEVER, that in no event shall an Underwriter be liable to the Depositor under this paragraph E in an amount in excess of the fees received by such Underwriter in connection with the offering of the Offered Certificates. The obligations of an Underwriter under this Section VIII (E) shall be in addition to any liability which such Underwriter may otherwise have.

The procedures set forth in Section VIII (C) shall be equally applicable to this Section VIII (E).

F. The Depositor agrees to indemnify and hold harmless each Underwriter, each Underwriter's respective officers and directors and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Securities Act from and against any and all losses, claims, damages or liabilities, joint or several, or any action in respect thereof (including, but not limited to, any loss, claim, damage, liability or action relating to purchases and sales of the Offered Certificates), to which they may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement of a material fact contained in the Seller Provided Information (as defined below) provided by the Company, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and agrees to reimburse each such indemnified party for any legal or other expenses reasonably incurred by him, her or it in connection with investigating or defending or preparing to defend any such loss, claim, damage, liability or action as such expenses are incurred. The foregoing indemnity agreement is in addition to any liability which the Depositor may otherwise have to any Underwriter or any such officer or director or any controlling person of any such Underwriter.

The procedures set forth in Section VIII (C) shall be equally applicable to this Section VIII (F).

G. If the indemnification provided for in this Section VIII shall for any reason be unavailable to or insufficient to hold harmless an indemnified party under Section VIII (A), (B), (E) or (F) in respect of any loss, claim, damage or

liability, or any action in respect thereof, referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Depositor on the one hand and the Underwriters on the other from the offering of the relevant class of Offered Certificates or (ii) if the allocation provided by clause (i) above is not permitted by applicable law or if the indemnified party failed to give the notice required under Section VIII (C), in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Depositor on the one hand and the related Underwriter on the other with respect to the statements or omissions which resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations.

The relative benefits of an Underwriter and the Depositor shall be deemed to be in such proportion as the sum of the original principal amount of the offering, plus the total proceeds to the Depositor from the sale of the Class A-11 IO Certificates (before deducting expenses) bears to the total underwriting discounts and commissions received by the related Underwriter from time to time in negotiated sales of the related Offered Certificates.

The relative fault of an Underwriter and the Depositor shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Depositor or by such Underwriter, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission and other equitable considerations.

The Depositor and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section VIII (G) were to be determined by pro rata allocation (even if the Underwriters were treated as one entity for such purposes) or by any other method of allocation which does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this Section VIII (G) shall be deemed to include, for purposes of this Section VIII (G), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim.

For purposes of this Section VIII, in no case shall any Underwriter (except with respect to any document (other than the Computational Materials) incorporated by reference into the Registration Statement or Prospectus at the request of such Underwriter through the Representative and except as may be provided in any agreement among the Underwriters relating to the offering of the Offered Certificates) be responsible for any amount in excess of the amount by which (x) the amount received by such Underwriter in connection with its sale of the Offered Certificates exceeds (y) the amount paid by such Underwriter to the Depositor for the Offered Certificates hereunder. No person guilty of fraudulent

misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of fraudulent misrepresentation.

H. For purposes of this Section VIII, as to each Underwriter the term "Computational Materials" means collectively, "Computational Materials," "Collateral Term Sheets" and "Structural Term Sheets" as such terms are defined in the No-Action Letter of May 20, 1994 issued by the Securities and Exchange Commission (the "Commission") to Kidder, Peabody Acceptance Corporation I, Kidder, Peabody & Co. Incorporated and Kidder Structured Asset Corporation, as made applicable to other issuers and underwriters by the Commission in response to the request of the Public Securities Association dated May 24, 1994, and the No-Action Letter of February 17, 1995 issued by the Commission to the Public Securities Association, PROVIDED, that the term Computational Materials shall not include any Seller Provided Information. "Seller Provided Information" means any computer tape (or other information) furnished to any Underwriter by any Seller concerning the assets comprising the Trust.

I. The Underwriters confirm that the information set forth in the last paragraph on the cover page of and under the caption "Underwriting" in the Prospectus Supplement and the Computational Materials are correct and constitute the only information furnished in writing to the Depositor by or on behalf of any Underwriter specifically for inclusion in the Registration Statement and the Prospectus.

SECTION IX. REPRESENTATIONS, WARRANTIES AND AGREEMENTS TO SURVIVE DELIVERY. All representations, warranties and agreements contained in this Agreement or contained in certificates of officers of the Depositor submitted pursuant hereto shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriters or controlling persons thereof, or by or on behalf of the Depositor, and shall survive delivery of any Offered Certificates to the Underwriters.

SECTION X. DEFAULT BY ONE OR MORE OF THE UNDERWRITERS. If one or more of the Underwriters participating in the public offering of the Offered Certificates shall fail at the Closing Date to purchase the Offered Certificates which it is (or they are) obligated to purchase hereunder (the "Defaulted Certificates"), then the non-defaulting Underwriters shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Certificates in such amounts as may be agreed upon and upon the terms herein set forth. If, however, the Underwriters have not completed such arrangements within such 24-hour period, then

(i) if the aggregate principal amount of Defaulted Certificates does not exceed 10% of the aggregate principal amount of the Offered Certificates to be purchased pursuant to this Agreement, the non-defaulting Underwriters named in this Agreement shall be obligated to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all such non-defaulting Underwriters, or

(ii) if the aggregate principal amount of Defaulted Certificates exceeds 10% of the aggregate principal amount of the Offered Certificates to be purchased pursuant to this Agreement, this Agreement shall terminate, without any liability on the part of any non-defaulting Underwriters.

No action taken pursuant to this Section X shall relieve any defaulting Underwriter from the liability with respect to any default of such Underwriter under this Agreement.

In the event of a default by any Underwriter as set forth in this Section X, each of the Underwriters and the Depositors shall have the right to postpone the Closing Date for a period not exceeding five Business Days in order that any required changes in the Registration Statement or Prospectus or in any other documents or arrangements may be effected.

SECTION XI. TERMINATION OF AGREEMENT. The Underwriters may terminate this Agreement immediately upon notice to the Depositor, at any time at or prior to the Closing Date if any of the events or conditions described in Section VI (R) of this Agreement shall occur and be continuing, or if any other closing condition set forth in Section VI shall not have been fulfilled when required to be fulfilled. In the event of any such termination, the covenant set forth in Section V (H), the provisions of Section VII, the indemnity and contribution agreements set forth in Section VIII, and the provisions of Sections IX, XIV and XVI shall remain in effect.

SECTION XIII. NOTICES. All statements, requests, notices and agreements hereunder shall be in writing, and:

A. if to the Underwriters, shall be delivered or sent by mail, telex or facsimile transmission to Greenwich Capital Markets, Inc., 600 Steamboat Road, Greenwich, Connecticut 06830, Attention: Asset Finance Group (Fax: 203-622-2090); and

B. if to the Depositor, shall be delivered or sent by mail, telex or facsimile transmission to care of ContiSecurities Asset Funding Corporation, 277 Park Avenue, New York, New York 10172, Attention: Chief Counsel (Fax: 212-207-2937).

SECTION XIII. PERSONS ENTITLED TO THE BENEFIT OF THIS AGREEMENT. This Agreement shall inure to the benefit of and be binding upon the Underwriters and the Depositor, and their respective successors. This Agreement and the terms and provisions hereof are for the sole benefit of only those persons, except that the representations, warranties, indemnities and agreements contained in this Agreement shall also be deemed to be for the benefit of the person or persons, if any, who control any of the Underwriters within the meaning of Section 15 of the Securities Act, and for the benefit of each Underwriter's respective officers and directors and for the benefit of directors of the Depositor, officers of the Depositor who have signed the Registration Statement and any person controlling the Depositor within the meaning of Section 15 of the

Securities Act. Nothing in this Agreement is intended or shall be construed to give any person, other than the persons referred to in this Section XIII, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

SECTION XIV. SURVIVAL. The respective indemnities, representations, warranties and agreements of the Depositor and the Underwriters contained in this Agreement, or made by or on behalf of them, respectively, pursuant to this Agreement, shall survive the delivery of and payment for the Certificates and shall remain in full force and effect, regardless of any investigation made by or on behalf of any of them or any person controlling any of them.

SECTION XV. DEFINITION OF THE TERM "BUSINESS Day". For purposes of this Agreement, "Business Day" means any day on which the New York Stock Exchange, Inc. is open for trading.

SECTION XVI. GOVERNING LAW: SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to the principles of conflicts of law thereof.

The parties hereto hereby submit to the jurisdiction of the United States District Court for the Southern District of New York and any court in the State of New York located in the City and County of New York, and appellate court from any thereof, in any action, suit or proceeding brought against it or in connection with this Agreement or any of the related documents or the transactions contemplated hereunder or for recognition or enforcement of any judgment, and the parties hereto hereby agree that all claims in respect of any such action or proceeding may be heard or determined in New York State court or, to the extent permitted by law, in such federal court.

The parties hereto hereby irrevocably waive, to the fullest extent permitted by law, any and all rights to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

SECTION XVII. COUNTERPARTS. This Agreement may be executed in counterparts and, if executed in more than one counterpart, the executed counterparts shall each be deemed to be an original but all such counterparts shall together constitute one and the same instrument. SECTION XVIII. HEADINGS. The headings herein are inserted for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

If the foregoing correctly sets forth the agreement between the Depositor and the Underwriters, please indicate your acceptance in the space provided for the purpose below.

Very truly yours,

CONTISECURITIES ASSET FUNDING CORP.

By: /s/ John A. Banu  
Name: John A. Banu  
Title: Authorized Signatory

By: /s/ Mary E. Bogdan  
Name: Mary E. Bogdan  
Title: Authorized Signatory

CONFIRMED AND ACCEPTED, as of the date first above written:

GREENWICH CAPITAL MARKETS, INC.

Acting on its own behalf and  
as Representative of the  
Several Underwriters referred  
to in the foregoing Agreement

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

CONTIMORTGAGE CORPORATION  
Accepts and hereby agrees  
solely to the provisions of  
Section V (H)

CONTIWEST CORPORATION  
Accepts and hereby agrees  
solely to the provisions of  
Section V (I)

By: /s/ Robert J. Babjack  
Name: Robert J. Babjack  
Title: Executive Vice President & COO

By: /s/ Peter Abeles  
Name: Peter Abeles  
Title: President

By: /s/ Daniel J. Egan  
Name: Daniel J. Egan  
Title: Sr. Vice President & CFO

By: /s/ Robert E. Riedl  
Name: Robert E. Riedl  
Title: Vice President

#### SCHEDULE A

#### Class A-1 Certificates

Underwriters	Principal Amount	Underwriting Discount
Greenwich Capital Markets, Inc.	\$17,223,333	0.080%

Bear, Stearns & Co. Inc.	\$17,223,333	0.080%
Credit Suisse First Boston Corporation	\$17,223,333	0.080%
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$17,223,333	0.080%
Morgan Stanley Dean Witter	\$17,223,333	0.080%
Nomura Securities International, Inc.	\$17,223,333	0.080%

#### Class A-2 Certificates

Underwriters	Principal Amount	Underwriting Discount
Greenwich Capital Markets, Inc.	\$112,500,000	0.175%
Bear, Stearns & Co. Inc.	\$112,500,000	0.175%
Credit Suisse First Boston Corporation	\$112,500,000	0.175%
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$112,500,000	0.175%
Morgan Stanley Dean Witter	\$112,500,000	0.175%
Nomura Securities International, Inc.	\$112,500,000	0.175%

#### Class A-3 Certificates

Underwriters	Principal Amount	Underwriting Discount
Greenwich Capital Markets, Inc.	\$10,500,000	0.250%
Bear, Stearns & Co. Inc.	\$10,500,000	0.250%
Credit Suisse First Boston Corporation	\$10,500,000	0.250%
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$10,500,000	0.250%
Morgan Stanley Dean Witter	\$10,500,000	0.250%
Nomura Securities International, Inc.	\$10,500,000	0.250%

#### Class A-4 Certificates

Underwriters	Principal Amount	Underwriting Discount
Greenwich Capital Markets, Inc.	\$23,333,333	0.325%
Bear, Stearns & Co. Inc.	\$23,333,333	0.325%
Credit Suisse First Boston Corporation	\$23,333,333	0.325%
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$23,333,333	0.325%
Morgan Stanley Dean Witter	\$23,333,333	0.325%
Nomura Securities International, Inc.	\$23,333,333	0.325%

#### Class A-5 Certificates

Underwriters	Principal Amount	Underwriting Discount
Greenwich Capital Markets, Inc.	\$6,666,667	0.350%
Bear, Stearns & Co. Inc.	\$6,666,667	0.350%
Credit Suisse First Boston Corporation	\$6,666,667	0.350%
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$6,666,667	0.350%
Morgan Stanley Dean Witter	\$6,666,667	0.350%
Nomura Securities International, Inc.	\$6,666,667	0.350%

#### Class A-6 Certificates

Underwriters	Principal Amount	Underwriting Discount
Greenwich Capital Markets, Inc.	\$19,256,667	0.400%
Bear, Stearns & Co. Inc.	\$19,256,667	0.400%
Credit Suisse First Boston Corporation	\$19,256,667	0.400%
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$19,256,667	0.400%
Morgan Stanley Dean Witter	\$19,256,667	0.400%

Nomura Securities International, Inc.	\$19,256,667	0.400%
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Class A-7 Certificates

Underwriters	Principal Amount	Underwriting Discount
Greenwich Capital Markets, Inc.	\$21,666,667	0.175%
Bear, Stearns & Co. Inc.	\$21,666,667	0.175%
Credit Suisse First Boston Corporation	\$21,666,667	0.175%
Merrill Lynch, Pierce, Fenner & Smith Incorporate	\$21,666,667	0.175%
Morgan Stanley Dean Witter	\$21,666,667	0.175%
Nomura Securities International, Inc.	\$21,666,667	0.175%

Class A-8 Certificates

Underwriters	Principal Amount	Underwriting Discount
Greenwich Capital Markets, Inc.	\$18,253,333	0.250%
Bear, Stearns & Co. Inc.	\$18,253,333	0.250%
Credit Suisse First Boston Corporation	\$18,253,333	0.250%
Merrill Lynch, Pierce, Fenner & Smith Incorporate	\$18,253,333	0.250%
Morgan Stanley Dean Witter	\$18,253,333	0.250%
Nomura Securities International, Inc.	\$18,253,333	0.250%

Class A-9 Certificates

Underwriters	Principal Amount	Underwriting Discount
Greenwich Capital Markets, Inc.	\$5,934,167	0.200%
Bear, Stearns & Co. Inc.	\$5,934,167	0.200%
Credit Suisse First Boston Corporation	\$5,934,167	0.200%

Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$5,934,167	0.200%
Morgan Stanley Dean Witter	\$5,934,167	0.200%
Nomura Securities International, Inc.	\$5,934,167	0.200%

Class A-10 Certificates

Underwriters	Principal Amount	Underwriting Discount
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$194,875	0.230%

Class A-11 IO Certificates

Underwriters	Principal Amount	Underwriting Discount
Greenwich Capital Markets, Inc.	N/A	0.500%

Class B Certificates

Underwriters	Principal Amount	Underwriting Discount
Greenwich Capital Markets, Inc.	\$8,853,333	0.600%
Bear, Stearns & Co. Inc.	\$8,853,333	0.600%
ContiFinancial Services Corporation	\$ 0	0.000%
Credit Suisse First Boston Corporation	\$8,853,333	0.600%
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$8,853,333	0.600%
Morgan Stanley & Co. Incorporated	\$8,853,333	0.600%
Nomura Securities International, Inc.	\$8,853,333	0.600%

EXHIBIT A

[LETTERHEAD OF CONTIFINANCIAL CORPORATION]

Greenwich Capital Markets, Inc.

As Representative of the Several Underwriters  
600 Steamboat Road  
Greenwich, Connecticut 06830

Ladies and Gentlemen:

This Guaranty is made by ContiFinancial Corporation, a Delaware corporation with its principal office at 277 Park Avenue, New York, New York 10172 ("CFC"), in favor of Greenwich Capital Markets, Inc., as Representative of the Several Underwriters, with its principal office at 600 Steamboat Road, Greenwich, Connecticut 06830.

As an inducement to you and in consideration of your entering into the Underwriting Agreement referred to below, CFC hereby absolutely, unconditionally and irrevocably guarantees the prompt performance of the obligations, including any payment obligations, of ContiSecurities Asset Funding Corp., ("Depositor"), a Delaware corporation with its principal office at 277 Park Avenue, New York, New York 10172, under Section VIII of the Underwriting Agreement, dated as of December 5, 1997, between Depositor and Greenwich Capital Markets, Inc., as Representative of the Several Underwriters. This Guaranty is a guaranty of performance and payment and not of collection. The obligations of CFC hereunder shall not be impaired by failure of Depositor to provide notice to CFC of any modification or amendment of said contract agreed to by the parties thereto. This Guaranty may be amended only by an instrument in writing executed by the undersigned.

This Guaranty shall be governed by the laws of the State of New York applicable to agreements made and to be performed in the State of New York without giving effect to the conflict of law rules thereof.

IN WITNESS WHEREOF, CFC has caused this Guaranty to be executed by duly authorized corporate officers the day and year first above written.

CONTIFINANCIAL CORPORATION

By: /s/ John A. Banu  
Name: John A. Banu  
Title: Authorized Signatory

By: /s/ Mary E. Bogdan  
Name: Mary E. Bogdan  
Title: Authorized Signatory

ACCEPTED  
as of December 22, 1997

GREENWICH CAPITAL MARKETS, INC.  
as representative of the Several Underwriters

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

-----  
POOLING AND SERVICING AGREEMENT

Dated as of December 1, 1997

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among  
CONTISECURITIES ASSET FUNDING CORP.,

as Depositor,

CONTIMORTGAGE CORPORATION,

as Seller and Servicer,

CONTIWEST CORPORATION,

as Seller

and

MANUFACTURERS AND TRADERS TRUST COMPANY,

as Trustee

Home Equity Loan Pass-Through Certificates

Series 1997-5

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POOLING AND SERVICING AGREEMENT, relating to CONTIMORTGAGE HOME EQUITY LOAN TRUST 1997-5, dated as of December 1, 1997 by and among CONTISECURITIES ASSET FUNDING CORP., a Delaware corporation, in its capacity as Depositor (the "Depositor"), CONTIMORTGAGE CORPORATION, a Delaware corporation in its capacities as a Seller (in such capacity, a "Seller") and as Servicer (in such capacity, the "Servicer"), CONTIWEST CORPORATION, a Nevada corporation, in its capacity as a Seller (a "Seller" and together with ContiMortgage Corporation, the "Sellers") and MANUFACTURERS AND TRADERS TRUST COMPANY, a New York banking corporation, in its capacity as the trustee (the "Trustee").

WHEREAS, the Depositor wishes to establish the Trust and two subtrusts and provide for the allocation and sale of the beneficial interests therein and the maintenance and distribution thereof;

WHEREAS, the Servicer has agreed to service the Home Equity Loans, which constitute the principal assets of the Trust Estate;

WHEREAS, all things necessary to make the Certificates, when executed and authenticated by the Trustee, valid instruments, and to make this Agreement a valid agreement, in accordance with their and its terms, have been done;

WHEREAS, Manufacturers and Traders Trust Company is willing to serve in the capacity of Trustee hereunder;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the Sellers, the Servicer, and the Trustee hereby agree as follows:

CONVEYANCE

To provide for the distribution of the interest on and/or principal of the Certificates in accordance with their terms, all of the sums distributable under this Agreement with respect to the Certificates and the performance of the covenants contained in this Agreement, each Seller hereby bargains, sells, conveys, assigns and transfers to the Depositor and the Depositor hereby bargains, sells, conveys, assigns and transfers to the Trust, without recourse and for the exclusive benefit of the Owners of the Certificates and the Certificate Insurer, all of its respective right, title and interest in and to any and all benefits accruing to it from (a) the Home Equity Loans (other than any principal and interest payments received thereon on or prior to the Cut-Off Date) listed in Schedule I-A and I-B to this Agreement which the Sellers are causing to be delivered to the Depositor and the Depositor is causing to be delivered to the Trustee herewith (and all substitutions therefor as provided by Sections 3.03, 3.04 and 3.06), together with the related Home Equity Loan documents and each Seller's interest in any Property which secured a Home Equity Loan but which has been acquired by foreclosure or deed in lieu of foreclosure, and all payments thereon and proceeds of the conversion, voluntary or involuntary, of the foregoing; (b) such amounts as may be held by the Trustee in the Certificate Account together with investment earnings on such amounts and such amounts as may be held in the name of the Trustee in the Principal and Interest Account, if any, exclusive of investment earnings thereon (except as otherwise provided herein), whether in the form of cash, instruments, securities or other properties (including any Eligible Investments held by the Servicer); (c) the Insurance Agreement; (d) the Certificate Insurance Policy; and (e)

proceeds of all the foregoing (including, but not by way of limitation, all proceeds of any mortgage insurance, hazard insurance and title insurance policy relating to the Home Equity Loans, cash proceeds, accounts, 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 which at any time constitute all or part of or are included in the proceeds of any of the foregoing) to pay the Certificates as specified herein ((a)-(e) above shall be collectively referred to herein as the "Trust Estate").

The Trustee acknowledges such sale, accepts the Trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein to the best of its ability to the end that the interests of the Owners may be adequately and effectively protected.

## ARTICLE I

### DEFINITIONS; RULES OF CONSTRUCTION

#### Section 1.01 DEFINITIONS.

For all purposes of this Agreement, the following terms shall have the meanings set forth below, unless the context clearly indicates otherwise:

"ACCOUNT": Any account established in accordance with Section 7.02 or 8.08 hereof.

"ACCRUAL PERIOD": With respect to the Fixed Rate Certificates (other than the Class A-1 Certificates) and any Payment Date, the calendar month immediately preceding the month in which the Payment Date occurs (or the period from the Cut-Off Date to the end of the calendar month in which the Cut-Off Date occurs in the case of the first Payment Date). A "calendar month" shall be deemed to be 30 days. With respect to the Adjustable Rate Certificates and the Class A-1 Certificates and any Payment Date, the period commencing on the immediately preceding Payment Date (or the Closing Date in the case of the first Payment Date) to and including the day prior to the current Payment Date. All calculations of interest on the Fixed Rate Certificates will be made on the basis of a 360-day year assumed to consist of twelve 30-day months and calculations of interest on the Adjustable Rate Certificates will be made on the basis of the actual number of days elapsed in the related Accrual Period and in a year of 360 days.

"ADJUSTABLE RATE CERTIFICATES": The Class A-7, Class A-8, Class A-9 and Class A-10 Certificates.

"ADJUSTABLE RATE HOME EQUITY LOANS": The Home Equity Loans identified in the related Schedule of Home Equity Loans as having adjustable Coupon Rates in Schedule I-B hereto, including any Qualified Replacement Mortgages delivered in replacement thereof.

"AGGREGATE TRUST CERTIFICATE PRINCIPAL BALANCE": As of any date of determination thereof, the sum of the then outstanding Certificate Principal Balance of the Class A Trust Certificates and the Class B Certificates.

"AGREEMENT": This Pooling and Servicing Agreement, as it may be amended from time to time, including the Exhibits and Schedules hereto.

"AMOUNT HELD FOR FUTURE DISTRIBUTION": As of any date of determination, amounts on deposit in the Auction Remainder Account for future distribution on the Auction Rate Certificates pursuant to Section 7.04.

"APPLIED REALIZED LOSS AMOUNT": As of any Payment Date, the excess of (x) the aggregate Certificate Principal Balance of the Class A Trust and Class B Certificates on such Payment Date, after taking into account the distribution of the Principal Distribution Amount on such Payment Date but prior to the application of the Applied Realized Loss Amount, if any, on such Payment Date over (y) the aggregate outstanding Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period.

"APPRAISED VALUE": The appraised value of any Property based upon the appraisal or other valuation made at the time of the origination of the related Home Equity Loan, or, in the case of a Home Equity Loan which is a purchase money mortgage, the sales price of the Property at such time of origination, if such sales price is less than such appraised value.

"AUCTION AGENT": The meaning set forth in the Auction Procedures.

"AUCTION AGENT AGREEMENT": The meaning set forth in the Auction Procedures.

"AUCTION AGENT FEE": The meaning set forth in the Auction Agent Agreement. The Auction Agent Fee includes the Broker-Dealer Fee payable to the Broker-Dealer (each as defined in the Auction Procedures).

"AUCTION PROCEDURES": The procedures set forth in Schedule II hereof by which the Auction Rate is determined.

"AUCTION RATE": The rate of interest per annum that results from implementation of the Auction Procedures and is determined as described in Section 2.3 thereof.

"AUCTION RATE CERTIFICATES": The Class A-10 Certificates.

"AUCTION REMAINDER ACCOUNT": The account established to hold deposits of the Amount Held for Future Distribution.

"AUCTION REPORTING DATE": That day of each month which is the fifth Business Day prior to the Payment Date occurring in such month.

"AUTHORIZED OFFICER:" With respect to any Person, any officer of such Person who is authorized to act for such Person in matters relating to the Agreement, and whose action is binding upon such Person; with respect to the Depositor, the Sellers and the Servicer, initially including those individuals whose names appear on the lists of Authorized Officers delivered at the Closing; with respect to the Trustee, any Vice President, Assistant Vice President, Trust Officer or any Officer of the Trustee located at the Corporate Trust Office.

"AVAILABLE FUNDS CAP:" With respect to any Payment Date, the product of (I) the weighted average Coupon Rate of the Home Equity Loans as of the opening of business on the first day of the related Remittance Period, less the sum of (i) an amount, expressed as an annual percentage rate of the outstanding aggregate Loan Balance of the Home Equity Loans as of the opening of business on the first day of the related Remittance Period, equal to the sum of the Servicing Fee, the Trustee Fee, the Premium Amount, the Auction Agent Fee, in each case due with respect to such Payment Date, (ii) after the 6th Payment Date, 0.50% per annum and (iii) for the 1st through the 6th Payment Dates, the sum of (A) the product of (a) the weighted average Pass-Through Rate of the Fixed Rate Certificates (other than the Class A-11 IO Certificates) and (b) the outstanding aggregate Certificate Principal Balance of the Fixed Rate Certificates (other than the Class A-11 IO Certificates) divided by the outstanding aggregate Loan Balances of the Home Equity Loans as of the opening of business on the first day of the related Remittance Period and (B) the product of (a) 25% per annum and (b) the Notional Amount of the Class A-11 IO Certificates divided by the outstanding aggregate Loan Balances of the Home Equity Loans as of the opening of business on the first day of the related Remittance Period; (iv) and for the 7th through the 18th Payment Dates, the product of (a) 6.5% per annum and (b) the Notional Amount of the Class A- 11 IO Certificates divided by the outstanding aggregate Loan Balances as of the opening of business on the first day of the related Remittance Period and (II) (i) for the 1st through the 6th Payment Dates, a fraction, the numerator of which is equal to the outstanding aggregate Loan Balance of the Home Equity Loans as of the opening of business on the first day of the related Remittance Period and the denominator of which is the outstanding aggregate Certificate Principal Balance of the Adjustable Rate Certificates and (ii) for each Payment Date thereafter, 1.0.

"BUSINESS DAY": Any day that is not a Saturday, Sunday or other day on which the Certificate Insurer or commercial banking institutions in The City of New York, or in the city in which the principal corporate trust office of the Trustee is located, are authorized or obligated by law or executive order to be closed.

"CERTIFICATE": Any one of the Class A Trust Certificates, Class B Certificates, Class R-I or Class R Certificates, each representing the interests and the rights described in this Agreement.

"CERTIFICATE ACCOUNT": The certificate account established in accordance with Section 7.02(a) hereof and maintained in the corporate trust department of the Trustee; provided that the funds in such account shall not be commingled with other funds held by the Trustee.

"CERTIFICATE INSURANCE POLICY": The certificate guaranty insurance policy (number 25456) dated December 23, 1997 issued by the Certificate Insurer for the benefit of the Owners of the Class A Trust Certificates pursuant to which the Certificate Insurer guarantees Insured Payments.

"CERTIFICATE INSURANCE POLICY-GRANTOR TRUST": The Certificate Insurance Policy (number 25457) dated December 23, 1997 issued by the Certificate Insurer for the benefit of the owners of Class A-2 Floating Certificate issued by the ContiMortgage Grantor Trust 1997-A pursuant to which the Certificate Insurer guarantees the Insured Payments (as defined therein).

"CERTIFICATE INSURER": MBIA Insurance Corporation, a New York stock insurance company, or any successor thereto, as issuer of the Certificate Insurance Policy.

"CERTIFICATE INSURER DEFAULT": The existence and continuance of any of the following:

(a) the Certificate Insurer fails to make a payment required under the Certificate Insurance Policy in accordance with its terms; or

(b) (i) the entry by a court having jurisdiction in the premises of (A) a final and nonappealable decree or order for relief in respect of the Certificate Insurer in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, rehabilitation, reorganization or other similar law or (B) a final and nonappealable decree or order adjudging the Certificate Insurer as bankrupt or insolvent, or approving as properly filed a petition seeking reorganizing, rehabilitation, arrangement, adjustment or composition of or in respect of the Certificate Insurer under any applicable United States federal or state law, or appointing a custodian, receiver, liquidator, rehabilitator, assignee, trustee, sequestrator or other similar official of the Certificate Insurer or of any substantial part of its property, or ordering the winding-up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(ii) the commencement by the Certificate Insurer of a voluntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent of the Certificate Insurer to the entry of a decree or order for relief in respect of the Certificate Insurer in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency case or proceeding against the Certificate Insurer, or the acquiescence by the Certificate Insurer to the filing of such petition or to the appointment of or the taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Certificate Insurer or of any substantial part of its property, or the failure of the Certificate Insurer to pay debts generally as they become due, or the admission by the Certificate Insurer in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Certificate Insurer in furtherance of any such action.

"CERTIFICATE PRINCIPAL BALANCE": As of the Startup Day as to each of the following Classes of Certificates, the Certificate Principal Balances thereof, as follows:

Class A-1 Certificates	-	\$103,340,000
Class A-2 Fixed Certificates	-	\$675,000,000
Class A-3 Certificates	-	\$ 63,000,000
Class A-4 Certificates	-	\$140,000,000
Class A-5 Certificates	-	\$ 40,000,000
Class A-6 Certificates	-	\$115,540,000
Class A-7 Certificates	-	\$130,000,000
Class A-8 Certificates	-	\$109,520,000
Class A-9 Certificates	-	\$ 35,605,000
Class A-10 Certificates	-	\$194,875,000

The Class A-11 IO Certificates, the Class R-I and the Class R Certificates do not have a Certificate Principal Balance.

"CLASS": Any Class of the Class A Trust Certificates, the Class B Certificates, the Class R-I or the Class R Certificates.

"CLASS A TRUST CERTIFICATE": Any one of the Class A-1 Certificates, Class A-2 Fixed Certificates, Class A-3 Certificates, Class A-4 Certificates, Class A-5 Certificates, Class A-6 Certificates, Class A-7 Certificates, Class A-8 Certificates, Class A-9 Certificates, Class A-10 Certificates, or Class A-11 IO Certificates.

"CLASS A TRUST CERTIFICATE PRINCIPAL BALANCE": As of any time of determination, the Certificate Principal Balance as of the Startup Day of all Class A Trust Certificates less any amounts actually distributed on such Class A Trust Certificates with respect to the Class A Principal Distribution Amount pursuant to Section 7.03(d) hereof with respect to principal thereon on all prior Payment Dates (except for purposes of effecting the Certificate Insurer's subrogation rights, that portion of Insured Payments made in respect of principal).

"CLASS A DISTRIBUTION AMOUNT": The sum of the Class A-1 Distribution Amount, the Class A-2 Fixed Distribution Amount, the Class A-3 Distribution Amount, the Class A-4 Distribution Amount, the Class A-5 Distribution Amount, the Class A-6 Distribution Amount, the Class A-7 Distribution Amount, the Class A-8 Distribution Amount, the Class A-9 Distribution Amount, the Class A-10 Distribution Amount and the Class A-11 IO Distribution Amount.

"CLASS A INTEREST CARRY FORWARD AMOUNT": With respect to any Payment Date, the sum of the Class A-1 Interest Carry Forward Amount, the Class A-2 Fixed Interest Carry Forward Amount, the Class A-3 Interest Carry Forward Amount, the Class A-4 Interest Carry Forward Amount, the Class A-5 Interest Carry Forward Amount, the Class A-6 Interest Carry Forward Amount, the Class A-7 Interest Carry Forward Amount, the Class A-8 Interest Carry Forward Amount, the Class A-9 Interest Carry Forward Amount, the Class A-10 Interest Carry Forward Amount, and the Class A-11 IO Interest Carry Forward Amount.

"CLASS A PRINCIPAL DISTRIBUTION AMOUNT": As of any Payment Date (a) prior to the Stepdown Date, the lesser of (i) 100% of the Principal Distribution Amount plus the principal component of any Insured Payment and (ii) the aggregate Certificate Principal Balance of the Class A Trust Certificates and (b) on or after the Stepdown Date, the lesser of (i) 100% of the Principal Distribution Amount plus the principal component of any Insured Payment and (ii) the excess, if any, of (x) the aggregate Certificate Principal Balance of the Class A Trust Certificates immediately prior to such Payment Date over (y) the Senior Optimal Balance applicable to such Payment Date.

"CLASS A TERMINATION DATE": The Payment Date on which the Certificate Principal Balance of each Class A Trust Certificate has been reduced to zero.

"CLASS A-1 CERTIFICATE": Any one of the Certificates designated on the face thereof as a Class A-1 Certificate, substantially in the form annexed hereto as Exhibit A-1, executed, authenticated and delivered by the Trustee, representing the right to distributions as set forth herein.

"CLASS A-1 CERTIFICATE PRINCIPAL BALANCE": As of any time of determination, the Certificate Principal Balance as of the Startup Day of all Class A-1 Certificates less any amounts actually distributed with respect to the Class A Principal Distribution Amount pursuant to Section 7.03(d) hereof with respect to principal thereon on all prior Payment Dates (except for purposes of effecting the Certificate Insurer's subrogation rights, that portion of Insured Payments made in respect of principal).

"CLASS A-1 CERTIFICATE TERMINATION DATE": December 15, 1998.

"CLASS A-1 CURRENT INTEREST": With respect to any Payment Date, the amount of interest accrued on the Class A-1 Certificate Principal Balance immediately prior to such Payment Date during the related Accrual Period at the Class A-1 Pass-Through Rate plus the Preference Amount owed to the Owners of the Class A-1 Certificates as it relates to interest previously paid on the Class A-1 Certificates.

"CLASS A-1 DISTRIBUTION AMOUNT": With respect to any Payment Date, the

sum of (w) the Class A-1 Current Interest, (x) the Class A-1 Interest Carry Forward Amount, (y) the Class A Principal Distribution Amount payable to the Owners of the Class A-1 Certificates pursuant to Section 7.03(d) hereof and (z) the Class A-1 Guaranteed Payment.

"CLASS A-1 GUARANTEED PAYMENT": The excess, if any, on the December 15, 1998 Payment Date of (i) the outstanding aggregate Certificate Principal Balances of the Class A-1 Certificates over (ii) the Principal Remittance Amount for such Payment Date.

"CLASS A-1 INTEREST CARRY FORWARD AMOUNT": With respect to any Payment Date, the sum of (x) the amount, if any, by which (i) the sum of (A) the Class A-1 Current Interest as of the immediately preceding Payment Date and (B) any unpaid Class A-1 Interest Carry Forward Amount from all previous Payment Dates exceeds (ii) the amount of the actual distribution with respect to interest made to the Owners of the Class A-1 Certificates on such immediately preceding Payment Date and (y) 30 days' interest on such amount at the Class A-1 Pass-Through Rate.

"CLASS A-1 PASS-THROUGH RATE": 5.90625% per annum.

"CLASS A-2 FIXED CERTIFICATE": Any one of the Certificates designated on the face thereof as a Class A-2 Fixed Certificate, substantially in the form annexed hereto as Exhibit A-2, executed, authenticated and delivered by the Trustee, representing the right to distributions as set forth herein.

"CLASS A-2 FIXED CERTIFICATE PRINCIPAL BALANCE": As of any time of determination, the Certificate Principal Balance as of the Startup Day of all Class A-2 Fixed Certificates less any amounts actually distributed with respect to the Class A Principal Distribution Amount pursuant to Section 7.03(d) hereof with respect to principal thereon on all prior Payment Dates (except for purposes of effecting the Certificate Insurer's subrogation rights, that portion of Insured Payments made in respect of principal).

"CLASS A-2 FIXED CERTIFICATE TERMINATION DATE": The Payment Date on which the Class A-2 Fixed Certificate Principal Balance is reduced to zero.

"CLASS A-2 FIXED CURRENT INTEREST": With respect to any Payment Date, the amount of interest accrued on the Class A-2 Fixed Certificate Principal Balance immediately prior to such Payment Date during the related Accrual Period at the Class A-2 Fixed Pass-Through Rate plus the Preference Amount owed to the Owners of the Class A-2 Fixed Certificates as it relates to interest previously paid on the Class A-2 Fixed Certificates.

"CLASS A-2 FIXED DISTRIBUTION AMOUNT": With respect to any Payment Date, the sum of (x) the Class A-2 Fixed Current Interest, (y) the Class A-2 Fixed Interest Carry Forward Amount and (z) the Class A Principal Distribution Amount payable to the Owners of Class A-2 Fixed Certificates pursuant to Section 7.03(d) hereof.

"CLASS A-2 FIXED INTEREST CARRY FORWARD AMOUNT": With respect to any Payment Date, the sum of (x) the amount, if any, by which (i) the sum of (A) the Class A-2 Fixed Current Interest as of the immediately preceding Payment Date and (B) any unpaid Class A-2 Fixed Interest Carry Forward Amount from all previous Payment Dates exceeds (ii) the amount of the actual distribution with respect to interest made to the Owners of the Class A-2 Fixed Certificates on such immediately preceding Payment Date and (y) 30 days' interest on such amount at the Class A-2 Fixed Pass-Through Rate.

"CLASS A-2 FIXED PASS-THROUGH RATE": 6.37% per annum.

"CLASS A-3 CERTIFICATE": Any one of the Certificates designated on the face thereof as a Class A-3 Certificate, substantially in the form annexed hereto as Exhibit A-3, executed, authenticated and delivered by the Trustee, representing the right to distributions as set forth herein.

"CLASS A-3 CERTIFICATE PRINCIPAL BALANCE": As of any time of determination, the Certificate Principal Balance as of the Startup Day of all Class A-3 Certificates less any amounts actually distributed with respect to the Class A Principal Distribution Amount pursuant to Section 7.03(d) hereof with respect to principal thereon on all prior Payment Dates (except for purposes of effecting the Certificate Insurer's subrogation rights, that portion of Insured Payments made in respect of principal).

"CLASS A-3 CERTIFICATE TERMINATION DATE": The Payment Date on which the Class A-3 Certificate Principal Balance is reduced to zero.

"CLASS A-3 CURRENT INTEREST": With respect to any Payment Date, the amount of interest accrued on the Class A-3 Certificate Principal Balance immediately prior to such Payment Date during the related Accrual Period at the Class A-3 Pass-Through Rate plus the Preference Amount owed to the Owners of the Class A-3 Certificates as it relates to interest previously paid on the Class A-3 Certificates.

"CLASS A-3 DISTRIBUTION AMOUNT": With respect to any Payment Date, the sum of (x) the Class A-3 Current Interest, (y) the Class A-3 Interest Carry Forward Amount and (z) the Class A Principal Distribution Amount payable to the Owners of the Class A-3 Certificates pursuant to Section 7.03(d) hereof.

"CLASS A-3 INTEREST CARRY FORWARD AMOUNT": With respect to any Payment Date, the sum of (x) the amount, if any, by which (i) the sum of (A) the Class A-3 Current Interest as of the immediately preceding Payment Date and (B) any unpaid Class A-3 Interest Carry Forward Amount from all previous Payment Dates exceeds (ii) the amount of the actual distribution with respect to interest made to the Owners of the Class A-3 Certificates on such immediately preceding Payment Date and (y) 30 days' interest on such amount at the Class A-3 Pass-Through Rate.

"CLASS A-3 PASS-THROUGH RATE": For the 1st through the 6th Payment Dates, 6.40% per annum and thereafter the lesser of (i) 6.40% per annum and (ii) the Available Funds Cap.

"CLASS A-4 CERTIFICATE": Any one of the Certificates designated on the face thereof as a Class A-4 Certificate, substantially in the form annexed hereto as Exhibit A-4, executed, authenticated and delivered by the Trustee, representing the right to distributions as set forth herein.

"CLASS A-4 CERTIFICATE PRINCIPAL BALANCE": As of any time of determination, the Certificate Principal Balance as of the Startup Day of all Class A-4 Certificates less any amounts actually distributed with respect to the Class A Principal Distribution Amount pursuant to Section 7.03(d) hereof with respect to principal thereon on all prior Payment Dates (except for purposes of effecting the Certificate Insurer's subrogation rights, that portion of Insured Payments made in respect of principal).

"CLASS A-4 CERTIFICATE TERMINATION DATE": The Payment Date on which the Class A-4 Certificate Principal Balance is reduced to zero.

"CLASS A-4 CURRENT INTEREST": With respect to any Payment Date, the amount of interest accrued on the Class A-4 Certificate Principal Balance immediately prior to such Payment Date during the related Accrual Period at the Class A-4 Pass-Through Rate plus the Preference Amount owed to the Owners of the Class A-4 Certificates as it relates to interest previously paid on the Class A-4 Certificates.

"CLASS A-4 DISTRIBUTION AMOUNT": With respect to any Payment Date, the sum of (x) the Class A-4 Current Interest, (y) the Class A-4 Interest Carry Forward Amount and (z) the Class A Principal Distribution Amount payable to the Owners of the Class A-4 Certificates pursuant to Section 7.03(d) hereof.

"CLASS A-4 INTEREST CARRY FORWARD AMOUNT": With respect to any Payment Date, the sum of (x) the amount, if any, by which (i) the sum of (A) the Class A-4 Current Interest as of the immediately preceding Payment Date and (B) any unpaid Class A-4 Interest Carry Forward Amount from all previous Payment Dates exceeds (ii) the amount of the actual distribution with respect to interest made to the Owners of the Class A-4 Certificates on such immediately preceding Payment Date and (y) 30 days' interest on such amount at the Class A-4 Pass-Through Rate.

"CLASS A-4 PASS-THROUGH RATE": For the 1st through the 6th Payment Dates, 6.58% per annum and thereafter the lesser of (i) 6.58% per annum and (ii) the Available Funds Cap.

"CLASS A-5 CERTIFICATE": Any one of the Certificates designated on the face thereof as a Class A-5 Certificate, substantially in the form annexed hereto as Exhibit A-5, executed, authenticated and delivered by the Trustee, representing the right to distributions as set forth herein.

"CLASS A-5 CERTIFICATE PRINCIPAL BALANCE": As of any time of determination, the Certificate Principal Balance as of the Startup Day of all Class A-5 Certificates less any amounts actually distributed with respect to the Class A Principal Distribution Amount pursuant to Section 7.03(d) hereof with

respect to principal thereon on all prior Payment Dates (except for purposes of effecting the Certificate Insurer's subrogation rights, that portion of Insured Payments made in respect of principal).

"CLASS A-5 CERTIFICATE TERMINATION DATE": The Payment Date on which the Class A-5 Certificate Principal Balance is reduced to zero.

"CLASS A-5 CURRENT INTEREST": With respect to any Payment Date, the amount of interest accrued on the Class A-5 Certificate Principal Balance immediately prior to such Payment Date during the related Accrual Period at the Class A-5 Pass-Through Rate plus the Preference Amount owed to the Owners of the Class A-5 Certificates as it relates to interest previously paid on the Class A-5 Certificates.

"CLASS A-5 DISTRIBUTION AMOUNT": With respect to any Payment Date, the sum of (x) the Class A-5 Current Interest, (y) the Class A-5 Interest Carry Forward Amount and (z) the Class A Principal Distribution Amount payable to the Owners of the Class A-5 Certificates pursuant to Section 7.03(d) hereof.

"CLASS A-5 INTEREST CARRY FORWARD AMOUNT": With respect to any Payment Date, the sum of (x) the amount, if any, by which (i) the sum of (A) the Class A-5 Current Interest as of the immediately preceding Payment Date and (B) any unpaid Class A-5 Interest Carry Forward Amount from all previous Payment Dates exceeds (ii) the amount of the actual distribution with respect to interest made to the Owners of the Class A-5 Certificates on such immediately preceding Payment Date and (y) 30 days' interest on such amount at the Class A-5 Pass-Through Rate.

"CLASS A-5 PASS-THROUGH RATE": For the 1st through the 6th Payment Dates, 6.63% per annum and thereafter the lesser of (i) 6.63% per annum and (ii) the Available Funds Cap.

"CLASS A-6 CERTIFICATE": Any one of the Certificates designated on the face thereof as a Class A-6 Certificate, substantially in the form annexed hereto as Exhibit A-6, executed, authenticated and delivered by the Trustee, representing the right to distributions as set forth herein.

"CLASS A-6 CERTIFICATE PRINCIPAL BALANCE": As of any time of determination, the Certificate Principal Balance as of the Startup Day of all Class A-6 Certificates less any amounts actually distributed with respect to the Class A Principal Distribution Amount pursuant to Section 7.03(d) hereof with respect to principal thereon on all prior Payment Dates (except for purposes of effecting the Certificate Insurer's subrogation rights, that portion of Insured Payments made in respect of principal).

"CLASS A-6 CERTIFICATE TERMINATION DATE": The Payment Date on which the Class A-6 Certificate Principal Balance is reduced to zero.

"CLASS A-6 CURRENT INTEREST": With respect to any Payment Date, the amount of interest accrued on the Class A-6 Certificate Principal Balance immediately prior to such Payment Date during the related Accrual Period at the Class A-6 Pass-Through Rate plus the Preference Amount owed to the Owners of the Class A-6 Certificates as it relates to interest previously paid on the Class A-6 Certificates.

"CLASS A-6 DISTRIBUTION AMOUNT": With respect to any Payment Date, the sum of (x) the Class A-6 Current Interest, (y) the Class A-6 Interest Carry Forward Amount and (z) the Class A Principal Distribution Amount payable to the Owners of the Class A-6 Certificates pursuant to Section 7.03(d) hereof.

"CLASS A-6 INTEREST CARRY FORWARD AMOUNT": With respect to any Payment Date, the sum of (x) the amount, if any, by which (i) the sum of (A) the Class A-6 Current Interest as of the immediately preceding Payment Date and (B) any unpaid Class A-6 Interest Carry Forward Amount from all previous Payment Dates exceeds (ii) the amount of the actual distribution with respect to interest made to the Owners of the Class A-6 Certificates on such immediately preceding Payment Date and (y) 30 days' interest on such amount at the Class A-6 Pass-Through Rate.

"CLASS A-6 PASS-THROUGH RATE": For the 1st through the 6th Payment Dates, 6.87% per annum and thereafter the lesser of (i) 6.87% per annum and (ii) the Available Funds Cap.

"CLASS A-7 CERTIFICATE": Any one of the Certificates designated on the face thereof as a Class A-7 Certificate, substantially in the form annexed hereto as Exhibit A-7, executed, authenticated and delivered by the Trustee,

representing the right to distributions as set forth herein.

"CLASS A-7 CERTIFICATE PRINCIPAL BALANCE": As of any time of determination, the Certificate Principal Balance as of the Startup Day of all Class A-7 Certificates less any amounts actually distributed with respect to the Class A Principal Distribution Amount pursuant to Section 7.03(d) hereof with respect to principal thereon on all prior Payment Dates (except for purposes of effecting the Certificate Insurer's subrogation rights, that portion of Insured Payments made in respect of principal).

"CLASS A-7 CERTIFICATE TERMINATION DATE": The Payment Date on which the Class A-7 Certificate Principal Balance is reduced to zero.

"CLASS A-7 CURRENT INTEREST": With respect to any Payment Date, the amount of interest accrued on the Class A-7 Certificate Principal Balance immediately prior to such Payment Date during the related Accrual Period at the Class A-7 Pass-Through Rate plus the Preference Amount owed to the Owners of the Class A-7 Certificates as it relates to interest previously paid on the Class A-7 Certificates.

"CLASS A-7 DISTRIBUTION AMOUNT": With respect to any Payment Date, the sum of (x) the Class A-7 Current Interest, (y) the Class A-7 Interest Carry Forward Amount and (z) the Class A Principal Distribution Amount payable to the Owners of the Class A-7 Certificates pursuant to Section 7.03(c) hereof.

"CLASS A-7 INTEREST CARRY FORWARD AMOUNT": With respect to any Payment Date, the sum of (x) the amount, if any, by which (i) the sum of (A) the Class A-7 Current Interest as of the immediately preceding Payment Date and (B) any unpaid Class A-7 Interest Carry Forward Amount from all previous Payment Dates exceeds (ii) the amount of the actual distribution with respect to interest made to the Owners of the Class A-7 Certificates on such immediately preceding Payment Date and (y) 30 days' interest on such amount at the Class A-7 Pass-Through Rate.

"CLASS A-7 PASS-THROUGH RATE": For any Payment Date in any month up to and including the month in which the Clean-Up Call Date occurs, the lesser of (i) LIBOR plus 0.20% per annum and (ii) the Available Funds Cap for such Payment Date and for any month following the month in which the Clean-Up Call Date occurs, the lesser of (i) LIBOR plus 0.40% per annum and (ii) the Available Funds Cap.

"CLASS A-8 CERTIFICATE": Any one of the Certificates designated on the face thereof as a Class A-8 Certificate, substantially in the form annexed hereto as Exhibit A-8, executed, authenticated and delivered by the Trustee, representing the right to distributions as set forth herein.

"CLASS A-8 CERTIFICATE PRINCIPAL BALANCE": As of any time of determination, the Certificate Principal Balance as of the Startup Day of all Class A-8 Certificates less any amounts actually distributed with respect to the Class A Principal Distribution Amount pursuant to Section 7.03(d) hereof with respect to principal thereon on all prior Payment Dates (except for purposes of effecting the Certificate Insurer's subrogation rights, that portion of Insured Payments made in respect of principal).

"CLASS A-8 CERTIFICATE TERMINATION DATE": The Payment Date on which the Class A-8 Certificate Principal Balance is reduced to zero.

"CLASS A-8 CURRENT INTEREST": With respect to any Payment Date, the amount of interest accrued on the Class A-8 Certificate Principal Balance immediately prior to such Payment Date during the related Accrual Period at the Class A-8 Pass-Through Rate plus the Preference Amount owed to the Owners of the Class A-8 Certificates as it relates to interest previously paid on the Class A-8 Certificates.

"CLASS A-8 DISTRIBUTION AMOUNT": With respect to any Payment Date, the sum of (x) the Class A-8 Current Interest, (y) the Class A-8 Interest Carry Forward Amount and (z) the Class A Principal Distribution Amount payable to the Owners of the Class A-8 Certificates pursuant to Section 7.03(d) hereof.

"CLASS A-8 INTEREST CARRY FORWARD AMOUNT": With respect to any Payment Date, the sum of (x) the amount, if any, by which (i) the sum of (A) the Class A-8 Current Interest as of the immediately preceding Payment Date and (B) any unpaid Class A-8 Interest Carry Forward Amount from all previous Payment Dates exceeds (ii) the amount of the actual distribution with respect to interest made to the Owners of the Class A-8 Certificates on such immediately preceding Payment Date and (y) 30 days' interest on such amount at the Class A-8

Pass-Through Rate.

"CLASS A-8 PASS-THROUGH RATE": For any Payment Date in any month up to and including the month in which the Clean-Up Call Date occurs, the lesser of (i) LIBOR plus 0.30% per annum and (ii) the Available Funds Cap for such Payment Date and for any month following the month in which the Clean-Up Call Date occurs, the lesser of (i) LIBOR plus 0.60% per annum and (ii) the Available Funds Cap.

"CLASS A-9 CERTIFICATE": Any one of the Certificates designated on the face thereof as a Class A-9 Certificate, substantially in the form annexed hereto as Exhibit A-9, executed, authenticated and delivered by the Trustee, representing the right to distributions as set forth herein.

"CLASS A-9 CERTIFICATE PRINCIPAL BALANCE": As of any time of determination, the Certificate Principal Balance as of the Startup Day of all Class A-9 Certificates less any amounts actually distributed with respect to the Class A Distribution Amount pursuant to Section 7.03(d) hereof with respect to principal thereon on all prior Payment Dates (except for purposes of effecting the Certificate Insurer's subrogation rights, that portion of Insured Payments made in respect of principal).

"CLASS A-9 CERTIFICATE TERMINATION DATE": The Payment Date on which the Class A-9 Certificate Principal Balance is reduced to zero.

"CLASS A-9 CURRENT INTEREST": With respect to any Payment Date, the amount of interest accrued on the Class A-9 Certificate Principal Balance immediately prior to such Payment Date during the related Accrual Period at the Class A-9 Pass-Through Rate plus the Preference Amount owed to the Owners of the Class A-9 Certificates as it relates to interest previously paid on the Class A-9 Certificates.

"CLASS A-9 DISTRIBUTION AMOUNT": With respect to any Payment Date, the sum of (x) the Class A-9 Current Interest, (y) the Class A-9 Interest Carry Forward Amount, and (z) the Class A Principal Distribution Amount payable to the Owners of the Class A-9 Certificates pursuant to Section 7.03(d) hereof.

"CLASS A-9 INTEREST CARRY FORWARD AMOUNT": With respect to any Payment Date, the sum of (x) the amount, if any, by which (i) the sum of (A) the Class A-9 Current Interest as of the immediately preceding Payment Date and (B) any unpaid Class A-9 Interest Carry Forward Amount from all previous Payment Dates exceeds (ii) the amount of the actual distribution with respect to interest made to the Owners of the Class A-9 Certificates on such immediately preceding Payment Date and (y) 30 days' interest on such amount at the Class A-9 Pass-Through Rate.

"CLASS A-9 PASS-THROUGH RATE": For any Payment Date in any month up to and including the month in which the Clean-Up Call Date occurs, the lesser of (i) LIBOR plus 0.25% per annum and (ii) the Available Funds Cap for such Payment Date and for any month following the month in which the Clean-Up Call Date occurs, the lesser of (i) LIBOR plus 0.50% per annum and (ii) the Available Funds Cap.

"CLASS A-10 CERTIFICATE": Any one of the Certificates designated on the face thereof as a Class A-10 Certificate, substantially in the form annexed hereto as Exhibit A-10, executed, authenticated and delivered by the Trustee, representing the right to distributions as set forth herein.

"CLASS A-10 CERTIFICATE PRINCIPAL BALANCE": As of any time of determination, the Certificate Principal Balance as of the Startup Day of all Class A-10 Certificates less any amounts actually distributed with respect to the Class A Distribution Amount pursuant to Section 7.03(d) hereof with respect to principal thereon on all prior Payment Dates (except for purposes of effecting the Certificate Insurer's subrogation rights, that portion of Insured Payments made in respect of principal).

"CLASS A-10 CERTIFICATE TERMINATION DATE": The Payment Date on which the Class A-10 Certificate Principal Balance is reduced to zero.

"CLASS A-10 CURRENT INTEREST": With respect to any Payment Date, the amount of interest accrued on the Class A-10 Certificate Principal Balance immediately prior to such Payment Date during the related Accrual Period at the Class A-10 Pass-Through Rate plus the Preference Amount owed to the Owners of the Class A-10 Certificates as it relates to interest previously paid on the Class A-10 Certificates.

"CLASS A-10 DISTRIBUTION AMOUNT": With respect to any Payment Date, the sum of (x) the Class A-10 Current Interest, (y) the Class A-10 Interest Carry Forward Amount, and (z) the Class A Principal Distribution Amount payable to the Owners of the Class A-10 Certificates pursuant to Section 7.03(d) hereof.

"CLASS A-10 INTEREST CARRY FORWARD AMOUNT": With respect to any Payment Date, the sum of (x) the amount, if any, by which (i) the sum of (A) the Class A-10 Current Interest as of the immediately preceding Payment Date and (B) any unpaid Class A-10 Interest Carry Forward Amount from all previous Payment Dates exceeds (ii) the amount of the actual distribution with respect to interest made to the Owners of the Class A-10 Certificates on such immediately preceding Payment Date and (y) 30 days' interest on such amount at the Class A-10 Pass-Through Rate. "CLASS A-10 PASS-THROUGH RATE": For the first Payment Date, LIBOR plus 0.10% per annum. For any other Payment Date, the lesser of (x) the rate of interest determined in accordance with the Auction Procedures and (y) the Available Funds Cap.

"CLASS A-11 IO CERTIFICATE": Any one of the Certificates designated on the face thereof as a Class A-11 IO Certificate, substantially in the form annexed hereto as Exhibit A-11 IO, executed, authenticated and delivered by the Trustee, representing the right to distributions as set forth herein.

"CLASS A-11 IO CERTIFICATE TERMINATION DATE": The Payment Date on which the Class A-11 IO Notional Principal Amount is reduced to zero.

"CLASS A-11 IO CURRENT INTEREST": With respect to any Payment Date during the Interest Only Period, the amount of interest accrued on the Class A-11 IO Notional Principal Amount immediately prior to such Payment Date during the related Accrual Period at the Class A-11 IO Pass-Through Rate plus the Preference Amount owed to the Owners of the Class A-11 IO Certificates as it relates to interest previously paid on the Class A-11 IO Certificates plus the Class A-11 IO Interest Carry Forward Amount.

"CLASS A-11 IO INTEREST CARRY FORWARD AMOUNT": With respect to any Payment Date, the sum of (x) the amount, if any, by which (i) the sum of (A) the Class A-11 IO Current Interest as of the immediately preceding Payment Date and (B) any unpaid Class A-11 IO Interest Carry Forward Amount from all previous Payment Dates exceeds (ii) the amount of the actual distribution made to Owners of the Class A-11 IO Certificates on such immediately preceding Payment Date and (y) 30 days' interest on such amount at the Class A-11 IO Pass-Through Rate.

"CLASS A-11 IO NOTIONAL PRINCIPAL AMOUNT": For each Payment Date during the Interest Only Period, the aggregate Class A-5 and Class A-6 Certificate Principal Balances immediately prior to such Payment Date and thereafter, zero.

"CLASS A-11 IO PASS-THROUGH RATE": For the 1st through the 6th Payment Date, 25.0% per annum; for the 7th through the 18th Payment Date, 6.5% per annum; thereafter, zero.

"CLASS B APPLIED REALIZED LOSS AMOUNT": As to any Payment Date, the lesser of (x) the Class B-1 Certificate Principal Balance (after taking into account the distribution of the Principal Distribution Amount on such Payment Date, but prior to the application of the Class B Applied Realized Loss Amount, if any, on such Payment Date) and (y) the Applied Realized Loss Amount as of such Payment Date.

"CLASS B CERTIFICATE": Any one of the Certificates designated on the face thereof as a Class B Certificate, substantially in the form annexed hereto as Exhibit B, executed authenticated and delivered by the Trustee, representing the right to distributions as set forth herein.

"CLASS B CERTIFICATE PRINCIPAL BALANCE": As of any time of determination, the Certificate Principal Balance as of the Startup Day of all Class B Certificates less the sum of (x) any amounts of the Class B Principal Distribution Amount actually distributed to the Owners of the Class B Certificates pursuant to Section 7.03(d) hereof on all prior Payment Dates and (y) the aggregate, cumulative amount of the Class B Applied Realized Loss Amounts on all prior Payment Dates plus any amount previously distributed with respect to principal that is recovered as a voidable preference by a trustee in bankruptcy pursuant to a final, nonappealable order.

"CLASS B CERTIFICATE TERMINATION DATE": The Payment Date on which the Class B Certificate Principal Balance is reduced to zero.

"CLASS B CURRENT INTEREST": With respect to any Payment Date, the

amount of interest accrued on the Class B Certificate Principal Balance immediately prior to such Payment Date during the related Accrual Period at the Class B Pass-Through Rate plus the Preference Amount owed to the Owners of the Class B Certificates as it relates to interest previously paid on the Class B Certificates.

"CLASS B DISTRIBUTION AMOUNT": With respect to any Payment Date, the sum of (w) the Class B Current Interest, (x) the Class B Principal Distribution Amount, if any, (y) the Class B Interest Carry Forward Amount, if any, and (z) the Class B Realized Loss Amortization Amount, if any.

"CLASS B INTEREST CARRY FORWARD AMOUNT": With respect to any Payment Date, the sum of (x) the amount, if any, by which (i) the sum of (A) the Class B Current Interest as of the immediately preceding Payment Date and (B) any unpaid Class B Interest Carry Forward Amount from all previous Payment Dates exceeds (ii) the amount of the actual distribution with respect to interest made to the Owners of the Class B Certificates on such immediately preceding Payment Date and (y) 30 days' interest on such amount at the Class B Pass-Through Rate.

"CLASS B OPTIMAL CERTIFICATE BALANCE": As of any Payment Date on and after the Stepdown Date:

- (a) if neither a Delinquency Trigger Event nor a Cumulative Realized Loss Trigger Event is then in effect, the lesser of:
  - (i) the product of (x) 97.42% and (y) the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period, and
  - (ii) the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period minus \$8,300,000; or
- (b) if a Delinquency Trigger Event is then in effect, but as to which a Cumulative Loss Trigger Event is not in effect, the lesser of:
  - (i) the product of (x) 100% minus 45% of the Three-Month Rolling Average 60+ Delinquency Rate and (y) the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period and
  - (ii) the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period, minus \$8,300,000; or
- (c) if a Cumulative Realized Loss Trigger Event is in effect but as to which a Delinquency Trigger Event is not in effect, the lesser of:
  - (i) the product of (x) 100% minus the percentage equivalent of a fraction, the numerator of which is \$35,524,000 and the denominator of which is the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period and (y) the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period and
  - (ii) the outstanding aggregate Loan Balance of the Home Equity Loans of the last day of the related Remittance Period, minus \$8,300,000; or
- (d) if both a Delinquency Trigger Event and a Cumulative Realized Loss Trigger Event are then in effect, the least of:
  - (i) the product (x) 100% minus 45% of the Three-Month Rolling Average 60+ Delinquency Rate and (y) the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period,

- (ii) the product of (x) 100% minus the percentage equivalent of a fraction, the numerator of which is \$35,524,000 and the denominator of which is the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period, and (y) the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period, and
- (iii) the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period, minus \$8,300,000.

"CLASS B PASS-THROUGH RATE": For the 1st through the 6th Payment Dates, 7.62% and thereafter the lesser of (i) 7.62% per annum and (ii) the Available Funds Cap.

"CLASS B PRINCIPAL DISTRIBUTION AMOUNT": As of any Payment Date on or after the Stepdown Date, the excess, if any, of (x) the aggregate Certificate Principal Balance of the Class A Trust Certificates and Class B Certificates (after taking into account the payment of the Class A Principal Distribution Amount), over (y) the Class B Optimal Certificate Balance, provided that if the Class A Trust Certificate Principal Balance has been reduced to zero, 100% of the Principal Distribution Amount.

"CLASS B REALIZED LOSS AMORTIZATION AMOUNT": As of any Payment Date, the lesser of (x) the Class B Unpaid Realized Loss Amount as of such Payment Date and (y) the excess of (i) the Monthly Excess Cashflow Amount over (ii) the sum of the Class A Interest Carry Forward Amount, the Reimbursement Amount, the Extra Principal Distribution Amount and the Class B Interest Carry Forward Amount, in each case for such Payment Date.

"CLASS R CERTIFICATE": Any one of the Certificates designated on the face thereof as a Class R Certificate, substantially in the form annexed hereto as Exhibit C-2, authenticated and delivered by the Trustee, representing the right to distributions as set forth herein, and evidencing an interest designated as a "residual interest" in REMIC II for the purposes of the REMIC Provisions.

"CLASS R-I CERTIFICATE": Any one of the Certificates designated herein as a Class R-I Certificate, substantially in the form annexed hereto as Exhibit C-1, authenticated and delivered by the Trustee, representing the right to distributions as set forth herein, and evidencing an interest designated as a "residual interest" in REMIC I for the purposes of the REMIC Provisions.

"CLEAN-UP CALL DATE": The first Monthly Remittance Date immediately following the date on which the aggregate Loan Balances of the Home Equity Loans has declined to \$166,000,000 or less.

"CLOSING": As defined in Section 4.02 hereof.

"CODE": The Internal Revenue Code of 1986, as amended.

"COMPENSATING INTEREST": As defined in Section 8.10(a) hereof.

"CONTIMORTGAGE": ContiMortgage Corporation, a Delaware corporation that is the originator of each Home Equity Loan, one of the Sellers and the Servicer.

"CONTIWEST": ContiWest Corporation, a Nevada corporation that is one of the Sellers.

"CORPORATE TRUST OFFICE": The principal office of the Trustee at One M&T Plaza, Buffalo, New York 14240.

"CORRESPONDING CLASS OF CERTIFICATES": With respect to each class of the Class I-A-1, I-A-2, I-A-3, I-A-4, I-A-5, I-A-6, I-A-7, I-A-8, I-A-9, I-A-10, and I-B Certificates in REMIC I described in Section 2.08 hereof, the Class A-1, Class A-2 Fixed, Class A-3, Class A-4, Class A-5, Class A-6, Class A-7, Class A-8, Class A-9, Class A-10 and Class B Certificates, respectively.

"COUPON RATE": The rate of interest borne by each Note.

"CUMULATIVE REALIZED LOSS TERMINATION TRIGGER": A Cumulative Realized

Loss Termination Event occurs on any date of determination if the amount of Cumulative Realized Losses expressed as a percentage of the Original Aggregate Loan Balance on any date of determination equals or exceeds the percentage for such date set out below:

DATE	PERCENTAGE
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January 1998-December 1999	1.575%
January 2000-December 2000	2.700%
January 2001-December 2001	3.600%
January 2002-December 2002	4.275%
January 2003 and thereafter	4.500%

"CUMULATIVE REALIZED LOSS TRIGGER EVENT": A Cumulative Realized Loss Trigger Event occurs on any date of determination if the amount of Cumulative Realized Losses expressed as a percentage of the Original Aggregate Loan Balance on any date of determination equals or exceeds the percentage for such date set out below:

DATE	PERCENTAGE
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January 1998- December 1999	1.05%
January 2000- December 2000	1.80%
January 2001- December 2001	2.40%
January 2002- December 2002	2.85%
January 2003 and thereafter	3.00%

"CUMULATIVE REALIZED LOSSES": As of any date of determination, the aggregate amount of Realized Losses with respect to the Home Equity Loans since the Startup Day.

"CURRENT INTEREST": With respect to any Payment Date, the sum of the Class A-1 Current Interest, the Class A-2 Fixed Current Interest, the Class A-3 Current Interest, the Class A-4 Current Interest, the Class A-5 Current Interest, the Class A-6 Current Interest, the Class A-7 Current Interest, the Class A-8 Current Interest, the Class A-9 Current Interest, the Class A-10 Current Interest, the Class A-11 IO Current Interest and the Class B Current Interest plus the Preference Amount as it relates to interest previously paid on such Classes prior to such Payment Date.

"CUT-OFF DATE": As of the close of business on December 15, 1997.

"DAILY COLLECTIONS": As defined in Section 8.08(c) hereof.

"DATE-OF-PAYMENT LOANS": Any Home Equity Loan as to which, pursuant to the Note relating thereto, interest is computed and charged to the Mortgagor at the Coupon Rate on the outstanding principal balance of such Note based on the number of days elapsed between receipt of the Mortgagor's last payment through receipt of the Mortgagor's most current payment.

"DELINQUENCY ADVANCE": As defined in Section 8.09(a) hereof.

"DELINQUENCY TRIGGER EVENT": A Delinquency Trigger Event has occurred with respect to a Payment Date on or after the Stepdown Date if 55% of the Three-Month Rolling Average of 60+ Day Delinquency Rate equals or exceeds the Senior Specified Enhancement Percentage.

"DELINQUENT": A Home Equity Loan is "Delinquent" if any payment due thereon is not made by the close of business on the day such payment is scheduled to be due. A Home Equity Loan is "30 days Delinquent" if such payment has not been received by the close of business on the corresponding day of the month immediately succeeding the month in which such payment was due, 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 due on the 31st day of such month) then on the last day of such immediately succeeding month. Similarly for "60 days Delinquent," "90 days Delinquent" and so on.

"DELIVERY ORDER": Each delivery order in the form set forth as Exhibit G hereto and delivered by each Seller to the Trustee on the Startup Day pursuant to Section 4.01 hereof.

"DEPOSITOR": ContiSecurities Asset Funding Corp., a Delaware corporation, or any successor thereto.

"DEPOSITORY": The Depository Trust Company, 7 Hanover Square, New York, New York 10004, and any successor Depository hereafter named.

"DESIGNATED DEPOSITORY INSTITUTION": With respect to the Principal and Interest Account, a trust account maintained by the trust department of a federal or state chartered depository institution acceptable to the Certificate Insurer acting in its fiduciary capacity, having combined capital and surplus of at least \$50,000,000; provided, however, that if the Principal and Interest Account is not maintained with the Trustee, (i) such institution shall have a long-term debt rating of at least "A2" by Moody's, and, if rated by Fitch, at least "A" by Fitch (ii) a short-term debt rating of at least "A-1" by Standard & Poor's and (iii) if such Principal and Interest Account is moved to a new institution, the Servicer shall provide the Trustee, the Certificate Insurer and the Owners with a statement identifying the location of the Principal and Interest Account.

"DETERMINATION DATE": As to each Payment Date, the third Business Day next preceding such Payment Date.

"DIRECT PARTICIPANT" or "DTC PARTICIPANT": Any broker-dealer, bank or other financial institution for which the Depository holds Offered Certificates from time to time as a securities depository.

"DISQUALIFIED ORGANIZATION": The meaning set forth from time to time in the definition thereof at Section 860E(e)(5) of the Code (or any successor statute thereto) and applicable to the Trust.

"ELIGIBLE INVESTMENTS": Those investments so designated pursuant to Section 7.07 hereof.

"EXTRA PRINCIPAL DISTRIBUTION AMOUNT": As of any Payment Date, the lesser of (x) the Monthly Excess Interest Amount for such Payment Date and (y) the Overcollateralization Deficiency for such Payment Date.

"FANNIEMAE": FannieMae, a federally-chartered and privately-owned corporation existing under the Federal National Mortgage Association Charter Act, as amended, or any successor thereof.

"FANNIEMAE GUIDE": FannieMae's Servicing Guide, as the same may be amended by FannieMae from time to time, and the Servicer shall elect to apply such amendments in accordance with Section 8.01 hereof.

"FDIC": The Federal Deposit Insurance Corporation, a corporate instrumentality of the United States, or any successor thereto.

"FHLMC": The Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created pursuant to the Emergency Home Finance Act of 1970, as amended, or any successor thereof.

"FILE": The documents delivered to the Trustee pursuant to Section 3.05 hereof pertaining to a particular Home Equity Loan and any additional documents required to be added to the File pursuant to this Agreement.

"FINAL DETERMINATION": As defined in Section 9.03(a) hereof.

"FINAL SCHEDULED PAYMENT DATE": For each Class of Certificates, as set out in Section 2.08(k).

"FIRST MORTGAGE LOAN": A Home Equity Loan which constitutes a first priority mortgage lien with respect to the related Property.

"FISCAL AGENT": State Street Bank and Trust Company, N.A., as Fiscal Agent for the Certificate Insurer under the Certificate Insurer Policy or any successor thereto appointed by the Certificate Insurer.

"FITCH": Fitch IBCA, Inc.

"FIXED RATE CERTIFICATES": The Class A-1, Class A-2 Fixed, Class A-3, Class A-4, Class A-5, Class A-6 and Class A-11 IO and Class B Certificates.

"FIXED RATE HOME EQUITY LOANS": The Home Equity Loans identified in the related Schedule of Home Equity Loans as having fixed Coupon Rates in Schedule I-A hereto, including any Qualified Replacement Mortgages delivered in replacement thereof.

"FIXED RATE PAC GROUP": The Class A-2 Fixed, Class A-3, Class A-4, Class A-5 and Class A-6 Certificates.

"FLOATING RATE CERTIFICATES": The Class A-7, Class A-8 and Class A-9 Certificates.

"FLOATING RATE PAC GROUP": The Class A-7 and Class A-8 Certificates.

"GRANTOR TRUST": The ContiMortgage Grantor Trust 1997-A formed pursuant to the Grantor Trust Agreement.

"GRANTOR TRUST AGREEMENT": That certain Grantor Trust Agreement dated as of December 1, 1997 between the Depositor, ContiMortgage Corporation, as Servicer and the Grantor Trustee pursuant to which the Class A-2 Floating Certificate are issued.

"GRANTOR TRUSTEE": Manufacturers and Traders Trust Company, as trustee under the Grantor Trust Agreement.

"HIGHEST LAWFUL RATE": As defined in Section 11.13.

"HOME EQUITY LOANS": Such of the home equity loans transferred and assigned to the Trust pursuant to Section 3.05(a) hereof, together with any Qualified Replacement Mortgages substituted therefor in accordance with this Agreement, as from time to time are held as a part of the Trust Estate, the Home Equity Loans originally so held being identified in the Schedules of Home Equity Loans. The term "Home Equity Loan" includes the terms "First Mortgage Loan" and "Second Mortgage Loan". The term "Home Equity Loan" includes any Home Equity Loan which is Delinquent, which relates to a foreclosure or which relates to a Property which is REO Property prior to such Property's disposition by the Trust. Any home equity loan which, although intended by the parties hereto to have been, and which purportedly was, transferred and assigned to the Trust by the Depositor, in fact was not transferred and assigned to the Trust for any reason whatsoever, including, without limitation, the incorrectness of the statement set forth in Section 3.04(b)(x) hereof with respect to such home equity loan, shall nevertheless be considered a "Home Equity Loan" for all purposes of this Agreement.

"INDEMNIFICATION AGREEMENT": The Indemnification Agreement dated December 16, 1997 among the Certificate Insurer, the Depositor, the Sellers, the Servicer, and the Underwriters.

"INDIRECT PARTICIPANT": Any financial institution for whom any Direct Participant holds an interest in a Offered Certificate.

"INSURANCE AGREEMENT": The Insurance Agreement dated as of December 23, 1997, among the Depositor, the Sellers, the Servicer, the Certificate Insurer, the Trustee and the Grantor Trustee as it may be amended from time to time.

"INSURANCE COMMITMENT LETTER": Two letters, each dated December 22, 1997 from MBIA to ContiMortgage Corporation evidencing the commitment by MBIA to issue the insurance policies..

"INSURANCE POLICY": Any hazard, flood, title or primary mortgage insurance policy relating to a Home Equity Loan plus any amount remitted under Section 8.11 hereof.

"INSURED PAYMENT": With respect to any Payment Date, without duplication, (A) the excess, if any, of (i) the sum of the aggregate Current Interest for the Class A Trust Certificates and the then existing related Overcollateralization Deficit, if any, over (ii) the Total Available Funds after taking into account the portion of any Principal Distribution Amount to be actually distributed on such Payment Date without regard to any Insured Payment to be made with respect to such Payment Date plus (B) an amount equal to the Preference Amount with respect to the Class A Trust Certificates plus (C) the excess, if any, on the December 15, 1998 Payment Date of (i) the Certificate Principal Balance of the Class A-1 Certificates over (ii) the Principal Remittance Amount for such Payment Date.

"INSURANCE PROCEEDS": Payments received with respect to any Insurance Policy, except the Certificate Insurance Policy.

"INTEREST AMOUNT AVAILABLE": As of any Payment Date, the Interest Remittance Amount less the Trustee Fee, the Premium Amount and the Auction Agent Fee.

"INTEREST ONLY PERIOD": The period from the Startup Day through and including the Payment Date in June 1999.

"INTEREST REMITTANCE AMOUNT": As of any Monthly Remittance Date, the sum, without duplication, of (i) all interest due during the related Remittance Period with respect to the Home Equity Loans (less the Servicing Fee with respect to such Home Equity Loans), (ii) all Compensating Interest paid by the Servicer on such Monthly Remittance Date with respect to Home Equity Loans, (iii) the portion of the Substitution Amount relating to interest on the Home Equity Loans, (iv) the portion of any Loan Purchase Price relating to interest on any Home Equity Loan repurchased during the related Remittance Period and (v) the portion of Net Liquidation Proceeds relating to interest on the Home Equity Loans.

"LATE PAYMENT RATE": For any Payment Date, the fluctuating rate of interest, as it is published from time to time in the New York, New York edition of The Wall Street Journal under the caption "Money Rates" as the "prime rate," to change when and as such published prime rate changes plus 2%. The Late Payment Rate shall be computed on the basis of a year of 360 days calculating the actual number of days elapsed. In no event shall the Late Payment Rate exceed the maximum rate permissible under any applicable law limiting interest rates.

"LIBOR": (A) With respect to any Accrual Period for the Floating Rate Certificates, the rate determined by the Trustee on the related LIBOR Determination Date on the basis of the offered rate for one-month U.S. dollar deposits as such rate appears on Telerate Page 3750 as of 11:00 a.m. (London time) on such date; provided that if such rate does not appear on Telerate Page 3750, the rate for such date will be determined on the basis of the rates at which one-month U.S. dollar deposits are offered by the Reference Banks at approximately 11:00 a.m. (London time) on such date to prime banks in the London interbank market. In such event, the Trustee will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the rate for that date will be the arithmetic mean of the quotations (rounded upwards if necessary to the nearest whole multiple of 1/16%). If fewer than two quotations are provided as requested, the rate for that date will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Servicer, at approximately 11:00 a.m. (New York City time) on such date for one-month U.S. dollar loan to leading European banks. (B) With respect to the Auction Rate Certificates, the rate calculated in accordance with the Auction Rate Certificates.

"LIBOR DETERMINATION DATE": With respect to any Accrual Period for the Floating Rate Certificates or the Auction Rate Certificates, the first London Business Day preceding the commencement of such Accrual Period.

"LIQUIDATED LOAN": As defined in Section 8.13(b) hereof.

"LIQUIDATION EXPENSES": Expenses, not to exceed Liquidation Proceeds, which are incurred by the Servicer in connection with the liquidation of any defaulted Home Equity Loan, such expenses including, without limitation, legal fees and expenses, and any unreimbursed Servicing Advances expended by the Servicer pursuant to Section 8.09(b) with respect to the related Home Equity Loan.

"LIQUIDATION PROCEEDS": With respect to any Liquidated Loan, any amounts (including the proceeds of any Insurance Policy) recovered by the Servicer in connection with such Liquidated Loan, whether through trustee's sale, foreclosure sale or otherwise.

"LOAN BALANCE": With respect to each Home Equity Loan and as of any date of determination, the outstanding principal balance thereof on the Cut-Off Date, less any principal payments relating to such Home Equity Loan included in previous Monthly Remittance Amounts, provided, however, that the Loan Balance for any Home Equity Loan that has become a Liquidated Loan shall be zero as of the first day of the Remittance Period following the Remittance Period in which such Home Equity Loan becomes a Liquidated Loan, and at all times thereafter.

"LOAN PURCHASE PRICE": With respect to any Home Equity Loan purchased from the Trust on a Monthly Remittance Date pursuant to Section 3.03, 3.04, 3.06(b), 8.10(b) or 8.13(a) hereof, an amount equal to the Loan Balance of such Home Equity Loan as of the date of purchase (assuming that the Monthly Remittance Amount remitted by the Servicer on such Monthly Remittance Date has already been remitted), plus one month's interest on the outstanding Loan Balance thereof as of the beginning of the related Remittance Period computed at the then applicable Coupon Rate, together with (without duplication) the aggregate amounts of (i) all unreimbursed Delinquency Advances and Servicing

Advances theretofore made with respect to such Home Equity Loan, (ii) all Delinquency Advances and Servicing Advances which the Servicer has theretofore failed to remit with respect to such Home Equity Loan and (iii) all reimbursed Delinquency Advances to the extent that reimbursement is not made from the Mortgagor or from Liquidation Proceeds from the respective Home Equity Loan.

"LOAN-TO-VALUE RATIO": As of any particular date (i) with respect to any First Mortgage Loan, the percentage obtained by dividing the Appraised Value into the original principal balance of the Note relating to such First Mortgage Loan and (ii) with respect to any Second Mortgage Loan, the percentage obtained by dividing the Appraised Value as of the date of origination of such Second Mortgage Loan into an amount equal to the sum of (a) the remaining principal balance of the Senior Lien note relating to such First Mortgage Loan as of the date of origination of the related Second Mortgage Loan and (b) the original principal balance of the Note relating to such Second Mortgage Loan.

"LONDON BUSINESS DAY": Any day on which dealings in deposits of United States dollars are transacted in the London interbank market.

"MONTHLY EXCESS CASHFLOW AMOUNT": For any Payment Date, the sum of (x) the Monthly Excess Interest Amount and (y) the Overcollateralization Release Amount for such Payment Date.

"MONTHLY EXCESS INTEREST AMOUNT": With respect to any Payment Date, the excess, if any, of (i) the Interest Amount Available for the related Remittance Period over (ii) the aggregate Current Interest plus the aggregate Interest Carry Forward Amount, if any, with respect to the Class A Trust Certificates on such Payment Date plus the Current Interest with respect to the Class B Certificates.

"MONTHLY REMITTANCE AMOUNT": As of any Monthly Remittance Date, the sum of (i) the Interest Remittance Amount and (ii) the Principal Remittance Amount for such Monthly Remittance Date.

"MONTHLY REMITTANCE DATE": The 10th day of each month or, if such day is not a Business Day, the Business Day succeeding such day, commencing in the month following the Startup Day.

"MOODY'S": Moody's Investors Service, Inc.

"MORTGAGE": The mortgage, deed of trust or other instrument creating a first or second lien on an estate in fee simple interest in real property securing a Note.

"MORTGAGOR": The obligor on a Note.

"NET LIQUIDATION PROCEEDS": As to any Liquidated Loan, Liquidation Proceeds net of Liquidation Expenses and unreimbursed Delinquency Advances relating to such Home Equity Loan. In no event shall Net Liquidation Proceeds with respect to any Liquidated Loan be less than zero.

"NOTE": The note or other evidence of indebtedness evidencing the indebtedness of a Mortgagor under a Home Equity Loan.

"OFFERED CERTIFICATES": Collectively, the Class A Trust Certificates (other than the Class A-2 Fixed Certificates) and the Subordinate Certificates.

"OFFICER'S CERTIFICATE": A certificate signed by any Authorized Officer of any Person delivering such certificate and delivered to the Trustee.

"OPERATIVE DOCUMENTS": Collectively, this Agreement, the Underwriting Agreement, the Certificates, the Certificate Insurance Policy, the Insurance Agreement, the Indemnification Agreement and the Auction Agent Agreement.

"ORIGINAL AGGREGATE LOAN BALANCE": The aggregate Loan Balances of the Home Equity Loans as of the Cut-Off Date, i.e., \$1,659,999,955.95.

"OUTSTANDING": With respect to all Certificates of a Class, as of any date of determination, all such Certificates theretofore executed and delivered hereunder except:

(i) Certificates theretofore canceled by the Registrar or delivered to the Registrar for cancellation;

(ii) Certificates or portions thereof for which full and final payment of money in the necessary amount has been theretofore

deposited with the Trustee or any Paying Agent in trust for the Owners of such Certificates;

(iii) Certificates in exchange for or in lieu of which other Certificates have been executed and delivered pursuant to this Agreement, unless proof satisfactory to the Trustee is presented that any such Certificates are held by a bona fide purchaser;

(iv) Certificates alleged to have been destroyed, lost or stolen for which replacement Certificates have been issued as provided for in Section 5.05 hereof; and

(v) Certificates as to which the Trustee has made the final distribution thereon, whether or not such Certificate is ever returned to the Trustee.

"OVERCOLLATERALIZATION AMOUNT": As of any Payment Date, the positive difference, if any, between (x) the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the immediately preceding Remittance Period and (y) the aggregate Certificate Principal Balance of the Class A Trust Certificates and Class B Certificates (after taking into account all distributions of principal on such Certificates as of such Payment Date).

"OVERCOLLATERALIZATION DEFICIENCY": As of any Payment Date, the excess, if any, of (x) the Targeted Overcollateralization Amount for such Payment Date over (y) the Overcollateralization Amount for such Payment Date, calculated for this purpose after taking into account the reduction on such Payment Date of the aggregate Certificate Principal Balance of the Class A Trust Certificates and Class B Certificates resulting from the distribution of the Principal Remittance Amount (but not the Extra Principal Distribution Amount or the principal component of any Insured Payment) on such Payment Date, but prior to taking into account any Applied Realized Loss Amount on such Payment Date.

"OVERCOLLATERALIZATION DEFICIT": For any Payment Date, the excess of the aggregate Class A Trust Certificate Principal Balance over the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period, calculated after taking into account the reduction on such Payment Date of the Class A Trust Certificate Principal Balance resulting from the distribution of the related Principal Remittance Amount on such Payment Date.

"OVERCOLLATERALIZATION FLOOR": \$8,300,000.

"OVERCOLLATERALIZATION RELEASE AMOUNT": As of any Payment Date, the lesser of (x) the Principal Remittance Amount for such Payment Date and (y) the excess of (i) the Overcollateralization Amount for such Payment Date, assuming that 100% of the Principal Remittance Amount is applied on such Payment Date to the payment of principal on the Class A Trust Certificates and Class B Certificates over (ii) the Targeted Overcollateralization Amount for such Payment Date.

"OWNER": The Person in whose name a Certificate is registered in the Register and the Certificate Insurer to the extent described in Section 5.06 and Section 7.03 (h) hereof, respectively hereof; provided that solely for the purposes of determining the exercise of any voting rights hereunder, if any Offered Certificates are beneficially owned by a Seller or any affiliate thereof, such Seller or such affiliate shall not be considered an Owner hereunder.

"PAC CERTIFICATES": Any of the Class A-2 Fixed, Class A-3, Class A-4, Class A-5, Class A-6, Class A-7, or Class A-8 Certificates.

"PAYING AGENT": Initially, the Trustee, and thereafter, the Trustee or any other Person that meets the eligibility standards for the Paying Agent specified in Section 11.15 hereof and is authorized by the Trustee and the Depositor to make payments on the Certificates on behalf of the Trustee.

"PAYMENT DATE": Any date on which the Trustee is required to make distributions to the Owners, which shall be the 15th day of each month or if such day is not a Business Day, the next Business Day thereafter, commencing in the month following the Startup Day.

"PERCENTAGE INTEREST": With respect to a Class of the Offered Certificates, a fraction, expressed as a percentage, the numerator of which is the initial Certificate Principal Balance represented by such Certificate and the denominator of which is the aggregate initial Certificate Principal Balance

represented by all the Certificates in such Class. With respect to the Class A-11 IO Certificates a fraction, expressed as a percentage, the numerator of which is the initial Class A-11 IO Notional Principal Amount represented by such Class A-11 IO Certificate and the denominator of which is the aggregate initial Class A-11 IO Notional Principal Amount represented by all of the Class A-11 IO Certificates. With respect to a Class R Certificate, the portion of the Class evidenced thereby, expressed as a percentage, as stated on the face of such Certificate, all of which shall total 100% with respect to the related Class.

"PERSON": Any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"PLANNED PRINCIPAL BALANCE": With respect to any Class of PAC Certificates and any Payment Date, the respective balance for such Class set forth opposite such Payment Date in the Planned Principal Balance Schedule set forth as Exhibit VI hereto.

"PREFERENCE AMOUNT": With respect to the Class A Trust Certificates and Class B Certificates, any amounts of Current Interest and principal included in previous distributions to the Owners of such Certificates which are recovered from such Owners as a voidable preference by a trustee in bankruptcy pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction and which have not theretofore been repaid to such Owners.

"PREMIUM AMOUNT": With respect to any Payment Date, one-twelfth of the Premium Percentage multiplied by the aggregate Certificate Principal Balance of the Class A Trust Certificates immediately prior to such Payment Date.

"PREMIUM PERCENTAGE": As defined in the Insurance Commitment Letter.

"PREPAID INSTALLMENT": With respect to any Home Equity Loan, any installment of principal thereof and interest thereon received by the Servicer prior to the scheduled due date for such installment, intended by the Mortgagor as an early payment thereof and not as a Prepayment with respect to such Home Equity Loan.

"PREPAYMENT": Any payment of principal of a Home Equity Loan which is received by the Servicer in advance of the scheduled due date for the payment of such principal (other than the principal portion of any Prepaid Installment), Substitution Amounts, the portion of the purchase price of any Home Equity Loan purchased from the Trust pursuant to Section 3.03, 3.04, 3.06(b), 8.10(b) or 8.13(a) hereof representing principal and the proceeds of any Insurance Policy which are to be applied as a payment of principal on the related Home Equity Loan shall be deemed to be Prepayments for all purposes of this Agreement.

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

"PRINCIPAL AND INTEREST ACCOUNT": The principal and interest account created by the Servicer pursuant to Section 8.08(a) hereof.

"PRINCIPAL DISTRIBUTION AMOUNT": As of any Payment Date, the sum of (i) the Principal Remittance Amount (minus, for Payment Dates occurring on and after the Stepdown Date the Overcollateralization Release Amount, if any) and (ii) the Extra Principal Distribution Amount, if any.

"PRINCIPAL REMITTANCE AMOUNT": As of any Monthly Remittance Date, the sum, without duplication, of (i) the principal actually collected by the Servicer with respect to Home Equity Loans during the related Remittance Period, (ii) the Loan Balance of each Home Equity Loan that was purchased from the Trustee during the related Remittance Period, (iii) any Substitution Amounts relating to principal delivered by the Seller in connection with a substitution of a Home Equity Loan during the related Remittance Period (iv) any Insurance Proceeds, (v) all Net Liquidation Proceeds actually collected by the Servicer with respect to the Home Equity Loans during the related Remittance Period (to the extent such Net Liquidation Proceeds related to principal).

"PROHIBITED TRANSACTION": The meaning set forth from time to time in the definition thereof at Section 860F(a)(2) of the Code (or any successor statute thereto) and applicable to the Trust.

"PROPERTY": The underlying property (including all building thereon)

securing a Home Equity Loan.

"PROSPECTUS": The Prospectus dated December 16, 1997 constituting part of the Registration Statement.

"PROSPECTUS SUPPLEMENT": The ContiMortgage Home Equity Loan Trust 1997-5 Prospectus Supplement dated December 16, 1997 to the Prospectus.

"PURCHASE OPTION PERIOD": As defined in Section 9.03(a) hereof.

"QUALIFIED LIQUIDATION": The meaning set forth from time to time in the definition thereof at Section 860F(a)(4) of the Code (or any successor statute thereto) and applicable to the Trust.

"QUALIFIED MORTGAGE": The meaning set forth from time to time in the definition thereof at Section 860G(a)(3) of the Code (or any successor statute thereto) and applicable to the Trust.

"QUALIFIED REPLACEMENT MORTGAGE": A Home Equity Loan substituted for another pursuant to Section 3.03, 3.04 or 3.06(b) hereof, which (i) has a Coupon Rate at least equal to the Coupon Rate of the Home Equity Loan being replaced, (ii) is of the same property type or is a single family dwelling and the same occupancy status or is a primary residence as the replaced Home Equity Loan, (iii) shall mature no later than December 15, 2028, (iv) has a Loan-to-Value Ratio as of the Replacement Cut-Off Date no higher than the Loan-to-Value Ratio of the replaced Home Equity Loan at such time, (v) shall be of the same or higher credit quality classification (determined in accordance with ContiMortgage's credit underwriting guidelines set forth in ContiMortgage's underwriting manual) as the Home Equity Loan which such Qualified Replacement Mortgage replaces, (vi) has a Loan Balance as of the related Replacement Cut-Off Date equal to or less than the Loan Balance of the replaced Home Equity Loan as of such Replacement Cut-Off Date, (vii) shall not provide for a "balloon" payment if the related Home Equity Loan did not provide for a "balloon" payment (and if such related Home Equity Loan provided for a "balloon" payment, such Qualified Replacement Mortgage shall have an original maturity of not less than the original maturity of such related Home Equity Loan), (viii) shall be a fixed rate Home Equity Loan if the Home Equity Loan being replaced is a Fixed Rate Home Equity Loan and shall be a first lien adjustable rate Home Equity Loan if the Home Equity Loan being replaced is an Adjustable Rate Home Equity Loan and (ix) satisfies the criteria set forth from time to time in the definition thereof at Section 860G(a)(4) of the Code (or any successor statute thereto) and applicable to the Trust.

"RATING AGENCIES": Collectively, Moody's, Standard & Poor's and Fitch or any successors thereto.

"REALIZED LOSS": As to any Liquidated Loan, the amount, if any, by which the Loan Balance thereof as of the date of liquidation is in excess of Net Liquidation Proceeds realized thereon applied in reduction of such Loan Balance.

"RECORD DATE": With respect to the Fixed Rate Certificates (other than the Class A-1 Certificates) and any Payment Date, the last day of the calendar month immediately preceding the calendar month in which such Payment Date occurs and with respect to the Floating Rate Certificates, the Class A-1 Certificates and the Auction Rate Certificates, the day immediately preceding such Payment Date.

"REFERENCE BANKS": Bankers Trust Company, Barclays Bank PLC, The Bank of Tokyo and National Westminster Bank PLC, provided that if any of the foregoing banks are not suitable to serve as a Reference Bank, then any leading banks selected by the Trustee (or the Auction Agent in the case of the Auction Rate Certificates) which are engaged in transactions in Eurodollar deposits in the international Eurocurrency market (i) with an established place of business in London, (ii) not controlling, under the control of or under common control with either Seller or any affiliate thereof, (iii) whose quotations appear on Telerate Page 3750 on the relevant LIBOR Determination Date and (iv) which have been designated as such by the Trustee (or the Auction Agent in the case of the Auction Rate Certificates).

"REGISTER": The register maintained by the Registrar in accordance with Section 5.04 hereof, in which the names of the Owners are set forth.

"REGISTRAR": The Trustee, acting in its capacity as Registrar appointed pursuant to Section 5.04 hereof, or any duly appointed and eligible successor thereto.

"REGISTRATION STATEMENT": The Registration Statement filed by the Depositor with the Securities and Exchange Commission (Registration Number 333-39505), including all amendments thereto and including the Prospectus relating to the Offered Certificates constituting a part thereof.

"REIMBURSEMENT AMOUNT": As of any Payment Date and as to each of the Certificate Insurance Policy and the Certificate Insurance Policy--Grantor Trust, the sum of (x) (i) all Insured Payments under each such policy, previously paid to the Trustee or the Grantor Trustee by the Certificate Insurer and not previously repaid to the Certificate Insurer pursuant to Section 7.03(b) (d) and (f) hereof plus (ii) interest accrued on each such Insured Payment not previously repaid calculated at the Reimbursement Late Payment Rate and (y) (i) any amounts then due and owing to the Certificate Insurer under the Insurance Agreement plus (ii) interest on such amounts at the Late Payment Rate. The Certificate Insurer shall notify the Trustee, the Depositor and the Sellers of the amount of any Reimbursement Amount.

"REIMBURSEMENT LATE PAYMENT RATE": Means for any Payment Date, the rate of interest as it is publicly announced by Citibank, N.A. at its principal office in New York, New York as its prime rate (any change in such prime rate of interest to be effective on the date such change is announced by Citibank, N.A.) plus 3%. The Late Payment Rate shall be computed on the basis of a year of 365 days elapsed. In no event shall the Late Payment Rate exceed the maximum rate permissible under any applicable law limiting interest rates.

"REMIC": A "real estate mortgage investment conduit" within the meaning of Section 860D of the Code.

"REMIC I": A REMIC established pursuant to Section 2.08 hereof.

"REMIC II": A REMIC established pursuant to Section 2.08 hereof.

"REMIC OPINION": As defined in Section 3.03 hereof.

"REMIC PROVISIONS": Provisions of the federal income tax law relating to real estate mortgage investment conduits, which appear at Section 860A through 860G of Subchapter M of Chapter 1 of the Code, and related provisions, and regulations and revenue rulings promulgated thereunder, as the foregoing may be in effect from time to time.

"REMITTANCE PERIOD": The calendar month immediately preceding the month in which a Monthly Remittance Date occurs.

"REO PROPERTY": A Property acquired by the Servicer on behalf of the Trust through foreclosure or deed-in-lieu of foreclosure in connection with a defaulted Home Equity Loan.

"REPLACEMENT CUT-OFF DATE": With respect to any Qualified Replacement Mortgage, the first day of the calendar month in which such Qualified Replacement Mortgage is conveyed to the Trust.

"REPRESENTATION LETTER": Letters to, or agreements with, the Depository to effectuate a book entry system with respect to the Offered Certificates registered in the Register under the nominee name of the Depository.

"RESIDUAL CERTIFICATES": Collectively, the Class R-I and Class R Certificates.

"RETAINED CERTIFICATES": Collectively, the Class R-I and Class R Certificates.

"SCHEDULE OF HOME EQUITY LOANS": Each of the schedules of Home Equity Loans, segregated by Fixed Rate Home Equity Loans and Adjustable Rate Home Equity Loans, listing each Home Equity Loan in such category to be conveyed on the Startup Day. Such Schedules of Home Equity Loans shall identify each Home Equity Loan by the Servicer's loan number and the borrower's name and address (including the state) of the Property and shall set forth as to each Home Equity Loan the lien status thereof (and with respect to Adjustable Rate Home Equity Loans, the margin), the Loan-to-Value Ratio and the Loan Balance as of the Cut-Off Date, the Coupon Rate thereof, the current scheduled monthly payment of principal and interest and the maturity of the related Note, the property type, occupancy status, Appraised Value and original term-to-maturity thereof, whether or not such Home Equity Loan (including the related Note) has been modified and the aggregate Loan Balances of all Home Equity Loans. Such Schedules shall also identify the Seller of each Home Equity Loan.

"SCHEDULED PAYMENT": As of any date of calculation, with respect to a Home Equity Loan, the then stated scheduled monthly installment of principal and interest payable thereunder which, if timely paid, would result in the full amortization of principal over the term thereof (or, in the case of a "balloon" Note, the term to the nominal maturity date for amortization purposes, without regard to the actual maturity date).

"SECOND MORTGAGE LOAN": A Home Equity Loan which constitutes a second priority mortgage lien with respect to the related Property.

"SECURITIES ACT": The Securities Act of 1933, as amended.

"SELLERS": ContiMortgage and ContiWest.

"SENIOR ENHANCEMENT PERCENTAGE": For any Payment Date, the percentage obtained by dividing (x) the sum of (i) the aggregate Certificate Principal Balance of the Subordinate Certificates and (ii) the Overcollateralization Amount, in each case after taking into account the distribution of the Principal Distribution Amount on such Payment Date by (y) the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period.

"SENIOR LIEN": With respect to any Second Mortgage Loan, the mortgage loan relating to the corresponding Property having a first priority lien.

"SENIOR OPTIMAL BALANCE": As of any Payment Date on and after the Stepdown Date:

- (a) if neither a Delinquency Trigger Event nor a Cumulative Realized Loss Trigger Event is then in effect, the lesser of
  - (i) the product of (x) 90.54 % and (y) the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period, and
  - (ii) the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period minus \$8,300,000 or
- (b) a Delinquency Trigger Event is then in effect, but as to which a Cumulative Realized Loss Trigger Event is not in effect, the lesser of:
  - (i) the product of (x) 100% minus 45% of the Three-Month Rolling Average 60+ Delinquency Rate and (y) the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period, and
  - (ii) the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period minus \$8,300,000; or
- (c) if a Cumulative Realized Loss Trigger Event is in effect but as to which a Delinquency Trigger Event is not in effect, the lesser of:
  - (i) the product of (x) 93.12 % minus the percentage equivalent of a fraction, the numerator of which is \$35,524,000 and the denominator of which is the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period and (y) the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period, and
  - (ii) the outstanding aggregate Loan Balance of the Home Equity Loans of the last day of the related Remittance Period, minus \$8,300,000; or
- (d) if both a Delinquency Trigger Event and a Cumulative Realized Loss Trigger Event are then in effect, the

least of:

- (i) the product (x) 100% minus 45% of the Three-Month Rolling Average 60+ Delinquency Rate and (y) the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period,
- (ii) the product of (x) 93.12 % minus the percentage equivalent of a fraction, the numerator of which is \$35,524,000 and the denominator of which is the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period, and (y) the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period and
- (iii) the outstanding aggregate Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period, minus \$8,300,000.

"SENIOR SPECIFIED ENHANCEMENT PERCENTAGE": On any date of determination thereof means 9.46%.

"SERVICER": ContiMortgage Corporation, a Delaware corporation, and its permitted successors and assigns.

"SERVICER AFFILIATE": A Person (i) controlling, controlled by or under common control with the Servicer and (ii) which is qualified to service residential mortgage loans.

"SERVICING ADVANCE": As defined in Section 8.09(b) and Section 8.13(a) hereof.

"SERVICING FEE": With respect to any Home Equity Loan, an amount retained by the Servicer as compensation for servicing and administration duties relating to such Home Equity Loan pursuant to Section 8.15 and equal to the Servicing Fee Rate times the then outstanding principal amount of such Home Equity Loan as of the first day of each calendar month payable on a monthly basis.

"SERVICING FEE RATE": 0.50% per annum.

"60+ DAY DELINQUENT LOAN": With respect to any Determination Date, all REO Properties, each Home Equity Loan with respect to which any portion of a Monthly Payment is, as of the last day of the prior Remittance Period, two months or more past due (without giving effect to any grace period), each Home Equity Loan in Foreclosure and each Home Equity Loan for which the mortgagor has filed for bankruptcy.

"STANDARD & POOR'S": Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc.

"STARTUP DAY": December 23, 1997.

"STEPDOWN DATE": The later to occur of (x) the Payment Date in January 2001 and (y) the first Payment Date on which the Senior Enhancement Percentage (after taking into account distributions of principal on such Payment Date) is equal to or greater than the Senior Specified Enhancement Percentage.

"SUBORDINATE CERTIFICATES": The Class B Certificates.

"SUB-SERVICER": Any Person with whom the Servicer has entered into a Sub-Servicing Agreement and who satisfies any requirements set forth in Section 8.03 hereof in respect of the qualification of a Sub-Servicer.

"SUB-SERVICING AGREEMENT": The written contract between the Servicer and any Sub-Servicer relating to servicing and/or administration of certain Home Equity Loans as permitted by Section 8.03.

"SUBSTITUTION AMOUNT": As defined in Section 3.03 hereof.

"TARGETED OVERCOLLATERALIZATION AMOUNT": On any Payment Date (w) prior to the seventh Payment Date, zero, (x) after the sixth Payment Date but prior to the Stepdown Date, \$19,920,000 and (y) on or after the Stepdown Date (A) if

neither a Delinquency Trigger Event nor a Cumulative Realized Loss Trigger Event is in effect, the greater of (x) 2.58% of the aggregate outstanding Loan Balance of the Home Equity Loans as of the last day of the related Remittance Period and (y) the Overcollateralization Floor or (B) if a Delinquency Trigger Event is in effect but a Cumulative Realized Loss Trigger Event is not in effect, the Targeted Overcollateralization Amount will be equal to the Targeted Overcollateralization Amount for the immediately preceding Payment Date or (C) if a Cumulative Realized Loss Trigger Event is in effect (whether or not a Delinquency Trigger Event is in effect), the product of (i) 2.14% and (ii) the Original Aggregate Loan Balance.

"TAX MATTERS CERTIFICATE": Each of the Class R-I and Class R Certificates initially issued to ContiFunding Corporation as the initial Tax Matters Person.

"TAX MATTERS PERSON": The Person appointed for the Trust pursuant to Section 11.18 hereof to act as the Tax Matters Person under the Code.

"TAX MATTERS PERSON RESIDUAL INTEREST": The 0.001% interest in the Class R Certificates and the Class R-I, each of which shall be issued to and held by ContiFunding Corporation throughout the term hereof unless another Person shall accept an assignment of such interest and the designation of Tax Matters Person pursuant to Section 11.18 hereof.

"TELERATE PAGE 3750": The display designated as page "3750" on the Dow Jones Telerate Capital Markets Report (or such other page as may replace page 3750 on that report for the purpose of displaying London interbank offered rates of major banks).

"TERMINATION DATE PASS-THROUGH RATE": A rate equal to the sum of (a) Weighted Average Pass-Through Rate, (b) any portion of the Trustee Fee (calculated as a percentage of the outstanding principal amount of the Offered Certificates) then accrued and outstanding and (c) the Premium Amount (calculated as a percentage of the outstanding principal amount of the Class A Trust Certificates) then accrued and outstanding.

"TERMINATION NOTICE": As defined in Section 9.03(a) hereof.

"THREE-MONTH ROLLING AVERAGE 60+ DAY DELINQUENCY RATE": With respect to a Payment Date, the fraction, expressed as a percentage (A) the numerator of which is the sum of the following three percentages for each of the past three Remittance Periods (x) the principal amount of 60+ Day Delinquent Loans by (y) the aggregate outstanding Loan Balance as of the last day of the related Remittance Period for each of the past three Remittance Periods and (B) the denominator of which is 3.

"TOTAL AVAILABLE FUNDS": As of any Payment Date, the sum of (a) the Interest Amount Available and (b) the Principal Remittance Amount, less any such amount that cannot be distributed to the Owners of the Class A Trust Certificates as a result of proceedings under the United States Bankruptcy Code.

"TRUST": ContiMortgage Home Equity Loan Trust 1997-5, the trust created under this Agreement.

"TRUST ESTATE": As defined in the conveyance clause under this Agreement.

"TRUSTEE": Manufacturers and Traders Trust Company, a New York banking corporation, the Corporate Trust Department of which is located on the date of execution of this Agreement at One M&T Plaza, Buffalo, New York 14240, not in its individual capacity but solely as Trustee under this Agreement, and any successor hereunder.

"TRUSTEE FEE": The fee payable monthly on each Payment Date in an amount equal to one-twelfth of the sum of (i) 0.0009% multiplied by the then-outstanding Aggregate Trust Certificate Principal Balance and (ii) \$5500.

"TRUSTEE FEE RATE": A fraction expressed as a percentage, the numerator of which is the product of (x) 12 and (y) the Trustee Fee and the denominator of which is the Aggregate Trust Certificate Principal Balance.

"UNDERWRITERS": Greenwich Capital Markets, Inc., Bear, Stearns & Co., ContiFinancial Services Corporation, Credit Suisse First Boston, Merrill Lynch, Pierce, Fenner & Smith, Inc., Morgan Stanley & Co. Incorporated and Nomura Securities International, Inc.

"UNPAID REALIZED LOSS AMOUNT": With respect to any Payment Date, the excess of (x) the aggregate cumulative amount of Class B Applied Realized Loss Amounts for all prior Payment Dates over (y) the aggregate, cumulative amount of Class B Realized Loss Amortization Amounts for all prior Payment Dates.

Section 1.02 USE OF WORDS AND PHRASES.

"Herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Agreement as a whole and not solely to the particular section of this Agreement in which any such word is used. The definitions set forth in Section 1.01 hereof include both the singular and the plural. Whenever used in this Agreement, any pronoun shall be deemed to include both singular and plural and to cover all genders.

Section 1.03 CAPTIONS; TABLE OF CONTENTS.

The captions or headings in this Agreement and the Table of Contents are for convenience only and in no way define, limit or describe the scope and intent of any provisions of this Agreement.

Section 1.04 OPINIONS.

Each opinion with respect to the validity, binding nature and enforceability of documents or Certificates may be qualified to the extent that the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (whether considered in a proceeding or action in equity or at law) and may state that no opinion is expressed on the availability of the remedy of specific enforcement, injunctive relief or any other equitable remedy. Any opinion required to be furnished by any Person hereunder must be delivered by counsel upon whose opinion the addressee of such opinion may reasonably rely, and such opinion may state that it is given in reasonable reliance upon an opinion of another, a copy of which must be attached, concerning the laws of a foreign jurisdiction.

END OF ARTICLE I

ARTICLE II

ESTABLISHMENT AND ORGANIZATION OF THE TRUST

Section 2.01 ESTABLISHMENT OF THE TRUST.

The parties hereto do hereby create and establish, pursuant to the laws of the State of New York and this Agreement, the Trust, which, for convenience, shall be known as "ContiMortgage Home Equity Loan Trust 1997-5."

Section 2.02 OFFICE.

The office of the Trust shall be in care of the Trustee, addressed to One M&T Plaza, Buffalo, New York 14240, Attention Corporate Trust Administration, or at such other address as the Trustee may designate by notice to the Depositor, the Seller, the Certificate Insurer and the Servicer.

Section 2.03 PURPOSES AND POWERS.

The purpose of the Trust is to engage in the following activities and only such activities: (i) the issuance of the Certificates and the acquiring, owning and holding of Home Equity Loans and the Trust Estate in connection therewith; (ii) activities that are necessary, suitable or convenient to accomplish the foregoing or are incidental thereto or connected therewith, including the investment of moneys in accordance with this Agreement; and (iii) such other activities as may be required in connection with conservation of the Trust Estate and distributions to the Owners; provided, however, that nothing contained herein shall permit the Trustee to take any action which would adversely affect any of the REMIC I's or REMIC II's status as a REMIC.

Section 2.04 APPOINTMENT OF THE TRUSTEE; DECLARATION OF TRUST.

The Depositor hereby appoints the Trustee as trustee of the Trust effective as of the Startup Day, to have all the rights, powers and duties set forth herein. The Trustee hereby acknowledges and accepts such appointment, represents and warrants its eligibility as of the Startup Day to serve as Trustee pursuant to Section 10.08 hereof and declares that it will hold the Trust Estate in trust upon and subject to the conditions set forth herein for

the benefit of the Owners.

Section 2.05 EXPENSES OF THE TRUST.

The expenses of the Trust, including (i) the fees of the Trustee (including any portion of the Trustee Fee not paid pursuant to Section 7.03(b) hereof), (ii) any reasonable expenses of the Trustee, and (iii) any other expenses of the Trust that have been reviewed by ContiMortgage, which review shall not be required in connection with the enforcement of a remedy by the Trustee resulting from a default under this Agreement, shall be paid directly by ContiMortgage. ContiMortgage shall pay directly the reasonable fees and expenses of counsel to the Trustee. The reasonable fees and expenses of the Trustee's counsel in connection with the review and delivery of this Agreement and related documentation shall be paid by ContiMortgage on the Startup Day.

Section 2.06 OWNERSHIP OF THE TRUST.

On the Startup Day the ownership interests in the Trust shall be transferred as set forth in Section 4.02 hereof, such transfer to be evidenced by sale of the Certificates as described therein. Thereafter, transfer of any ownership interest shall be governed by Sections 5.04 and 5.08 hereof.

Section 2.07 SITUS OF THE TRUST.

It is the intention of the parties hereto that the Trust constitute a trust under the laws of the State of New York. The Trust will be created and administered in, and all Accounts maintained by the Trustee on behalf of the Trust will be located in, the State of New York. The Trust will not have any employees and will not have any real or personal property (other than property acquired pursuant to Section 8.13 hereof) located in any state other than in the State of New York and payments will be received by the Trustee only in the State of New York and payments from the Trustee will be made only from the State of New York. The Trust's only office will be at the office of the Trustee as set forth in Section 2.02 hereof.

Section 2.08 MISCELLANEOUS REMIC PROVISIONS.

(a) The Trustee shall elect that each of REMIC I and REMIC II shall be treated as a REMIC under Section 860D of the Code. Any inconsistencies or ambiguities in this Agreement or in the administration of this Agreement shall be resolved in a manner that preserves the validity of such REMIC elections. The assets of REMIC I shall include the Home Equity Loans, the Accounts, any REO Property, and any proceeds of the foregoing. The REMIC I Regular Certificates (as defined below) shall constitute the assets of REMIC II.

(b) The REMIC I will be evidenced by the REMIC I Regular Interests, described below, which will be uncertificated and non-transferable and are hereby designated as the "regular interests" in the REMIC I and (y) the Class R-I Certificates, which are hereby designated as the single "residual interest" in the REMIC I (the REMIC I Regular Certificates, together with the Class R-I Certificates, the "REMIC I Certificates"). The REMIC I Regular Interests shall be recorded on the records of the REMIC I as being issued to and held by the Trustee on behalf of REMIC II.

On each of the first six Payment Dates, the Principal Remittance Amount shall reduce the principal balances of the REMIC I Certificates in the same manner that such collections are payable with respect to the Corresponding Classes of Certificates. Thereafter, the Principal Remittance Amount shall reduce the principal balances of the Class I-A-5 and Class I-A-6 Certificates to the same extent such collections are payable with respect to the Class A-5 and Class A-6 Certificates, respectively, and any remaining Principal Remittance Amount shall reduce the principal balances of the REMIC I Regular Certificates (other than the Class I-A-5 and Class I-A-6 Certificates) pro rata based on their current principal balances. To the extent that any Monthly Excess Interest Amount is paid to the Class A-5 Certificates as an Extra Principal Distribution Amount, an amount of interest, equal to such payment, that would otherwise be payable on the REMIC I Regular Certificates (other than the Class I-A-5 and Class I-A-6 Certificates) shall instead be paid as principal on the Class I-A-5 Certificates (and will be accrued and added to principal on the REMIC I Regular Certificate (other than the Class I-A-5 and Class I-A-6 Certificates) pro rata based on their current principal balances). Similarly, to the extent that any Monthly Excess Interest Amount is paid to the Class A-6 Certificates as an Extra Principal Distribution Amount, an amount of interest, equal to such payment, that would otherwise be payable on the REMIC I Regular Certificates (other than the Class I-A-5 and Class I-A-6 Certificates) shall instead be paid as principal on the Class I-A-6 Certificates (and will be accrued and added to principal on

the REMIC I Regular Certificate (other than the Class I-A-5 and Class I-A-6 Certificates) pro rata based on their current principal balances). On each of the first six Payment Dates, Realized Losses on the Home Equity Loans shall be allocated to a Class of REMIC I Certificates to the same extent Realized Losses are allocable to its Corresponding Class of Certificates. For subsequent payment dates, Realized Losses shall be allocated to the Class I-A-5 and Class I-A-6 Certificates to the same extent Realized Losses are allocated to the Class A-5 and Class A-6 Certificates, and otherwise allocated to the REMIC I Regular Certificates, other than the Class I-A-5 and Class I-A-6 Certificates and apportioned among such Certificates pro rata based on their current principal balances. The REMIC I Certificates will have the following designations and Pass-Through Rates, and distributions of principal and interest thereon shall be allocated to the Certificates in the following manner:

<TABLE>  
<CAPTION>

REMIC I CERTIFICATES -----	INITIAL BALANCE -----	PASS-THROUGH RATE -----	ALLOCATION PRINCIPAL -----	ALLOCATION OF INTEREST -----
<S>	<C>	<C>	<C>	<C>
I-A-1	\$103,340,000	(1)	(3)	(4)
I-A-2	\$675,000,000	(1)	(3)	(4)
I-A-3	\$ 63,000,000	(1)	(3)	(4)
I-A-4	\$140,000,000	(1)	(3)	(4)
I-A-5	\$ 40,000,000	(2)	(3)	(4), (5)
I-A-6	\$115,540,000	(2)	(3)	(4), (5)
I-A-7	\$130,000,000	(1)	(3)	(4)
I-A-8	\$109,520,000	(1)	(3)	(4)
I-A-9	\$ 35,605,000	(1)	(3)	(4)
I-A-10	\$194,875,000	(1)	(3)	(4)
I-B	\$ 53,120,000	(1)	(3)	(4)
R-I	\$0(6)	0%	N/A	N/A

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- (1) For each of the first six Payment Dates, the Pass-Through Rate for each of these REMIC I Certificates shall be equal to the Pass-Through Rate of its Corresponding Class of Certificates, determined except in the case of the Class I-A-7, I-A-8, I-A-9 and I-A-10 Certificates) without regard to the Available Funds Cap. Thereafter, the Pass-Through Rate on these REMIC I Regular Interests shall at any time of determination equal the weighted average of the Coupon Rates of the Home Equity Loans net of the Servicing Fee, Trustee Fee, the Premium Percentage, and the Auction Agent Fee (including the Broker-Dealer Fee).
- (2) For each of the first six Payment Dates, the Pass-Through Rate for each of these REMIC I Certificates shall be equal to the Pass-Through Rate of its Corresponding Class of Certificates, determined without regard to the Available Funds Cap, plus 25%. Thereafter, the Pass-Through Rate on these REMIC I Regular Interests shall at any time of determination equal the weighted average of the Coupon Rates of the Home Equity Loans net of the Servicing Fee, Trustee Fee, the Premium Percentage, and the Auction Agent Fee (including the Broker-Dealer Fee).
- (3) Principal will be allocable to and apportioned among the Class A-1, Class A-2 Fixed, Class A-3, Class A-4, Class A-5, Class A-6, Class A-7, Class A-8, Class A-9, Class A-10, and Class B Certificates to the extent and in the manner provided in Section 7.03.
- (4) Except as provided in footnote (5), interest will be allocable to the Class A-1, Class A-2 Fixed, Class A-3, Class A-4, Class A-5, Class A-6, Class A-7, Class A-8, Class A-9, Class A-10 and Class B Certificates to the extent and in the manner provided in Section 7.03.
- (5) For the first six Payment Dates, 2500 basis points of the interest on this Class will be allocated to the Class A-11 IO Certificates and remaining interest on this Class will be allocated to the Corresponding Class of Certificates. For the seventh through and including the eighteenth Payment Dates, 650 basis points of the interest on this Class will be allocated to the Class A-11 IO and interest in excess of such amounts shall be allocable to the Class A-1, Class A-2 Fixed, Class A-3, Class A-4, Class A-5, Class A-6, Class A-7, Class A-8, Class A-9, Class A-10 and Class B Certificates to the extent and in the manner provided in Section 7.03.

(6) On each Distribution Date, available funds, if any, remaining in REMIC I after payments of interest and principal, as designated above, will be distributed to the Class R-I Certificate.

</TABLE>

(c) The Class A-1, Class A-2 Fixed, Class A-3, Class A-4, Class A-5, Class A-6, Class A-7, Class A-8, Class A-9, Class A-10, Class A-11 IO and Class B Certificates are hereby designated as "regular interests" with respect to the REMIC II (the "REMIC II Regular Certificates") and the Class R Certificate is hereby designated as the single "residual interest" with respect to the REMIC II.

(d) The Startup Day is hereby designated for both REMIC I and REMIC II as the "startup day" within the meaning of Section 860G(a)(9) of the Code.

(e) Solely for purposes of satisfying Section 1.860G-1(a)(4)(iii) of the Treasury regulations promulgated under Section 860G of the Code, the "latest possible maturity date," for each of the REMIC I Regular Certificates and each of the REMIC II Regular Certificates (other than the Class A-11 IO) is the Payment Date in January 2029, and for the Class A-11 IO is the Payment Date in June 1999.

(f) The Trustee shall provide to the Internal Revenue Service and to the persons described in Section 860E(e)(3) and (6) of the Code the information described in Treasury regulation Section 1.860D-1(b)(5)(ii), or any successor regulation thereto, with respect to both REMIC I and REMIC II. Such information will be provided in the manner described in Treasury regulation Section 1.860E-2(a)(5), or any successor regulation thereto.

END OF ARTICLE II

### ARTICLE III

#### REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEPOSITOR, THE SERVICER AND THE SELLERS; COVENANT OF SELLERS TO CONVEY HOME EQUITY LOANS

##### Section 3.01 REPRESENTATIONS AND WARRANTIES OF THE DEPOSITOR.

The Depositor hereby represents, warrants and covenants to the Trustee, the Certificate Insurer and the Owners that as of the Startup Day:

(a) The Depositor is a corporation duly organized, validly existing and in good standing under the laws governing its creation and existence and is in good standing as a foreign corporation in each jurisdiction in which the nature of its business, or the properties owned or leased by it make such qualification necessary. The Depositor has all requisite corporate power and authority to own and operate its properties, to carry out its business as presently conducted and as proposed to be conducted and to enter into and discharge its obligations under this Agreement and the other Operative Documents to which it is a party.

(b) The execution and delivery of this Agreement by the Depositor and its performance and compliance with the terms of this Agreement and the other Operative Documents to which it is a party have been duly authorized by all necessary corporate action on the part of the Depositor and will not violate the Depositor's Certificate of Incorporation or Bylaws or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in a breach of, any material contract, agreement or other instrument to which the Depositor is a party or by which the Depositor is bound or violate any statute or any order, rule or regulation of any court, governmental agency or body or other tribunal having jurisdiction over the Depositor or any of its properties.

(c) This Agreement and the other Operative Documents to which the Depositor is a party, assuming due authorization, execution and delivery by the other parties hereto and thereto, each constitutes a valid, legal and binding obligation of the Depositor, enforceable against it in accordance with the terms hereof and thereof, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by general principles of equity

(whether considered in a proceeding or action in equity or at law).

(d) The Depositor is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency, which default would materially and adversely affect the condition (financial or other) or operations of the Depositor or its properties or the consequences of which would materially and adversely affect its performance hereunder or under the other Operative Documents to which the Depositor is a party.

(e) No litigation is pending with respect to which the Depositor has received service of process or, to the best of the Depositor's knowledge, threatened against the Depositor which litigation might have consequences that would prohibit its entering into this Agreement or any other Operative Documents to which it is a party or that would materially and adversely affect the condition (financial or otherwise) or operations of the Depositor or its properties or might have consequences that would materially and adversely affect its performance hereunder and under the other Operative Documents to which the Depositor is a party.

(f) No certificate of an officer, statement furnished in writing or report delivered pursuant to the terms hereof by the Depositor contains any untrue statement of a material fact or omits to state any material fact necessary to make the certificate, statement or report not misleading.

(g) The statements contained in the Registration Statement which describe the Depositor or matters or activities for which the Depositor is responsible in accordance with the Operative Documents or which are attributable to the Depositor therein are true and correct in all material respects, and the Registration Statement does not contain any untrue statement of a material fact with respect to the Depositor required to be stated therein or necessary to make the statements contained therein with respect to the Depositor, in light of the circumstances under which they were made, not misleading. The Registration Statement does not contain any untrue statement of a material fact required to be stated therein or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. There is no fact known to the Depositor that materially adversely affects or in the future may (so far as the Depositor can now reasonably foresee) materially adversely affect the Depositor or the Home Equity Loans or the ownership interests therein represented by the Certificates that has not been set forth in the Registration Statement.

(h) All actions, approvals, consents, waivers, exemptions, variances, franchises, orders, permits, authorizations, rights and licenses required to be taken, given or obtained, as the case may be, by or from any federal, state or other governmental authority or agency (other than any such actions, approvals, etc. under any state securities laws, real estate syndication or "Blue Sky" statutes, as to which the Depositor makes no such representation or warranty), that are necessary or advisable in connection with the purchase and sale of the Certificates and the execution and delivery by the Depositor of the Operative Documents to which it is a party, have been duly taken, given or obtained, as the case may be, are in full force and effect on the date hereof, are not subject to any pending proceedings or appeals (administrative, judicial or otherwise) and either the time within which any appeal therefrom may be taken or review thereof may be obtained has expired or no review thereof may be obtained or appeal therefrom taken, and are adequate to authorize the consummation of the transactions contemplated by this Agreement and the other Operative Documents on the part of the Depositor and the performance by the Depositor of its obligations under this Agreement and such of the other Operative Documents to which it is a party.

(i) The transactions contemplated by this Agreement are in the ordinary course of business of the Depositor.

(j) The Depositor is not insolvent, nor will it be made insolvent by the transfer of the Home Equity Loans, nor is the Depositor aware of any pending insolvency.

(k) The transfer, assignment and conveyance of the Notes and the Mortgages by the Depositor hereunder are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.

(l) The Depositor is not transferring the Home Equity Loans to the Trustee with any intent to hinder, delay or defraud its creditors.

It is understood and agreed that the representations and warranties set

forth in this Section 3.01 shall survive delivery of the respective Home Equity Loans to the Trustee.

Section 3.02 REPRESENTATIONS AND WARRANTIES OF THE SERVICER.

The Servicer hereby represents, warrants and covenants to the Trustee, the Certificate Insurer and the Owners that as of the Startup Day:

(a) The Servicer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, is, and each Sub-Servicer is, in compliance with the laws of each state in which any Property is located to the extent necessary to enable it to perform its obligations hereunder and is in good standing as a foreign corporation in each jurisdiction in which the nature of its business, or the properties owned or leased by it make such qualification necessary. The Servicer and each Sub-Servicer has all requisite corporate power and authority to own and operate its properties, to carry out its business as presently conducted and as proposed to be conducted and to enter into and discharge its obligations under this Agreement and the other Operative Documents to which it is a party. The Servicer is designated as an approved seller-servicer by FannieMae for first and second mortgage loans and has combined equity and subordinated debt of at least \$1,500,000, as determined in accordance with generally accepted accounting principles.

(b) The execution and delivery of this Agreement by the Servicer and its performance and compliance with the terms of this Agreement have been duly authorized by all necessary corporate action on the part of the Servicer and will not violate the Servicer's Certificate of Incorporation or Bylaws or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in the breach of, any material contract, agreement or other instrument to which the Servicer is a party or by which the Servicer is bound or violate any statute or any order, rule or regulation of any court, governmental agency or body or other tribunal having jurisdiction over the Servicer or any of its properties.

(c) This Agreement and the Operative Documents to which the Servicer is a party, assuming due authorization, execution and delivery by the other parties hereto and thereto, each constitutes a valid, legal and binding obligation of the Servicer, enforceable against it in accordance with the terms hereof and thereof, except as the enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by general principles of equity (whether considered in a proceeding or action in equity or at law).

(d) The Servicer is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency, which default might have consequences that would materially and adversely affect the condition (financial or otherwise) or operations of the Servicer or its properties or might have consequences that would materially and adversely affect its performance hereunder or under the other Operative Documents to which the Servicer is a party.

(e) No litigation is pending with respect to which the Servicer has received service of process or, to the best of the Servicer's knowledge, threatened against the Servicer which litigation might have consequences that would prohibit its entering into this Agreement or any other Operative Documents to which the Servicer is a party or that would materially and adversely affect the condition (financial or otherwise) or operations of the Servicer or its properties or might have consequences that would materially and adversely affect its performance hereunder and the other Operative Documents to which the Servicer is a party.

(f) No certificate of an officer, statement furnished in writing or report delivered pursuant to the terms hereof by the Servicer contains any untrue statement of a material fact or omits to state any material fact necessary to make the certificate, statement or report not misleading.

(g) The statements contained in the Registration Statement which describe the Servicer or matters or activities for which the Servicer is responsible in accordance with the Operative Document or which are attributed to the Servicer therein are true and correct in all material respects, and the Registration Statement does not contain any untrue statement of a material fact with respect to the Servicer or omit to state a material fact required to be stated therein or necessary to make the statements contained therein with respect to the Servicer, in light of the circumstances under which they were made, not misleading.

(h) The Servicing Fee is a "current (normal) servicing fee rate" as that term is used in Statement of Financial Accounting Standards No. 65 issued by the Financial Accounting Standards Board. Neither the Servicer nor any affiliate thereof will report on any financial statements any part of the Servicing Fee as an adjustment to the sales price of the Home Equity Loans.

(i) All actions, approvals, consents, waivers, exemptions, variances, franchises, orders, permits, authorizations, rights and licenses required to be taken, given or obtained, as the case may be, by or from any federal, state or other governmental authority or agency (other than any such actions, approvals, etc. under any state securities laws, real estate syndication or "Blue Sky" statutes, as to which the Servicer makes no such representation or warranty), that are necessary or advisable in connection with the execution and delivery by the Servicer of the Operative Documents to which it is a party, have been duly taken, given or obtained, as the case may be, are in full force and effect on the date hereof, are not subject to any pending proceedings or appeals (administrative, judicial or otherwise) and either the time within which any appeal therefrom may be taken or review thereof may be obtained has expired or no review thereof may be obtained or appeal therefrom taken, and are adequate to authorize the consummation of the transactions contemplated by this Agreement and the other Operative Documents on the part of the Servicer and the performance by the Servicer of its obligations under this Agreement and such of the other Operative Documents to which it is a party.

(j) The collection practices used by the Servicer with respect to the Home Equity Loans have been, in all material respects, legal, proper, prudent and customary in the mortgage servicing business and in conformity with relevant FannieMae guidelines.

(k) The transactions contemplated by this Agreement are in the ordinary course of business of the Servicer.

It is understood and agreed that the representations and warranties set forth in this Section 3.02 shall survive delivery of the Home Equity Loans to the Trustee.

Upon discovery by any of either Seller, the Servicer, any Sub-Servicer, any Owner, the Certificate Insurer or the Trustee (each, for purposes of this paragraph, a party) of a breach of any of the representations and warranties set forth in this Section 3.02 which materially and adversely affects the interests of the Owners or of the Certificate Insurer, the party discovering such breach shall give prompt written notice to the other parties. Within 60 days of its discovery or its receipt of notice of breach, the Servicer shall cure such breach in all material respects and, upon the Servicer's continued failure to cure such breach, may thereafter be removed by the Trustee pursuant to Section 8.20 hereof; provided, however, that if any party can establish to the reasonable satisfaction of the Certificate Insurer that it is diligently pursuing remedial action, then the cure period may be extended with the written approval of the Certificate Insurer.

### Section 3.03 REPRESENTATIONS AND WARRANTIES OF THE SELLERS.

(1) ContiMortgage hereby represents, warrants and covenants to the Trustee, the Certificate Insurer and the Owners that as of the Startup Day:

(a) ContiMortgage is a corporation duly organized, validly existing and in good standing under the laws governing its creation and existence and is in good standing as a foreign corporation in each jurisdiction in which the nature of its business, or the properties owned or leased by it, make such qualification necessary. ContiMortgage has all requisite corporate power and authority to own and operate its properties, to carry out its business as presently conducted and as proposed to be conducted and to enter into and discharge its obligations under this Agreement and the other Operative Documents to which it is a party.

(b) The execution and delivery of this Agreement by ContiMortgage and its performance and compliance with the terms of this Agreement and the other Operative Documents to which it is a party have been duly authorized by all necessary corporate action on the part of ContiMortgage and will not violate ContiMortgage's Certificate of Incorporation or Bylaws or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in a breach of, any material contract, agreement or other instrument to which ContiMortgage is a party or by which ContiMortgage is bound or violate any statute or any order, rule or regulation of any court, governmental agency or body or other tribunal having jurisdiction over ContiMortgage or any of its properties.

(c) This Agreement and the other Operative Documents to which ContiMortgage is a party, assuming due authorization, execution and delivery by the other parties hereto and thereto, each constitutes a valid, legal and binding obligation of ContiMortgage, enforceable against it in accordance with the terms hereof and thereof, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by general principles of equity (whether considered in a proceeding or action in equity or at law).

(d) ContiMortgage is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency, which default would materially and adversely affect the condition (financial or other) or operations of ContiMortgage or its properties or the consequences of which would materially and adversely affect its performance hereunder and under the other Operative Documents to which ContiMortgage is a party.

(e) No litigation is pending with respect to which ContiMortgage has received service of process or, to the best of ContiMortgage's knowledge, threatened against ContiMortgage which litigation might have consequences that would prohibit its entering into this Agreement or any other Operative Documents to which it is a party or that would materially and adversely affect the condition (financial or otherwise) or operations of ContiMortgage or its properties or might have consequences that would materially and adversely affect its performance hereunder and under the other Operative Documents to which ContiMortgage is a party.

(f) No certificate of an officer, statement furnished in writing or report delivered pursuant to the terms hereof by ContiMortgage contains any untrue statement of a material fact or omits to state any material fact necessary to make the certificate, statement or report not misleading.

(g) The statements contained in the Registration Statement which describe ContiMortgage or matters or activities for which ContiMortgage is responsible in accordance with the Operative Documents or which are attributable to ContiMortgage therein are true and correct in all material respects, and the Registration Statement does not contain any untrue statement of a material fact with respect to ContiMortgage required to be stated therein or necessary to make the statements contained therein with respect to ContiMortgage, in light of the circumstances under which they were made, not misleading. The Registration Statement does not contain any untrue statement of a material fact required to be stated therein or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. There is no fact known to ContiMortgage that materially adversely affects or in the future may (so far as ContiMortgage can now reasonably foresee) materially adversely affect ContiMortgage or the Home Equity Loans or the ownership interests therein represented by the Certificates that has not been set forth in the Registration Statement.

(h) Upon the receipt of each Home Equity Loan (including the related Note) and other items of the Trust Estate delivered by ContiMortgage to the Depositor and by the Depositor to the Trustee under this Agreement, the Trust will have good title to such Home Equity Loan (including the related Note) and such other items of the Trust Estate free and clear of any lien, charge, mortgage, encumbrance or rights of others, except as set forth in Section 3.04 (b) (ix) (other than liens which will be simultaneously released).

(i) Neither ContiMortgage nor any affiliate thereof will report on any financial statement any part of the Servicing Fee as an adjustment to the sales price of the Home Equity Loans.

(j) All actions, approvals, consents, waivers, exemptions, variances, franchises, orders, permits, authorizations, rights and licenses required to be taken, given or obtained, as the case may be, by or from any federal, state or other governmental authority or agency (other than any such actions, approvals, etc. under any state securities laws, real estate syndication or "Blue Sky" statutes, as to which ContiMortgage makes no such representation or warranty), that are necessary or advisable in connection with the purchase and sale of the Certificates and the execution and delivery by ContiMortgage of the Operative Documents to which it is a party, have been duly taken, given or obtained, as the case may be, are in full force and effect on the date hereof, are not subject to any pending proceedings or appeals (administrative, judicial or otherwise) and either the time within which any appeal therefrom may be taken or review thereof may be obtained has expired or no review thereof may be obtained or appeal therefrom taken, and are adequate to

authorize the consummation of the transactions contemplated by this Agreement and the other Operative Documents on the part of ContiMortgage and the performance by ContiMortgage of its obligations under this Agreement and such of the other Operative Documents to which it is a party.

(k) The origination practices used by ContiMortgage with respect to the Home Equity Loans have been, in all material respects, legal, proper, prudent and customary in the mortgage lending business.

(l) The transactions contemplated by this Agreement are in the ordinary course of business of ContiMortgage.

(m) ContiMortgage is not insolvent, nor will it be made insolvent by the transfer of the Home Equity Loans, nor is ContiMortgage aware of any pending insolvency.

(n) The transfer, assignment and conveyance of the Notes and the Mortgages by ContiMortgage hereunder are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.

(o) ContiMortgage is not transferring the Home Equity Loans to the Depositor with any intent to hinder, delay or defraud its creditors.

It is understood and agreed that the representations and warranties set forth in this Section 3.03(1) shall survive delivery of the respective Home Equity Loans to the Trustee.

Upon discovery by any of the Servicer, any Sub-Servicer, either Seller, the Certificate Insurer or the Trustee (each, for purposes of this paragraph, a "party") of a breach of any of the representations and warranties set forth in this Section 3.03 which materially and adversely affects the interests of the Owners or of the Certificate Insurer, the party discovering such breach shall give prompt written notice to the other parties. ContiMortgage hereby covenants and agrees that within 60 days of its discovery or its receipt of notice of breach, it shall cure such breach in all material respects or, with respect to a breach of clause (h) above, ContiMortgage may (or may cause an affiliate of ContiMortgage to) on the Monthly Remittance Date next succeeding such discovery or receipt of notice (i) substitute in lieu of any Home Equity Loan not in compliance with clause (h) a Qualified Replacement Mortgage and, if the outstanding principal amount of such Qualified Replacement Mortgage as of the applicable Replacement Cut-Off Date is less than the Loan Balance of such Home Equity Loan as of such Replacement Cut-Off Date, deliver an amount equal to such difference together with the aggregate amount of (A) all Delinquency Advances and Servicing Advances theretofore made with respect to such Home Equity Loan and (B) all Delinquency Advances and Servicing Advances which the Servicer has theretofore failed to remit with respect to such Home Equity Loan (a "Substitution Amount") to the Servicer for deposit in the Principal and Interest Account or (ii) purchase such Home Equity Loan from the Trust at the Loan Purchase Price, which purchase price shall be delivered to the Servicer for deposit in the Principal and Interest Account. Notwithstanding any provision of this Agreement to the contrary, with respect to any Home Equity Loan which is not in default or as to which no default is imminent, no repurchase or substitution pursuant to Section 3.03, 3.04 or 3.06 shall be made unless ContiMortgage obtains for the Trustee and the Certificate Insurer an opinion of counsel experienced in federal income tax matters to the effect that such a repurchase or substitution would not constitute a Prohibited Transaction for the Trust or any REMIC therein or otherwise subject the Trust or any REMIC therein to tax and would not jeopardize the status of any REMIC therein as a REMIC (a "REMIC Opinion") addressed to the Trustee and the Certificate Insurer and acceptable to the Trustee and the Certificate Insurer. Any Home Equity Loan as to which repurchase or substitution was delayed pursuant to this Section shall be repurchased or substituted for (subject to compliance with Sections 3.03, 3.04 or 3.06, as the case may be) upon the earlier of (a) the occurrence of a default or imminent default with respect to such Home Equity Loan and (b) receipt by the Trustee and the Certificate Insurer of a REMIC Opinion.

(2) ContiWest hereby represents, warrants and covenants to the Trustee, the Certificate Insurer and the Owners that as of the Startup Day:

(a) ContiWest is a corporation duly organized, validly existing and in good standing under the laws governing its creation and existence and is in good standing as a foreign corporation in each jurisdiction in which the nature of its business, or the properties owned or leased by it, make such qualification necessary. ContiWest has all requisite corporate power and authority to own and operate its properties, to carry out its business as presently conducted and as proposed to be conducted and to enter into and

discharge its obligations under this Agreement and the other Operative Documents to which it is a party.

(b) The execution and delivery of this Agreement by ContiWest and its performance and compliance with the terms of this Agreement and the other Operative Documents to which it is a party have been duly authorized by all necessary corporate action on the part of ContiWest and will not violate ContiWest's Certificate of Incorporation or Bylaws or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in a breach of, any material contract, agreement or other instrument to which ContiWest is a party or by which ContiWest is bound or violate any statute or any order, rule or regulation of any court, governmental agency or body or other tribunal having jurisdiction over ContiWest or any of its properties.

(c) Agreement and the other Operative Documents to which ContiWest is a party, assuming due authorization, execution and delivery by the other parties hereto and thereto, each constitutes a valid, legal and binding obligation of ContiWest, enforceable against it in accordance with the terms hereof and thereof, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by general principles of equity (whether considered in a proceeding or action in equity or at law).

(d) ContiWest is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency, which default would materially and adversely affect the condition (financial or other) or operations of ContiWest or its properties or the consequences of which would materially and adversely affect its performance hereunder and under the other Operative Documents to which ContiWest is a party.

(e) No litigation is pending with respect to which ContiWest has received service of process or, to the best of ContiWest's knowledge, threatened against ContiWest which litigation might have consequences that would prohibit its entering into this Agreement or any other Operative Documents to which it is a party or that would materially and adversely affect the condition (financial or otherwise) or operations of ContiWest or its properties or might have consequences that would materially and adversely affect its performance hereunder and under the other Operative Documents to which ContiWest is a party.

(f) No certificate of an officer, statement furnished in writing or report delivered pursuant to the terms hereof by ContiWest contains any untrue statement of a material fact or omits to state any material fact necessary to make the certificate, statement or report not misleading.

(g) The statements contained in the Registration Statement which describe ContiWest or matters or activities for which ContiWest is responsible in accordance with the Operative Documents or which are attributable to ContiWest therein are true and correct in all material respects, and the Registration Statement does not contain any untrue statement of a material fact with respect to ContiWest required to be stated therein or necessary to make the statements contained therein with respect to ContiWest, in light of the circumstances under which they were made, not misleading. The Registration Statement does not contain any untrue statement of a material fact required to be stated therein or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. There is no fact known to ContiWest that materially adversely affects or in the future may (so far as ContiWest can now reasonably foresee) materially adversely affect ContiWest or the Home Equity Loans or the ownership interests therein represented by the Certificates that has not been set forth in the Registration Statement.

(h) Upon the receipt of each Home Equity Loan (including the related Note) and other items of the Trust Estate delivered by ContiWest to the Depositor and by the Depositor to the Trustee under this Agreement, the Trust will have good title to such Home Equity Loan (including the related Note) and such other items of the Trust Estate free and clear of any lien, charge, mortgage, encumbrance or rights of others, except as set forth in Section 3.04 (b) (ix) (other than liens which will be simultaneously released). (i) All actions, approvals, consents, waivers, exemptions, variances, franchises, orders, permits, authorizations, rights and licenses required to be taken, given or obtained, as the case may be, by or from any federal, state or other governmental authority or agency (other than any such actions, approvals, etc. under any state securities laws, real estate syndication or "Blue Sky" statutes, as to which ContiWest makes no such representation or warranty), that are

necessary or advisable in connection with the purchase and sale of the Certificates and the execution and delivery by ContiWest of the Operative Documents to which it is a party, have been duly taken, given or obtained, as the case may be, are in full force and effect on the date hereof, are not subject to any pending proceedings or appeals (administrative, judicial or otherwise) and either the time within which any appeal therefrom may be taken or review thereof may be obtained has expired or no review thereof may be obtained or appeal therefrom taken, and are adequate to authorize the consummation of the transactions contemplated by this Agreement and the other Operative Documents on the part of ContiWest and the performance by ContiWest of its obligations under this Agreement and such of the other Operative Documents to which it is a party.

(j) The transactions contemplated by this Agreement are in the ordinary course of business of ContiWest.

(k) ContiWest is not insolvent, nor will it be made insolvent by the transfer of the Home Equity Loans, nor is ContiWest aware of any pending insolvency.

(l) The transfer, assignment and conveyance of the Notes and the Mortgages by ContiWest hereunder are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.

(m) ContiWest is not transferring the Home Equity Loans to the Depositor with any intent to hinder, delay or defraud its creditors.

It is understood and agreed that the representations and warranties set forth in this Section 3.03(2) shall survive delivery of the respective Home Equity Loans to the Trustee.

Upon discovery by any of the Servicer, any Sub-Servicer, either Seller, the Certificate Insurer or the Trustee (each, for purposes of this paragraph, a "party") of a breach of any of the representations and warranties set forth in this Section 3.03 which materially and adversely affects the interests of the Owners or of the Certificate Insurer, the party discovering such breach shall give prompt written notice to the other parties. ContiWest hereby covenants and agrees that within 60 days of its discovery or its receipt of notice of breach, it shall cure such breach in all material respects or, with respect to a breach of clause (h) above, ContiWest may (or may cause an affiliate of ContiWest to) on the Monthly Remittance Date next succeeding such discovery or receipt of notice (i) substitute in lieu of any Home Equity Loan not in compliance with clause (h) a Qualified Replacement Mortgage and, if the outstanding principal amount of such Qualified Replacement Mortgage as of the applicable Replacement Cut-Off Date is less than the Loan Balance of such Home Equity Loan as of such Replacement Cut-Off Date, deliver an amount equal to such difference together with the aggregate amount of (A) all Delinquency Advances and Servicing Advances theretofore made with respect to such Home Equity Loan and (B) all Delinquency Advances and Servicing Advances which the Servicer has theretofore failed to remit with respect to such Home Equity Loan (a "Substitution Amount") to the Servicer for deposit in the Principal and Interest Account or (ii) purchase such Home Equity Loan from the Trust at the Loan Purchase Price, which purchase price shall be delivered to the Servicer for deposit in the Principal and Interest Account. Notwithstanding any provision of this Agreement to the contrary, with respect to any Home Equity Loan which is not in default or as to which no default is imminent, no repurchase or substitution pursuant to Section 3.03, 3.04 or 3.06 shall be made unless ContiWest obtains for the Trustee and the Certificate Insurer an opinion of counsel experienced in federal income tax matters to the effect that such a repurchase or substitution would not constitute a Prohibited Transaction for the Trust or any REMIC therein or otherwise subject the Trust or any REMIC therein to tax and would not jeopardize the status of any REMIC therein as a REMIC (a "REMIC Opinion") addressed to the Trustee and the Certificate Insurer and acceptable to the Trustee and the Certificate Insurer. Any Home Equity Loan as to which repurchase or substitution was delayed pursuant to this Section shall be repurchased or substituted for (subject to compliance with Sections 3.03, 3.04 or 3.06, as the case may be) upon the earlier of (a) the occurrence of a default or imminent default with respect to such Home Equity Loan and (b) receipt by the Trustee and the Certificate Insurer of a REMIC Opinion.

Section 3.04 COVENANTS OF THE SELLERS TO TAKE CERTAIN ACTIONS WITH RESPECT TO THE HOME EQUITY LOANS IN CERTAIN SITUATIONS.

(a) Upon the discovery by either Seller, the Servicer, any Sub-Servicer, the Certificate Insurer or the Trustee (i) that any of the statements set forth in subsection (b) below were untrue as of the Startup Day with the result that the interests of the Owners or the Certificate Insurer are

materially and adversely affected or (ii) that statements set forth in Clauses (ix), (x), (xiii), (xxxvi), (xl), or (xli) of subsection (b) below were untrue in any material respect as of the Startup Day, the party discovering such breach shall give prompt written notice to the other parties. Upon the earliest to occur of such Seller's discovery, its receipt of notice of breach from any one of the other parties or such time as a situation resulting from an existing statement which is untrue materially and adversely affects the interests of the Owners or of the Certificate Insurer, such Seller hereby covenants and warrants that it shall promptly cure such breach in all material respects or subject to the last two sentences of Section 3.03 it shall on the second Monthly Remittance Date next succeeding such discovery, receipt of notice or such time (i) substitute in lieu of each Home Equity Loan which has given rise to the requirement for action by such Seller a Qualified Replacement Mortgage and deliver the Substitution Amount to the Servicer for deposit in the Principal and Interest Account or (ii) purchase such Home Equity Loan from the Trust at a purchase price equal to the Loan Purchase Price thereof, which purchase price shall be delivered to the Servicer for deposit in the Principal and Interest Account. Other than as specified in Section 6.12 hereof, it is understood and agreed that the obligation of a Seller so to substitute or purchase any Home Equity Loan as to which such a statement set forth below is untrue in any material respect and has not been remedied shall constitute the sole remedy under this Agreement respecting a discovery of any such statement which is untrue in any material respect in this Section 3.04 available to the Owners, the Certificate Insurer and the Trustee, the Certificate Insurer.

(b) Unless otherwise specified, the information set out below specifies as of the Startup Day:

(i) The information with respect to each Home Equity Loan and the aggregate Loan Balance of all Home Equity Loans set forth in the related Schedule of Home Equity Loans is true and correct as of the Cut-Off Date;

(ii) All the original or certified documentation set forth in Section 3.05 (including all material documents related thereto) with respect to each Home Equity Loan has been or will be delivered to the Trustee on the Startup Day or as otherwise provided in Section 3.05;

(iii) Each Home Equity Loan being transferred to the Trust is a Qualified Mortgage;

(iv) Each Property is improved by a single (one-to-four) family residential dwelling, which may include condominiums and townhouses, manufactured housing or small multifamily or mixed-use property but shall not include co-operatives or mobile homes; provided, however, that not more than 0.05% and 0.09% of the aggregate Loan Balance of the Fixed Rate Home Equity Loans and the Adjustable Rate Home Equity Loans, respectively, are secured by condominiums with more than 4 stories and no more than 0.58% and 1.59% of the Loan Balance of the Fixed Rate Home Equity Loans and the Adjustable Rate Home Equity Loans respectively, are secured by condominiums of less than 4 stories;

(v) No Fixed Rate Home Equity Loan has a Loan-to-Value Ratio in excess of 85%, except 15.38% of such Home Equity Loans which have a Loan-to-Value Ratio not greater than 100%; and no Adjustable Rate Home Equity Loan has a Loan-to-Value Ratio in excess of 85%, except 22.63% of such Home Equity Loans which have a Loan-to-Value Ratio not greater than 100%;

(vi) Each Home Equity Loan is being serviced by the Servicer;

(vii) The Note related to each Fixed Rate Home Equity Loan bears a fixed Coupon Rate of at least 7.19% per annum, and the Note related to each Adjustable Rate Home Equity Loan bears a current Coupon Rate of at least 6.50% per annum. The weighted average Coupon Rate of the Fixed Rate Home Equity Loans is at least 11.038% and the weighted average Coupon Rate of the Adjustable Home Equity Loans is at least 10.283%;

(viii) Each Note with respect to the Home Equity Loans will provide for a schedule of substantially level and equal monthly Scheduled Payments which are sufficient to amortize fully the principal balance of such Note on or before its maturity date (other than Notes representing not more than 48.53% of the aggregate Loan Balance of the Initial Fixed Rate Home Equity Loans, which may provide for a "balloon" payment due at the end of the 15th year, which

maturity date is not more than 15 years from the date of origination);

(ix) As of the Startup Day, each Mortgage is a valid and subsisting first or second lien of record on the Property subject in the case of any Second Mortgage Loan only to a Senior Lien on such Property and subject in all cases to the exceptions to title set forth in the title insurance policy or attorney's opinion of title with respect to the related Home Equity Loan, which exceptions are generally acceptable to banking institutions in connection with their regular mortgage lending activities, and such other exceptions to which similar properties are commonly subject and which do not individually, or in the aggregate, materially and adversely affect the benefits of the security intended to be provided by such Mortgage;

(x) Immediately prior to the transfer and assignment of the Home Equity Loans by the related Seller to the Depositor and by the Depositor to the Trust herein contemplated, such Seller and the Depositor, as the case may be, held good and indefeasible title to, and was the sole owner of, each Home Equity Loan (including the related Note) conveyed by such Seller subject to no liens, charges, mortgages, encumbrances or rights of others except as set forth in clause (ix) or other liens which will be released simultaneously with such transfer and assignment; and immediately upon the transfer and assignment herein contemplated, the Trustee will hold good and indefeasible title to, and be the sole owner of, each Home Equity Loan subject to no liens, charges, mortgages, encumbrances or rights of others except as set forth in paragraph (ix) or other liens which will be released simultaneously with such transfer and assignment;

(xi) As of the Startup Day, (a) no more than 2.03% and 2.50% of the Fixed Rate Home Equity Loans and the Adjustable Rate Home Equity Loans, respectively, as a percentage of the outstanding aggregate Loan Balance of such Home Equity Loans are 30-59 days Delinquent, (b) no more than 0.206% and 0.59% of the Fixed Rate Home Equity Loans and the Adjustable Rate Home Equity Loans, respectively, as a percentage of the outstanding aggregate Loan Balance of such Home Equity Loans, are 60-89 days Delinquent, (c) none of the Home Equity Loans, is 90 or more days Delinquent, (d) no Mortgagor of any Home Equity Loan has been 30 days or more Delinquent more than once during the 12 months immediately preceding the Startup Day except as indicated on Schedule III attached hereto and (e) no Mortgagor of any Home Equity Loan has been 90 or more days Delinquent during the 12 months immediately preceding the Startup Day except as indicated on Schedule III attached hereto;

(xii) There is no delinquent tax or assessment lien on any Property, and each Property is free of substantial damage and is in good repair;

(xiii) There is no valid and enforceable offset, defense or counterclaim to any Note or Mortgage, including the obligation of the related Mortgagor to pay the unpaid principal of or interest on such Note;

(xiv) There is no mechanics' lien or claim for work, labor or material affecting any Property which is or may be a lien prior to, or equal with, the lien of the related Mortgage except those which are insured against by any title insurance policy referred to in paragraph (xvi) below;

(xv) Each Home Equity Loan at the time it was made complied in all material respects with applicable state and federal laws and regulations, including, without limitation, the federal Truth-in-Lending Act and other consumer protection laws, usury, equal credit opportunity, disclosure and recording laws;

(xvi) With respect to each Home Equity Loan either (a) an attorney's opinion of title has been obtained but no title policy has been obtained (provided that no title policy has been obtained with respect to not more than 1.0% of the Original Aggregate Loan Balance of the Home Equity Loans), or (b) a lender's title insurance policy, issued in standard American Land Title Association form by a title insurance company authorized to transact business in the state in which the related Property is situated, in an amount at least equal to the original balance of such Home Equity Loan together, in the case of a Second Mortgage Loan, with the then-current principal balance of the

mortgage note relating to the Senior Lien, insuring the mortgagee's interest under the related Home Equity Loan as the holder of a valid first or second mortgage lien of record on the real property described in the related Mortgage, as the case may be, subject only to exceptions of the character referred to in paragraph (ix) above, was effective on the date of the origination of such Home Equity Loan, and, as of the Startup Day, such policy is valid and thereafter such policy shall continue in full force and effect;

(xvii) Each Sub-Servicer, if any, is a qualified servicer as defined in Section 8.03 with respect to the Home Equity Loans serviced by it;

(xviii) The improvements upon each Property are covered by a valid and existing hazard insurance policy with a generally acceptable carrier that provides for fire and extended coverage representing coverage not less than the least of (A) the outstanding principal balance of the related Home Equity Loan (together, in the case of a Second Mortgage Loan, with the outstanding principal balance of the Senior Lien), (B) the minimum amount required to compensate for damage or loss on a replacement cost basis or (C) the full insurable value of the Property;

(xix) If any Property is in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards, a flood insurance policy in a form meeting the requirements of the current guidelines of the Flood Insurance Administration is in effect with respect to such Property with a generally acceptable carrier in an amount representing coverage not less than the least of (A) the outstanding principal balance of the related Home Equity Loan (together, in the case of a Second Mortgage Loan, with the outstanding principal balance of the Senior Lien), (B) the minimum amount required to compensate for damage or loss on a replacement cost basis or (C) the maximum amount of insurance that is available under the Flood Disaster Protection Act of 1973;

(xx) Each Mortgage and Note is the legal, valid and binding obligation of the maker thereof and is enforceable in accordance with its terms, except only as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (whether considered in a proceeding or action in equity or at law), and all parties to each Home Equity Loan had full legal capacity to execute all documents relating to such Home Equity Loan and convey the estate therein purported to be conveyed;

(xxi) Each Seller has caused and will cause to be performed any and all acts required to be performed to preserve the rights and remedies of the Trustee in any Insurance Policies applicable to any Home Equity Loans delivered by such Seller including, without limitation, any necessary notifications of insurers, assignments of policies or interests therein, and establishments of co-insured, joint loss payee and mortgagee rights in favor of the Trustee;

(xxii) As of the Startup Day, no more than 0.37% of the aggregate Loan Balance of the Fixed Rate Home Equity Loans and 0.81% of the Adjustable Rate Home Equity Loans, respectively, will be secured by Properties located within any single zip code area;

(xxiii) Each original Mortgage was recorded or is in the process of being recorded, and all subsequent assignments of the original Mortgage have been delivered for recordation or have been recorded in the appropriate jurisdictions wherein such recordation is necessary to perfect the lien thereof as against creditors of or purchasers from the Seller delivering the related Home Equity Loan (or, subject to Section 3.05 hereof, are in the process of being recorded);

(xxiv) The terms of each Note and each Mortgage have not been impaired, altered or modified in any respect, except by a written instrument which has been recorded, if necessary, to protect the interest of the Owners and the Certificate Insurer and which has been delivered to the Trustee. The substance of any such alteration or modification is reflected on the related Schedule of Home Equity Loans;

(xxv) The proceeds of each Home Equity Loan have been fully

disbursed, and there is no obligation on the part of the mortgagee to make future advances thereunder. Any and all requirements as to completion of any on-site or off-site improvements and as to disbursements of any escrow funds therefor have been complied with. All costs, fees and expenses incurred in making or closing or recording such Home Equity Loans were paid;

(xxvi) The related Note is not and has not been secured by any collateral, pledged account or other security except the lien of the corresponding Mortgage;

(xxvii) No Home Equity Loan was originated under a buydown plan;

(xxviii) No Home Equity Loan has a shared appreciation feature, or other contingent interest feature;

(xxix) Each Property is located in the state identified in the respective Schedule of Home Equity Loans and consists of one or more parcels of real property with a residential dwelling erected thereon;

(xxx) Each Mortgage contains a provision for the acceleration of the payment of the unpaid principal balance of the related Home Equity Loan in the event the related Property is sold without the prior consent of the mortgagee thereunder;

(xxxi) Any advances made after the date of origination of a Home Equity Loan but prior to the Cut-Off Date have been consolidated with the outstanding principal amount secured by the related Mortgage, and the secured principal amount, as consolidated, bears a single interest rate and single repayment term reflected on the respective Schedule of Home Equity Loans. The consolidated principal amount does not exceed the original principal amount of the related Home Equity Loan. No Note permits or obligates the Servicer to make future advances to the related Mortgagor at the option of the Mortgagor;

(xxxii) There is no proceeding pending or threatened for the total or partial condemnation of any Property, nor is such a proceeding currently occurring, and each Property is undamaged by waste, fire, water, flood, earthquake or earth movement;

(xxxiii) All of the improvements which were included for the purposes of determining the Appraised Value of any Property lie wholly within the boundaries and building restriction lines of such Property, and no improvements on adjoining properties encroach upon such Property, and are stated in the title insurance policy and affirmatively insured;

(xxxiv) No improvement located on or being part of any Property is in violation of any applicable zoning law or regulation. All inspections, licenses and certificates required to be made or issued with respect to all occupied portions of each Property and, with respect to the use and occupancy of the same, including but not limited to certificates of occupancy and fire underwriting certificates, have been made or obtained from the appropriate authorities and such Property is lawfully occupied under the applicable law;

(xxxv) With respect to each Mortgage constituting a deed of trust, a trustee, duly qualified under applicable law to serve as such, has been properly designated and currently so serves and is named in such Mortgage, and no fees or expenses are or will become payable by the Owners or the Trust to the trustee under the deed of trust, except in connection with a trustee's sale after default by the related Mortgagor;

(xxxvi) Each Mortgage contains customary and enforceable provisions which render the rights and remedies of the holder thereof adequate for the realization against the related Property of the benefits of the security, including (A) in the case of a Mortgage designated as a deed of trust, by trustee's sale and (B) otherwise by judicial foreclosure. There is no homestead or other exemption available to the related Mortgagor which would materially interfere with the right to sell the related Property at a trustee's sale or the right to foreclose the related Mortgage;

(xxxvii) There is no default, breach, violation or event of

acceleration existing under any Mortgage or the related Note and no event which, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration; and neither the Servicer nor the related Seller has waived any default, breach, violation or event of acceleration;

(xxxviii) No instrument of release or waiver has been executed in connection with any Home Equity Loan, and no Mortgagor has been released, in whole or in part, except in connection with an assumption agreement which has been approved by the primary mortgage guaranty insurer, if any, and which has been delivered to the Trustee;

(xxxix) The maturity date of each Home Equity Loan is at least twelve months prior to the maturity date of the related first mortgage loan if such first mortgage loan provides for a balloon payment;

(xl) Each Home Equity Loan conforms, and all such Home Equity Loans in the aggregate conform, in all material respects to the description thereof set forth in the Prospectus Supplement;

(xli) The credit underwriting guidelines applicable to each Home Equity Loan conform in all material respects to the description thereof set forth in the Prospectus Supplement;

(xlii) Each Home Equity Loan was originated based upon a full appraisal, which included an interior inspection of the subject property;

(xliii) The Home Equity Loans were not selected for inclusion in the Trust by the Sellers on any basis intended to adversely affect the Trust;

(xliv) No more than 5.83% and 6.23% of the aggregate Loan Balance of the Fixed Rate Home Equity Loans and the Adjustable Rate Home Equity Loans, respectively, are secured by Properties that are non-owner occupied Properties (i.e., investor-owned and vacation);

(xlv) No more than 5.24% and 6.66% of the aggregate Loan Balance of the Fixed Rate Home Equity Loans and the Adjustable Rate Home Equity Loans, respectively, are secured by Home Equity Loans which were originated under ContiMortgage's non-income verification program;

(xlvi) Neither Seller has any actual knowledge that there exist any hazardous substances, hazardous wastes or solid wastes, as such terms are defined in the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act of 1976, or other federal, state or local environmental legislation on any Property;

(xlvii) Both Sellers were properly licensed or otherwise authorized, to the extent required by applicable law, to originate or purchase each Home Equity Loan; and the consummation of the transactions herein contemplated, including, without limitation, the receipt of interest by the Owners and the ownership of the Home Equity Loans by the Trustee as trustee of the Trust will not involve the violation of such laws;

(xlviii) With respect to each Property subject to a ground lease (i) the current ground lessor has been identified and all ground rents which have previously become due and owing have been paid; (ii) the ground lease term extends, or is automatically renewable, for at least five years beyond the maturity date of the related Home Equity Loan; (iii) the ground lease has been duly executed and recorded; (iv) the amount of the ground rent and any increases therein are clearly identified in the lease and are for predetermined amounts at predetermined times; (v) the ground rent payment is included in the borrower's monthly payment as an expense item; (vi) the Trust has the right to cure defaults on the ground lease; and (vii) the terms and conditions of the leasehold do not prevent the free and absolute marketability of the Property. As of the Cut-Off Date, the Loan Balance of the Home Equity Loans with related Properties subject to ground leases does not exceed 1% of the Original Aggregate Loan Balance;

(xlix) All taxes, governmental assessments, insurance premiums,

water, sewer and municipal charges, leasehold payments or ground rents which previously became due and owing have been paid, or an escrow of funds has been established in an amount sufficient to pay for every such item which remains unpaid and which has been assessed but is not yet due and payable;

(l) As of the Startup Day, neither Seller has received a notice of default of any first mortgage loan secured by any Property which has not been cured by a party other than such Seller;

(li) All of the Adjustable Rate Home Equity Loans are in a first lien position;

(lii) As of the Cut-off Date, each Home Equity Loan has an outstanding balance of less than \$450,000;

(liii) Each Home Equity Loan is secured by a mortgage on property which, at the time of origination of each Home Equity Loan, has an appraised value of not more than \$1,350,000;

(liv) No more than 6.12% of the Fixed Rate Home Equity Loans and none of the Adjustable Rate Home Equity Loans are in a second priority position; and

(lv) The weighted average margin of the Adjustable Rate Home Equity Loans is 6.197%.

(c) In the event that any such repurchase results in a prohibited transaction tax, the Trustee shall immediately notify the related Seller in writing thereof and such Seller will, within 10 days of receiving notice thereof from the Trustee, deposit the amount due from the Trust with the Trustee for the payment thereof, including any interest and penalties, in immediately available funds. In the event that any Qualified Replacement Mortgage is delivered by either Seller to the Trust pursuant to Section 3.03, Section 3.04 or Section 3.06 hereof, such Seller shall be obligated to take the actions described in Section 3.04(a) with respect to such Qualified Replacement Mortgage upon the discovery by any of the Owners, the other Seller, the Servicer, any Sub-Servicer, the Certificate Insurer or the Trustee that the statements set forth in clause (ix), (x), (xiii), (xxxvi), (xl) or (xli) of subsection (b) above are untrue in any material respect on the date such Qualified Replacement Mortgage is conveyed to the Trust or that any of the other statements set forth in subsection (b) above are untrue on the date such Qualified Replacement Mortgage is conveyed to the Trust such that the interests of the Owners or the Certificate Insurer in the related Qualified Replacement Mortgage are materially and adversely affected; provided, however, that for the purposes of this subsection (c) the statements in subsection (b) above referring to items "as of the Cut-Off Date" or "as of the Startup Day" shall be deemed to refer to such items as of the date such Qualified Replacement Mortgage is conveyed to the Trust. Notwithstanding the fact that a representation contained in subsection (b) above may be limited to a Seller's knowledge, such limitation shall not relieve a Seller of its repurchase obligation under this Section and Section 3.05 hereof.

(d) It is understood and agreed that the covenants set forth in this Section 3.04 shall survive delivery of the respective Home Equity Loans (including Qualified Replacement Mortgages) to the Trustee.

(e) The Trustee shall have no duty to conduct any affirmative investigation other than as specifically set forth in this Agreement as to the occurrence of any condition requiring the repurchase or substitution of any Home Equity Loan pursuant to this Article III or the eligibility of any Home Equity Loan for the purpose of this Agreement.

#### Section 3.05 CONVEYANCE OF THE HOME EQUITY LOANS AND QUALIFIED REPLACEMENT MORTGAGES.

(a) On the Startup Day each Seller, concurrently with the execution and delivery hereof, hereby transfers, assigns, sets over and otherwise conveys to the Depositor and the Depositor, concurrently with the execution and delivery hereof, transfers, assigns, sets over and otherwise conveys, without recourse, to the Trust all of their respective right, title and interest in and to the Trust Estate; provided, however, that each Seller reserves and retains all of its right, title and interest in and to principal (including Prepayments) collected and interest accrued on each Home Equity Loan on or prior to the Cut-Off Date. The transfer by the Depositor of the Home Equity Loans set forth on the Schedule of Home Equity Loans to the Trustee is absolute and is intended

by the Owners and all parties hereto to be treated as a sale by the Depositor.

It is intended that the sale, transfer, assignment and conveyance herein contemplated constitute a sale of the Home Equity Loans conveying good title thereto free and clear of any liens and encumbrances from each Seller to the Depositor and from the Depositor to the Trust and that the Home Equity Loans not be part of the Depositor's or either Seller's estate in the event of insolvency. In the event that such conveyance is deemed to be a loan, the parties intend that each Seller shall be deemed to have granted to the Depositor and the Depositor shall be deemed to have granted to the Trustee a first priority perfected security interest in the Trust Estate, and that this Agreement shall constitute a security agreement under applicable law.

In connection with such sale, transfer, assignment, and conveyance from the Sellers to the Depositor, each Seller has filed, in the appropriate office or offices in the States of Delaware, Pennsylvania and Nevada, as the case may be, a UCC-1 financing statement executed by such Seller as debtor, naming the Depositor as secured party and listing the Home Equity Loans and the other property described above as collateral. The characterization of a Seller as debtor and the Depositor as secured party on such financing statements is solely for protective purposes and shall in no way be construed as being contrary to the intent of the parties that this transaction be treated as a sale of such Seller's entire right, title and interest in and to the Trust Estate. In connection with such filing, each Seller agrees that it shall cause to be filed all necessary continuation statements thereof and to take or cause to be taken such actions and execute such documents as are necessary to perfect and protect the Trustee's, the Certificate Insurer's and the Owners' interest in the Trust Estate.

In connection with such sale, transfer, assignment, and conveyance from the Depositor to the Trustee, the Depositor has filed, in the appropriate office or offices in the States of New York and Delaware, a UCC-1 financing statement executed by the Depositor as debtor, naming the Trustee as secured party and listing the Home Equity Loans and the other property described above as collateral. The characterization of the Depositor as debtor and the Trustee as secured party in such financing statements is solely for protective purposes and shall in no way be construed as being contrary to the intent of the parties that this transaction be treated as a sale of the Depositor's entire right, title and interest in and to the Trust Estate. In connection with such filing, the Depositor agrees that it shall cause to be filed all necessary continuation statements thereof and to take or cause to be taken such actions and execute such documents as are necessary to perfect and protect the Trustee's, the Certificate Insurer's and the Owners' interest in the Trust Estate.

(b) In connection with the transfer and assignment of the Home Equity Loans, the Depositor agrees to:

(i) deliver without recourse to the Trustee on the Startup Day with respect to each Home Equity Loan (A) the original Notes endorsed in blank or to the order of the Trustee, (B) the original title insurance policy or a copy certified by the issuer of the title insurance policy, or the attorney's opinion of title, (C) originals or certified copies of all intervening assignments, showing a complete chain of title from origination to the Trustee, if any, including warehousing assignments, with evidence of recording thereon, (D) originals of all assumption and modification agreements, if any and (E) either: (1) the original Mortgage, with evidence of recording thereon (if such original Mortgage has been returned to the related Seller from the applicable recording office or a certified copy thereof if such original Mortgage has not been returned to the related Seller from the applicable recording office), or (2) a copy of the Mortgage certified by the public recording office in those instances where the original recorded Mortgage has been lost;

(ii) cause, within 15 days following the receipt from the relevant state authorities, assignments of the Mortgages to "Manufacturers and Traders Trust Company, as Trustee of ContiMortgage Home Equity Loan Trust 1997-5 under the Pooling and Servicing Agreement dated as of December 1, 1997" to be submitted for recording in the appropriate jurisdictions; provided, however, that the Depositor shall not be required to record an assignment of a Mortgage if the Depositor furnishes to the Trustee and the Certificate Insurer, on or before the Startup Day, at the Depositor's expense an opinion of counsel with respect to the relevant jurisdiction that such recording is not necessary to perfect the Trustee's interest in the related Home Equity Loans (in form and substance and from counsel satisfactory to

the Rating Agencies and the Certificate Insurer); notwithstanding the furnishing of such opinion of counsel, however, the Certificate Insurer may, in its reasonable discretion after consultation with the Depositor prior to the date on which all assignments of Mortgages are required to be filed hereunder, require the filing of assignments of Mortgages in any state that is the subject of such opinions; and

(iii) deliver the title insurance policy or title searches, the original Mortgages and such recorded assignments, together with originals or duly certified copies of any and all prior assignments, to the Trustee within 15 days of receipt thereof by the Depositor (but in any event, with respect to any Mortgage as to which original recording information has been made available to the Depositor, within one year after the Startup Day).

Notwithstanding the delivery of opinions specified in clause (iii) above the Trustee shall cause to be recorded each assignment of a Mortgage upon the earliest to occur of (a) the reasonable direction of the Certificate Insurer, (b) the removal of the Servicer pursuant to Section 8.20 hereof or (c) notification to the Trustee of the occurrence of a bankruptcy or insolvency relating to the Mortgagor.

Notwithstanding anything to the contrary contained in this Section 3.05, in those instances where the public recording office retains the original Mortgage, the assignment of a Mortgage or the intervening assignments of the Mortgage after it has been recorded, the Depositor shall be deemed to have satisfied its obligations hereunder upon delivery to the Trustee of a copy of such Mortgage, such assignment or assignments of Mortgage certified by the public recording office to be a true copy of the recorded original thereof.

Not later than ten days following the end of the 60-day period referred in clause (ii) of the second preceding paragraph, each Seller shall deliver to the Trustee a list of all Mortgages with respect to Home Equity Loans delivered by such Seller for which no Mortgage assignment has yet been submitted for recording by such Seller, which list shall state the reason why such Seller has not yet submitted such Mortgage assignments for recording. With respect to any Mortgage assignment disclosed on such list as not yet submitted for recording for a reason other than a lack of original recording information, the Trustee shall make an immediate demand on such Seller to prepare such Mortgage assignments, and shall inform the Certificate Insurer of such Seller's failure to prepare such Mortgage assignments. Thereafter, the Trustee shall cooperate in executing any documents prepared by the Certificate Insurer and submitted to the Trustee in connection with this provision. Following the expiration of the 60-day period referred to in clause (ii) of the second preceding paragraph, each Seller shall promptly prepare a Mortgage assignment for any Mortgage with respect to Home Equity Loans delivered by such Seller for which original recording information is subsequently received by such Seller, and shall promptly deliver a copy of such Mortgage assignment to the Trustee. Each Seller agrees that it will follow its normal servicing procedures and attempt to obtain the original recording information necessary to complete a Mortgage assignment with respect to Home Equity Loans delivered by such Seller. In the event that a Seller is unable to obtain such recording information with respect to any Mortgage prior to the end of the 18th calendar month following the Startup Day and has not provided to the Trustee a Mortgage assignment with evidence of recording thereon relating to the assignment of such Mortgage to the Trustee, the Trustee shall notify such Seller of such Seller's obligation to provide a completed assignment (with evidence of recording thereon) on or before the end of the 20th calendar month following the Startup Day with respect to the Home Equity Loans. A copy of such notice shall be sent by the Trustee to the Certificate Insurer. If no such completed assignment (with evidence of recording thereon) is provided before the end of such 20th calendar month, the related Home Equity Loan shall be deemed to have breached the representation contained in clause (xxiii) of Section 3.04(b) hereof; provided, however, that if as of the end of such 20th calendar month either Seller then required to deliver such a completed assignment demonstrates to the satisfaction of the Certificate Insurer that it is exercising its best efforts to obtain such completed assignment and, during each month thereafter until such completed assignment is delivered to the Trustee, such Seller continues to demonstrate to the satisfaction of the Certificate Insurer that it is exercising its best efforts to obtain such completed assignment, the related Home Equity Loan will not be deemed to have breached such representation. The requirement to deliver a completed assignment with evidence of recording thereon will be deemed satisfied upon delivery of a copy of the completed assignment certified by the applicable public recording office.

Copies of all Mortgage assignments received by the Trustee shall be

retained in the related File.

All recording required pursuant to this Section 3.05 with respect to one or more Home Equity Loans shall be accomplished at the expense of the Seller delivering such Home Equity Loan.

(c) In the case of Home Equity Loans which have been prepaid in full after the Cut-Off Date and prior to the Startup Day, the Depositor, in lieu of the foregoing, will deliver within six (6) days after the Startup Day to the Trustee a certification of an Authorized Officer in the form set forth in Exhibit D.

(d) Each Seller shall transfer, assign, set over and otherwise convey, without recourse, to the Trustee all right, title and interest of such Seller in and to any Qualified Replacement Mortgage delivered to the Trustee on behalf of the Trust by such Seller pursuant to Section 3.03, 3.04 or 3.06 hereof and all its right, title and interest to principal and interest due on such Qualified Replacement Mortgage after the applicable Replacement Cut-Off Date; provided, however, that such Seller shall reserve and retain all right, title and interest in and to payments of principal and interest due on such Qualified Replacement Mortgage on or prior to the applicable Replacement Cut-Off Date.

(e) As to each Home Equity Loan released from the Trust in connection with the conveyance of a Qualified Replacement Mortgage therefor, the Trustee will transfer, assign, set over and otherwise convey without recourse or representation, on the order of the Seller delivering such Home Equity Loan, all of its right, title and interest in and to such released Home Equity Loan and all the Trust's right, title and interest to principal and interest due on such released Home Equity Loan after the applicable Replacement Cut-Off Date; provided, however, that the Trust shall reserve and retain all right, title and interest in and to payments of principal and interest due on such released Home Equity Loan on or prior to the applicable Replacement Cut-Off Date.

(f) In connection with any transfer and assignment of a Qualified Replacement Mortgage to the Trustee on behalf of the Trust, each Seller agrees to (i) deliver without recourse to the Trustee on the date of delivery of such Qualified Replacement Mortgage the original Note relating thereto, endorsed in blank or to the order of the Trustee, (ii) cause promptly to be recorded an assignment in the appropriate jurisdictions, (iii) deliver the original Qualified Replacement Mortgage and such recorded assignment, together with original or duly certified copies of any and all prior assignments, to the Trustee within 15 days of receipt thereof by such Seller (but in any event within 120 days after the date of conveyance of such Qualified Replacement Mortgage) and (iv) deliver the title insurance policy, or where no such policy is required to be provided under Section 3.05(b)(i)(B), the other evidence of title in the same manner required in Section 3.05(b)(i)(B).

(g) As to each Home Equity Loan released from the Trust in connection with the conveyance of a Qualified Replacement Mortgage the Trustee shall deliver on the date of conveyance of such Qualified Replacement Mortgage and on the order of the Seller delivering such Qualified Replacement Mortgage (i) the original Note relating thereto, endorsed without recourse or representation, to such Seller, (ii) the original Mortgage so released and all assignments relating thereto and (iii) such other documents as constituted the File with respect thereto.

(h) If a Mortgage assignment is lost during the process of recording, or is returned from the recorder's office unrecorded due to a defect therein, the Seller that delivered the corresponding Home Equity Loan shall prepare a substitute assignment or cure such defect, as the case may be, and thereafter cause each such assignment to be duly recorded.

#### Section 3.06 ACCEPTANCE BY TRUSTEE; CERTAIN SUBSTITUTIONS OF HOME EQUITY LOANS; CERTIFICATION BY TRUSTEE.

(a) The Trustee agrees to execute and deliver on the Startup Day an acknowledgment of receipt of the items delivered by each of the Sellers and the Depositor in the form attached as Exhibit E hereto, and declares that it will hold such documents and any amendments, replacement or supplements thereto, as well as any other assets included in the definitions of Trust Estate and delivered to the Trustee, as Trustee in trust upon and subject to the conditions set forth herein for the benefit of the Owners. The Trustee agrees, for the benefit of the Owners, to review such items within 45 days after the Startup Day (or, with respect to any document delivered after the Startup Day, within 45 days of receipt and with respect to any Qualified Replacement Mortgage, within 45 days after the assignment thereof) and to deliver to the Depositor, each of

the Sellers, the Certificate Insurer and the Servicer a certification in the form attached hereto as Exhibit F (a "Pool Certification") to the effect that, as to each Home Equity Loan listed in the Schedule of Home Equity Loans (other than any Home Equity Loan paid in full or any Home Equity Loan specifically identified in such Pool Certification as not covered by such Pool Certification), (i) all documents required to be delivered to it pursuant to Section 3.05(b)(i) of this Agreement are in its possession, (ii) such documents have been reviewed by it and have not been mutilated, damaged or torn and relate to such Home Equity Loan and (iii) based on its examination and only as to the foregoing documents, the information set forth on the Schedule of Home Equity Loans accurately reflects the information set forth in the File. The Trustee shall have no responsibility for reviewing any File except as expressly provided in this subsection 3.06(a). Without limiting the effect of the preceding sentence, in reviewing any File, the Trustee shall have no responsibility for determining whether any document is valid and binding, whether the text of any assignment is in proper form (except to determine if the Trustee is the assignee), whether any document has been recorded in accordance with the requirements of any applicable jurisdiction or whether a blanket assignment is permitted in any applicable jurisdiction, but shall only be required to determine whether a document has been executed, that it appears to be what it purports to be, and, where applicable, that it purports to be recorded. The Trustee shall be under no duty or obligation to inspect, review or examine any such documents, instruments, certificates or other papers to determine that they are genuine, enforceable, or appropriate for the represented purpose or that they are other than what they purport to be on their face, nor shall the Trustee be under any duty to determine independently whether there are any intervening assignments or assumption or modification agreements with respect to any Home Equity Loan.

(b) If the Trustee during such 45-day period finds any document constituting a part of a File which is not executed, has not been received, or is unrelated to the Home Equity Loans identified in the Schedule of Home Equity Loans, or that any Home Equity Loan does not conform to the description thereof as set forth in the Schedule of Home Equity Loans, the Trustee shall promptly so notify the Depositor, each of the Sellers, the Certificate Insurer and the Owners. In performing any such review, the Trustee may conclusively rely as to the purported genuineness of any such document and any signature thereon. It is understood that the scope of the Trustee's review of the items delivered by each of the Sellers pursuant to Section 3.05(b)(i) is limited solely to confirming that the documents listed in Section 3.05(b)(i) have been executed and received, relate to the Files identified in the Schedule of Home Equity Loans and conform to the description thereof in the Schedule of Home Equity Loans. Each Seller agrees to use reasonable efforts to remedy a material defect in a document constituting part of a File delivered by such Seller of which it is so notified by the Trustee. If, however, within 60 days after the Trustee's notice to it respecting such defect the related Seller has not remedied the defect and the defect materially and adversely affects the interest of the Owners or the Certificate Insurer in the related Home Equity Loan such Seller will (or will cause an affiliate of such Seller to) on the next succeeding Monthly Remittance Date (i) substitute in lieu of such Home Equity Loan a Qualified Replacement Mortgage and deliver the Substitution Amount to the Servicer for deposit in the Principal and Interest Account or (ii) purchase such Home Equity Loan at a purchase price equal to the Loan Purchase Price thereof, which purchase price shall be delivered to the Servicer for deposit in the Principal and Interest Account.

(c) In addition to the foregoing, the Trustee also agrees to make a review during the 12th month after the Startup Day indicating the current status of the exceptions previously indicated on the Pool Certification (the "Final Certification"). After delivery of the Final Certification, the Trustee and the Servicer shall monitor and upon request from the Certificate Insurer provide no less frequently than monthly, updated certifications indicating the then current status of exceptions, until all such exceptions have been eliminated.

END OF ARTICLE III

#### ARTICLE IV

##### ISSUANCE AND SALE OF CERTIFICATES

###### Section 4.01 ISSUANCE OF CERTIFICATES.

On the Startup Day, upon the Trustee's receipt from the Depositor of an executed Delivery Order in the form set forth as Exhibit G hereto, the Trustee shall execute, authenticate and deliver the Certificates on behalf of

the Trust.

#### Section 4.02 SALE OF CERTIFICATES.

At 11 a.m. New York City time on the Startup Day (the "Closing"), at the offices of Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York (or at such other location acceptable to the Seller), the Sellers will sell and convey the Home Equity Loans and the money, instruments and other property related thereto to the Depositor and the Depositor will sell and convey the Home Equity Loans and the money, instruments and other property related thereto to the Trustee, and the Trustee will deliver (i) to the Underwriters the Class A Trust Certificates (other than the Class A-2 Fixed Certificates) and the Class B Certificates with an aggregate Percentage Interest in each Class equal to 100%, registered in the name of Cede & Co., or in such other names as the Underwriters shall direct, against payment of the purchase price thereof by wire transfer of immediately available funds to the Trustee; (ii) to the Depositor, the Class A-2 Fixed Certificates with an aggregate Percentage Interest in such Class equal to 100%, registered in the name of the Grantor Trustee or in such other name as the Depositor shall direct; and (iii) to the respective registered Owners thereof, a Class R-I and a Class R Certificate each with a Percentage Interest equal to 99.999%, registered in the name of ContiSecurities Holding Corporation and a Class R-I and a Class R Certificate each with a Percentage Interest equal to .001%, registered in the name of ContiFunding Corporation.

Upon the Trustee's receipt of the entire net proceeds of the sale of the Certificates, the Trustee shall remit the entire balance of such net proceeds to the Depositor in accordance with instructions delivered by the Depositor.

#### END OF ARTICLE IV

#### ARTICLE V

#### CERTIFICATES AND TRANSFER OF INTERESTS

#### Section 5.01 TERMS.

(a) The Certificates are pass-through securities having the rights described therein and herein. Notwithstanding references herein or therein with respect to the Certificates to "principal" and "interest" no debt of any Person is represented thereby, nor are the Certificates or the underlying Notes guaranteed by any Person (except that the Notes may be recourse to the Mortgagors thereof to the extent permitted by law) and except for the rights of the Trustee on behalf of the Owners of the Class A Trust Certificates with respect to the Certificate Insurance Policy. The Certificates are payable solely from payments received on or with respect to the Home Equity Loans (other than the Servicing Fees), moneys in the Principal and Interest Account, earnings on moneys and the proceeds of property held as a part of the Trust Estate. Each Certificate entitles the Owner thereof to receive monthly on each Payment Date, in order of priority of distributions with respect to such Class of Certificates as set forth in Section 7.03, a specified portion of such payments with respect to the Home Equity Loans, pro rata in accordance with such Owner's Percentage Interest.

(b) Each Owner is required, and hereby agrees, to return to the Trustee any Certificate with respect to which the Trustee has made the final distribution due thereon. Any such Certificate as to which the Trustee has made the final distribution thereon shall be deemed canceled and shall no longer be Outstanding for any purpose of this Agreement, whether or not such Certificate is ever returned to the Trustee.

#### Section 5.02 FORMS.

The Class A-1 Certificates, the Class A-2 Fixed Certificates, the Class A-3 Certificates, the Class A-4 Certificates, the Class A-5 Certificates, the Class A-6 Certificates, the Class A-7 Certificates, the Class A-8 Certificates, the Class A-9 Certificates, the Class A-10 Certificates, the Class A-11 IO Certificates, the Class B Certificates and the Class R-I and Class R Certificates shall be in substantially the forms set forth in Exhibits A-1, A-2 Fixed, A-3, A-4, A-5, A-6, A-7, A-8, A-9, A-10, A-11 IO, B, C-1 and C-2 hereof, respectively, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Agreement or as may in the Depositor's judgment be necessary, appropriate or convenient to comply, or facilitate compliance, with applicable laws, and may have such letters, numbers

or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any applicable securities laws or as may, consistently herewith, be determined by the Authorized Officer of the Depositor executing such Certificates, as evidenced by his execution thereof.

Section 5.03 EXECUTION, AUTHENTICATION AND DELIVERY.

Each Certificate shall be executed and authenticated by the manual or facsimile signature of one of the Trustee's Authorized Officers. Upon proper authentication by the Trustee, the Certificates shall bind the Trust.

The initial Certificates shall be dated as of the Startup Day and delivered at the Closing to the parties specified in Section 4.02 hereof. Subsequently issued Certificates will be dated as of the issuance of the Certificate.

No Certificate shall be valid until executed and authenticated as set forth above.

Section 5.04 REGISTRATION AND TRANSFER OF CERTIFICATES.

(a) The Trustee shall cause to be kept a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration of Certificates and the registration of transfer of Certificates. The Trustee is hereby initially appointed Registrar for the purpose of registering Certificates and transfers of Certificates as herein provided. The Owners, the Certificate Insurer and the Trustee shall have the right to inspect the Register during the Trustee's normal hours and to obtain copies thereof, and the Trustee shall have the right to rely upon a certificate executed on behalf of the Registrar by an Authorized Officer thereof as to the names and addresses of the Owners of the Certificates and the principal amounts and numbers of such Certificates.

If a Person other than the Trustee is appointed as Registrar by the Owners of a majority of the aggregate Percentage Interests represented by the Class A Trust Certificates then Outstanding with the consent of the Certificate Insurer, or if there are no longer any Offered Certificates then Outstanding, by such majority of the Percentage Interests represented by the Class R-I Certificates, the Trustee will give the Owners and the Certificate Insurer prompt written notice of the appointment of such Registrar and of the location, and any change in the location, of the Register. In connection with any such appointment the annual fees of the bank then serving as Trustee and Registrar shall thenceforth be reduced by the amount to be agreed upon by the Trustee and the Depositor at such time and the reasonable fees of the Registrar shall be paid, as expenses of the Trust, pursuant to Section 7.05 hereof.

(b) Subject to the provisions of Section 5.08 hereof, upon surrender for registration of transfer of any Certificate at the office designated as the location of the Register, upon the direction of the Registrar the Depositor shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Certificates of a like Class and in the aggregate principal amount or percentage interest of the Certificate so surrendered.

(c) At the option of any Owner, Certificates of any Class owned by such Owner may be exchanged for other Certificates authorized of like Class and tenor and a like aggregate original principal amount or percentage interest and bearing numbers not contemporaneously outstanding, upon surrender of the Certificates to be exchanged at the office designated as the location of the Register. Whenever any Certificate is so surrendered for exchange, upon the direction of the Registrar, the Depositor and the Trustee shall execute, authenticate and deliver the Certificate or Certificates which the Owner making the exchange is entitled to receive.

(d) All Certificates issued upon any registration of transfer or exchange of Certificates shall be valid evidence of the same ownership interests in the Trust and entitled to the same benefits under this Agreement as the Certificates surrendered upon such registration of transfer or exchange.

(e) Every Certificate presented or surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by the Owner thereof or his attorney duly authorized in writing.

(f) No service charge shall be made to an Owner for any registration of transfer or exchange of Certificates, but the Registrar or Trustee may

require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Certificates; any other expenses in connection with such transfer or exchange shall be an expense of the Trust.

(g) It is intended that the Offered Certificates be registered so as to participate in a global book-entry system with the Depository, as set forth herein. Each Class of Offered Certificates shall, except as otherwise provided in Subsection (h), be initially issued in the form of a single fully registered Certificate of such Class. Upon initial issuance, the ownership of each such Certificate shall be registered in the Register in the name of Cede & Co., or any successor thereto, as nominee for the Depository.

On the Startup Day, the Offered Certificates (other than the Auction Rate Certificates and the Class A-11 IO Certificates) shall be issued in denominations of no less than \$1,000 and integral multiples thereof. On the Startup Day, the Class A-11 IO Certificates shall be issued in denominations of no less than \$1,000 (based on the Class A-11 IO Notional Principal Amount thereof) and integral multiples thereof; the Auction Rate Certificates shall be issued in denominations of \$25,000 and in integral multiples thereof and the Class A-2 Fixed Certificates shall be issued in a single Certificate to represent the entire Class.

The Depositor and the Trustee are hereby authorized to execute and deliver the Representation Letter with the Depository.

With respect to the Offered Certificates registered in the Register in the name of Cede & Co., as nominee of the Depository, the Depositor, the Servicer, the Sellers, the Certificate Insurer, and the Trustee shall have no responsibility or obligation to Direct or Indirect Participants or beneficial owners for which the Depository holds Offered Certificates from time to time as a Depository. Without limiting the immediately preceding sentence, the Depositor, the Servicer, the Sellers, the Certificate Insurer and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, Cede & Co., or any Direct or Indirect Participant with respect to the ownership interest in the Offered Certificates, (ii) the delivery to any Direct or Indirect Participant or any other Person, other than a registered Owner of an Offered Certificate as shown in the Register, of any notice with respect to the Offered Certificates or (iii) the payment to any Direct or Indirect Participant or any other Person, other than a registered Owner of a Offered Certificate as shown in the Register, of any amount with respect to any distribution of principal or interest on the Offered Certificates. No Person other than a registered Owner of a Offered Certificate as shown in the Register shall receive a certificate evidencing such Offered Certificate.

Upon delivery by the Depository to the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions hereof with respect to the payment of interest by the mailing of checks or drafts to the registered Owners of Offered Certificates appearing as registered Owners in the registration books maintained by the Trustee at the close of business on a Record Date, the name "Cede & Co." in this Agreement shall refer to such new nominee of the Depository.

(h) In the event that (i) the Depository or the Depositor advises the Trustee in writing that the Depository is no longer willing or able to discharge properly its responsibilities as nominee and depository with respect to the Offered Certificates and the Depositor or the Trustee is unable to locate a qualified successor or (ii) the Depositor at its sole option elects to terminate the book-entry system through the Depository, the Offered Certificates shall no longer be restricted to being registered in the Register in the name of Cede & Co. (or a successor nominee) as nominee of the Depository. At that time, the Depositor may determine that the Offered Certificates shall be registered in the name of and deposited with a successor depository operating a global book-entry system, as may be acceptable to the Depositor and at the Depositor's expense, or such depository's agent or designee but, if the Depositor does not select such alternative global book-entry system, then the Offered Certificates may be registered in whatever name or names registered Owners of Offered Certificates transferring the Offered Certificates shall designate, in accordance with the provisions hereof.

(i) Notwithstanding any other provision of this Agreement to the contrary, so long as any of the Offered Certificates is registered in the name of Cede & Co., as nominee of the Depository, all distributions of principal or interest on such Offered Certificates and all notices with respect to such

Offered Certificates shall be made and given, respectively, in the manner provided in the Representation Letter.

Section 5.05 MUTILATED, DESTROYED, LOST OR STOLEN CERTIFICATES.

If (i) any mutilated Certificate is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Certificate, and (ii) in the case of any mutilated Certificate, such mutilated Certificate shall first be surrendered to the Trustee, and in the case of any destroyed, lost or stolen Certificate, there shall be first delivered to the Trustee such security or indemnity as may be reasonably required by it to hold the Trustee and the Certificate Insurer harmless, then, in the absence of notice to the Trustee or the Registrar that such Certificate has been acquired by a bona fide purchaser, the Depositor shall execute and the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Certificate, a new Certificate of like Class, tenor and aggregate principal amount, bearing a number not contemporaneously outstanding.

Upon the issuance of any new Certificate under this Section, the Registrar or Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto; any other expenses in connection with such issuance shall be an expense of the Trust.

Every new Certificate issued pursuant to this Section in exchange for or in lieu of any mutilated, destroyed, lost or stolen Certificate shall constitute evidence of a substitute interest in the Trust, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Certificates of the same Class duly issued hereunder and such mutilated, destroyed, lost or stolen Certificate shall not be valid for any purpose.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Certificates.

Section 5.06 PERSONS DEEMED OWNERS.

The Trustee and the Certificate Insurer and any agent of the Trustee may treat the Person in whose name any Certificate is registered as the Owner of such Certificate for the purpose of receiving distributions with respect to such Certificate and for all other purposes whatsoever and the Trustee and the Certificate Insurer or any agent of the Trustee shall not be affected by notice to the contrary.

Section 5.07 CANCELLATION.

All Certificates surrendered for registration of transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by it. No Certificate shall be authenticated in lieu of or in exchange for any Certificate canceled as provided in this Section, except as expressly permitted by this Agreement. All canceled Certificates may be held by the Trustee in accordance with its standard retention policy.

Section 5.08 LIMITATION ON TRANSFER OF OWNERSHIP RIGHTS.

(a) No sale or other transfer of record or beneficial ownership of a Residual Certificate (whether pursuant to a purchase, a transfer resulting from a default under a secured lending agreement or otherwise) shall be made to a Disqualified Organization or an agent of a Disqualified Organization. The transfer, sale or other disposition of a Residual Certificate (whether pursuant to a purchase, a transfer resulting from a default under a secured lending agreement or otherwise) to a Disqualified Organization shall be deemed to be of no legal force or effect whatsoever and such transferee shall not be deemed to be an Owner for any purpose hereunder, including, but not limited to, the receipt of distributions on such Residual Certificate. Furthermore, in no event shall the Trustee accept surrender for transfer, registration of transfer, or register the transfer, of any Residual Certificate nor authenticate and make available any new Residual Certificate unless the Trustee has received an affidavit from the proposed transferee in the form attached hereto as Exhibit I. Each holder of a Residual Certificate by his acceptance thereof, shall be deemed for all purposes to have consented to the provisions of this Section 5.08(a). The Class R-I and Class R-II certificates are not transferable except that the Owner of the Tax Matters Person Residual Interest in the REMIC I or REMIC II may

assign its interest to another Person who accepts such assignment and the designation as Tax Matters Person pursuant to Section 11.18 hereof.

(b) No other sale or other transfer of record or beneficial ownership of a Class A-2 Fixed, a Class R-I or Class R Certificate shall be made unless such transfer is exempt from the registration requirements of the Securities Act and any applicable state securities laws or is made in accordance with said Act and laws. In the event such a transfer is to be made within three years from the Startup day, (i) the Trustee or the Depositor shall require a written opinion of counsel acceptable to and in form and substance satisfactory to the Depositor and the Certificate Insurer in the event that such transfer may be made pursuant to an exemption, describing the applicable exemption and the basis therefor, from said Act and laws or is being made pursuant to said Act and laws, which opinion of counsel shall not be an expense of the Trustee, the Certificate Insurer or the Trust Estate, and (ii) the Trustee shall require the Transferee to execute an investment letter acceptable to and in form and substance satisfactory to each of the Sellers certifying to the Trustee, the Certificate Insurer and each of the Sellers and the Certificate Insurer the facts surrounding such transfer, which investment letter shall not be an expense of the Trustee, the Trust Estate, the Certificate Insurer or either of the Sellers. The Owner of a Class R-I or Class R Certificate desiring to effect such transfer shall, and does hereby agree to, indemnify the Trustee, the Depositor, the Certificate Insurer and each of the Sellers 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) [RESERVED]

(d) [RESERVED]

(e) No transfer of a Residual Certificate shall be made unless the Trustee shall have received a representation letter from the transferee of such Residual Certificate, acceptable to and in form and substance satisfactory to the Trustee to the effect that such transferee is not an employee benefit plan subject to Section 406 of ERISA nor a plan or other arrangement subject to Section 406 of ERISA nor a plan or other arrangement subject to Section 4975 of the Code (collectively, a "Plan"), nor is acting on behalf of any Plan nor using the assets of any Plan to effect such transfer. By its acceptance or acquisition of a Class B Certificate, the transferee shall be deemed to have represented that it either (i) is not a Plan and is not acquiring its interest in such Class B Certificates with assets of a Plan or (ii) is an insurance company acquiring its interest as permitted in accordance with Prohibited Transaction Exemption 95-60. Notwithstanding anything else to the contrary herein, any purported transfer of a Certificate to or on behalf of any Plan without the delivery to the Trustee a representation letter as described above shall be null and void and of no effect.

(f) No sale or other transfer of any Offered Certificate may be made to the Depositor, the Sellers or the Servicer. No sale or other transfer of any Offered Certificate may be made to an affiliate of either Seller unless the Trustee and the Certificate Insurer shall have been furnished with an opinion of counsel acceptable to the Trustee and the Certificate Insurer experienced in federal bankruptcy matters to the effect that such sale or transfer would not adversely affect the character of the conveyance of the Home Equity Loans to the Trust as a sale. No sale or other transfer of the Residual Certificate issued to ContiFunding Corporation on the Startup Day may be transferred or sold to any Person, except to a person who accepts the appointment of Tax Matters Person pursuant to Section 11.18 hereof.

#### Section 5.09 ASSIGNMENT OF RIGHTS.

An Owner may pledge, encumber, hypothecate or assign all or any part of its right to receive distributions hereunder, but such pledge, encumbrance, hypothecation or assignment shall not constitute a transfer of an ownership interest sufficient to render the transferee an Owner of the Trust without compliance with the provisions of Section 5.04 and Section 5.08 hereof.

END OF ARTICLE V

### ARTICLE VI

#### COVENANTS

#### Section 6.01 DISTRIBUTIONS.

On each Payment Date, the Trustee will withdraw amounts from the related Account(s) and make the distributions with respect to the Certificates in accordance with the terms of the Certificates and this Agreement. Such distributions shall be made (i) by check or draft mailed on each Payment Date or (ii) if requested by any Owner of (A) an Offered Certificate (other than the Class A-11 IO Certificates) having an original principal balance of not less than \$1,000,000, (B) a Class A-11 IO Certificate having an original Notional Principal Amount of not less than \$1,000,000 or (C) Class R Certificate having a Percentage Interest of not less than 10% in writing not later than one Business Day prior to the applicable Record Date (which request does not have to be repeated unless it has been withdrawn), to such Owner by wire transfer to an account within the United States designated no later than five Business Days prior to the related Record Date, made on each Payment Date, in each case to each Owner of record on the immediately preceding Record Date.

Section 6.02 MONEY FOR DISTRIBUTIONS TO BE HELD IN TRUST;  
WITHHOLDING.

(a) All payments of amounts due and payable with respect to any Certificate that are to be made from amounts withdrawn from the Certificate Account, shall be made by and on behalf of the Trustee, and no amounts so withdrawn from the Certificate Account, for payments of Certificates except as provided in this Section.

(b) Whenever the Depositor has appointed one or more Paying Agents pursuant to Section 11.15 hereof, the Trustee will, on the Business Day immediately preceding each Payment Date, deposit with such Paying Agents in immediately available funds an aggregate sum sufficient to pay the amounts then becoming due (to the extent funds are then available for such purpose in the Certificate Account for the Class to which such amounts are due) such sum to be held in trust for the benefit of the Owners entitled thereto.

(c) The Depositor may at any time direct any Paying Agent to pay to the Trustee all sums held in trust by such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which the sums were held by such Paying Agent; and upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

(d) The Depositor shall require each Paying Agent, including the Trustee on behalf of the Trust to comply with all requirements of the Code and applicable state and local law with respect to the withholding from any distributions made by it to any Owner of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(e) Any money held by the Trustee or any Paying Agent in trust for the payment of any amount due with respect to any Offered Certificate and remaining unclaimed by the Owner of such Certificate for the period then specified in the escheat laws of the State of New York after such amount has become due and payable shall be discharged from such trust and be paid to the Owners of the Class R Certificates; and the Owner of such Offered Certificate shall thereafter, as an unsecured general creditor, look only to the Owners of the Class R Certificates for payment thereof (but only to the extent of the amounts so paid to the Owners of the Class R Certificates) and all liability of the Trustee or such Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Trustee or such Paying Agent before being required to make any such payment, may, at the expense of the Trust, cause to be published once, in the eastern edition of The Wall Street Journal, notice that such money remains unclaimed and that, after a date specified therein, which shall be not fewer than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be paid to the Owners of the Class R Certificates. The Trustee shall, at the direction of the Depositor, also adopt and employ, at the expense of the Trust, any other reasonable means of notification of such payment (including but not limited to mailing notice of such payment to Owners whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Registrar, the Trustee or any Paying Agent, at the last address of record for each such Owner).

Section 6.03 PROTECTION OF TRUST ESTATE.

(a) The Trustee will hold the Trust Estate in trust for the benefit of the Owners and the Certificate Insurer and, upon request of the Certificate Insurer or, with the consent of the Certificate Insurer at the request of the Depositor, will from time to time execute and deliver all such supplements and

amendments hereto pursuant to Section 11.14 hereof and all instruments of further assurance and other instruments, and will take such other action upon such request from the Depositor or the Certificate Insurer, to:

- (i) more effectively hold in trust all or any portion of the Trust Estate;
- (ii) perfect, publish notice of, or protect the validity of any grant made or to be made by this Agreement;
- (iii) enforce any of the Home Equity Loans; or
- (iv) preserve and defend title to the Trust Estate and the rights of the Trustee, and the ownership interests of the Owners represented thereby, in such Trust Estate against the claims of all Persons and parties.

The Trustee shall send copies of any request received from the Depositor or the Certificate Insurer to take any action pursuant to this Section 6.03 to the other parties hereto.

(b) The Trustee shall have the power to enforce, and shall enforce the obligations and rights of the other parties to this Agreement and the obligations of the Certificate Insurer under the Certificate Insurance Policy; in addition, the Certificate Insurer or the Owners, by action, suit or proceeding at law or equity and shall also have the power to enjoin, by action or suit in equity, and acts or occurrences which may be unlawful or in violation of the rights of the Certificate Insurer and/or the Owners as such rights are set forth in this Agreement, provided, however, that nothing in this Section shall require any action by the Trustee unless the Trustee shall first (i) have been furnished indemnity satisfactory to it and (ii) when required by this Agreement, have been requested by the Certificate Insurer or Owners of a majority of the Percentage Interests represented by the Offered Certificates then Outstanding with the consent of the Certificate Insurer or, if there are no longer any Offered Certificates then outstanding, by such majority of the Percentage Interests represented by the Class R Certificates; provided, further, however, that if there is a dispute with respect to payments under a Certificate Insurance Policy the Trustee's sole responsibility is to the Owners.

(c) The Trustee shall execute any instrument required pursuant to this Section so long as such instrument does not conflict with this Agreement or with the Trustee's fiduciary duties, or adversely affect its rights and immunities hereunder.

#### Section 6.04 PERFORMANCE OF OBLIGATIONS.

The Trustee will not take any action that would release any Person from any of such Person's covenants or obligations under any instrument or document relating to the Certificates or which would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or document, except as expressly provided in this Agreement or such other instrument or document.

The Trustee may contract with other Persons to assist it in performing its duties hereunder pursuant to Section 10.03(g).

#### Section 6.05 NEGATIVE COVENANTS.

The Trustee will not permit the Trust to:

- (i) sell, transfer, exchange or otherwise dispose of any of the Trust Estate except as expressly permitted by this Agreement;
- (ii) claim any credit on or make any deduction from the distributions payable in respect of, the Certificates (other than amounts properly withheld from such payments under the Code) or assert any claim against any present or former Owner by reason of the payment of any taxes levied or assessed upon any of the Trust Estate;
- (iii) incur, assume or guaranty any indebtedness of any Person except pursuant to this Agreement;
- (iv) dissolve or liquidate in whole or in part, except pursuant to Article IX hereof; or
- (v) (A) permit the validity or effectiveness of this Agreement to

be impaired, or permit any Person to be released from any covenants or obligations with respect to the Trust or to the Certificates under this Agreement, except as may be expressly permitted hereby or (B) permit any lien, charge, adverse claim, security interest, mortgage or other encumbrance to be created on or extend to or otherwise arise upon or burden the Trust Estate or any part thereof or any interest therein or the proceeds thereof.

Section 6.06 NO OTHER POWERS.

The Trustee will not permit the Trust to engage in any business activity or transaction other than those activities permitted by Section 2.03 hereof.

Section 6.07 LIMITATION OF SUITS.

No Owner shall have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement, the Insurance Agreement, the Indemnification Agreement or the Certificate Insurance Policies or for the appointment of a receiver or trustee of the Trust, or for any other remedy with respect to an event of default hereunder, unless:

- (1) such Owner has previously given written notice to the Depositor, the Certificate Insurer and the Trustee of such Owner's intention to institute such proceeding;
- (2) the Owners of not less than 25% of the Percentage Interests represented by the Class A Trust and Class B Certificates then Outstanding or, if there are no Class A Trust or Class B Certificates then Outstanding, by such percentage of the Percentage Interests represented by the Class R Certificates, shall have made written request to the Trustee to institute such proceeding in its own name as Trustee establishing the Trust;
- (3) such Owner or Owners have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;
- (4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute such proceeding;
- (5) as long as any Class A Trust Certificates are Outstanding or any Reimbursement Amount remains unpaid, the Certificate Insurer consented in writing thereto (unless the Certificate Insurer is the party against whom the proceeding is directed); and
- (6) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority of the Percentage Interests represented by the Class A Trust and Class B Certificates or, if there are no Class A Trust or Class B Certificates then Outstanding, by such majority of the Percentage Interests represented by the Class R Certificates;

it being understood and intended that no one or more Owners shall have any right in any manner whatever by virtue of, or by availing themselves of, any provision of this Agreement to affect, disturb or prejudice the rights of any other Owner of the same Class or to obtain or to seek to obtain priority or preference over any other Owner of the same Class or to enforce any right under this Agreement, except in the manner herein provided and for the equal and ratable benefit of all the Owners of the same Class.

In the event the Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Owners, each representing less than a majority of the applicable Class of Certificates and each conforming to paragraphs (1)-(5) of this Section 6.07, the Certificate Insurer in its sole discretion may determine what action, if any, shall be taken, notwithstanding any other provision of this Agreement (unless the Certificate Insurer is the party against whom the proceeding is directed).

Section 6.08 UNCONDITIONAL RIGHTS OF OWNERS TO RECEIVE DISTRIBUTIONS.

Notwithstanding any other provision in this Agreement, the Owner of any Certificate shall have the right, which is absolute and unconditional, to receive distributions to the extent provided herein and therein with respect to such Certificate or to institute suit for the enforcement of any such

distribution, and such right shall not be impaired without the consent of such Owner.

#### Section 6.09 RIGHTS AND REMEDIES CUMULATIVE.

Except as otherwise provided herein, no right or remedy herein conferred upon or reserved to the Trustee, the Certificate Insurer or the Owners 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. Except as otherwise provided herein, 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 6.10 DELAY OR OMISSION NOT WAIVER.

No delay of the Trustee, the Certificate Insurer or any Owner of any Certificate to exercise any right or remedy under this Agreement with respect to any event described in Section 8.20(a) or (b) shall impair any such right or remedy or constitute a waiver of any such event or an acquiescence therein. Every right and remedy given by this Article VI or by law to the Trustee, the Certificate Insurer or the Owners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee, the Certificate Insurer or the Owners, as the case may be.

#### Section 6.11 CONTROL BY OWNERS.

The Certificate Insurer or the Owners of a majority of the Percentage Interests represented by the Offered Certificates then Outstanding with the consent of the Certificate Insurer or, if there are no longer any Class A Trust or Class B Certificates then Outstanding, by such majority of the Percentage Interests represented by the Class R Certificates then Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee with respect to the Certificates or exercising any trust or power conferred on the Trustee with respect to the Certificates or the Trust Estate, including, but not limited to, those powers set forth in Section 6.03 and Section 8.20 hereof, provided that:

- (1) such direction shall not be in conflict with any rule of law or with this Agreement;
- (2) the Trustee shall have been provided with indemnity satisfactory to it; and
- (3) the Trustee may take any other action deemed proper by the Trustee, as the case may be, which is not inconsistent with such direction; provided, however, that neither of the Sellers nor the Trustee, as the case may be, need take any action which it determines might involve it in liability or may be unjustly prejudicial to the Owners not so directing.

#### Section 6.12 INDEMNIFICATION.

The Depositor agrees to indemnify and hold the Trustee, the Certificate Insurer and each Owner harmless against any and all claims, losses, penalties, fines, forfeitures, legal fees and related costs, judgments, and any other costs, fees and expenses that the Trustee, the Certificate Insurer and any Owner may sustain in any way related to the failure of the Depositor to perform its duties in compliance with the terms of this Agreement. The Depositor shall immediately notify the Trustee, the Certificate Insurer and each Owner if such a claim is made by a third party with respect to this Agreement, and the Depositor shall assume (with the consent of the Trustee) the defense of any such claim and pay all expenses in connection therewith, including reasonable counsel fees, and promptly pay, discharge and satisfy any judgment or decree which may be entered against the Servicer, either of the Sellers, the Trustee, the Certificate Insurer and/or any Owner in respect of such claim. The Trustee may, if necessary, reimburse the Depositor from amounts otherwise distributable on the Class R Certificates for all amounts advanced by it pursuant to the preceding sentence, except when the claim relates directly to the failure of the Depositor to perform its duties in compliance with the terms of this Agreement. In addition to the foregoing, ContiMortgage agrees to indemnify and hold the Trustee, the Certificate Insurer and each Owner harmless against any and all claims, losses, penalties, fines, forfeitures, legal fees and related costs, judgments, and other costs, fees and expenses that the Trustee, the Certificate Insurer and any Owner may sustain in any way related to the breach by ContiMortgage of its representations and warranties set forth in Section

3.04(b)(xiii) or (xv) hereof with respect to a Home Equity Loan if such Home Equity Loan qualifies as a "high cost mortgage" pursuant to Section 226.32 of the Truth-in-Lending Act, as amended. The provisions of this Section 6.12 shall survive the termination of this Agreement and the payment of the outstanding Certificates.

Section 6.13 ACCESS TO NAMES AND ADDRESSES OF OWNERS OF CERTIFICATES.

(a) If any Owner (for purposes of this Section 6.13, an "Applicant") applies in writing to the Trustee, and such application states that the Applicant desires to communicate with other Owners with respect to their rights under this Agreement or under the Certificates and is accompanied by a copy of the communication which such Applicant proposes to transmit, then the Trustee shall, at the expense of such Applicant, within ten (10) Business Days after the receipt of such application, furnish or cause to be furnished to such Applicant a list of the names and addresses of the Owners of record as of the most recent Payment Date.

(b) Every Owner, by receiving and holding such list, agrees with the Trustee that the Trustee shall not be held accountable in any way by reason of the disclosure of any information as to the names and addresses of the Owners hereunder, regardless of the source from which such information was derived.

END OF ARTICLE VI

ARTICLE VII

ACCOUNTS, DISBURSEMENTS AND RELEASES

Section 7.01 COLLECTION OF MONEY.

Except as otherwise expressly provided herein, the Trustee shall demand payment or delivery of all money and other property payable to or receivable by the Trustee pursuant to this Agreement or the Certificate Insurance Policy, including all payments due on the Home Equity Loans in accordance with the respective terms and conditions of such Home Equity Loans and required to be paid over to the Trustee by the Servicer or by any Sub-Servicer. The Trustee shall hold all such money and property received by it, other than pursuant to or as contemplated by Section 6.02(e) hereof, as part of the Trust Estate and shall apply it as provided in this Agreement.

Section 7.02 ESTABLISHMENT OF ACCOUNTS.

The Depositor shall cause to be established on the Startup Day, and the Trustee shall maintain, at the Corporate Trust Office, the Certificate Account and the Auction Remainder Account, which are to be held by the Trustee on behalf of the Owners of the Certificates, the Certificate Insurer and the Trustee.

Section 7.03 FLOW OF FUNDS.

(a) The Trustee shall deposit to the Certificate Account, without duplication, upon receipt, any Insured Payments, the proceeds of any liquidation of the assets of the Trust, all remittances made to the Trustee pursuant to Section 8.08(d)(ii) and the Monthly Remittance Amount remitted by the Servicer.

(b) On each Payment Date, the Trustee shall make the following disbursements from the Interest Remittance Amount (including the interest component of any Insured Payments which is available only for the payment of the amount described in Second below), in the following order of priority, and each such disbursement shall be treated as having occurred only after all preceding disbursements have occurred:

- (i) First, concurrently, (a) to the Trustee, the Trustee Fee, (b) to the Certificate Insurer, the Premium Amount and (c) to the Auction Agent, the Auction Agent Fee;
- (ii) Second, to the Owners of the Class A Trust Certificates (including the Class A-11 IO Certificates), the related Class A Current Interest plus the related Class A Interest Carry Forward Amount with respect to each such Class of Class A Trust Certificates without any priority among such Class A Trust Certificates; provided, that if the Interest Amount Available plus the interest component of any Insured Payment is not

sufficient to make a full distribution of interest with respect to all Classes of the Class A Trust Certificates, such amount will be distributed among the outstanding Classes of Class A Trust Certificates pro rata based on the aggregate amount of interest due on each such Class, and the amount of the shortfall will be carried forward as the Class A Interest Carry Forward Amount;

- (iii) Third, to the extent of the Interest Amount Available then remaining, to the Owners of the Class B Certificates, the Class B Current Interest; and
- (iv) Fourth, the Monthly Excess Interest Amount shall be applied or distributed as provided in subsection (f) of this Section 7.03.
- (c) [reserved];

(d) On each Payment Date, the Trustee shall make the following disbursements from amounts relating to principal (including the principal component of any Insured Payments) in the following order of priority and each such disbursement shall be treated as having occurred only after all preceding disbursements have occurred:

- (i) On each Payment Date before the Stepdown Date the Owners of the Class A Trust Certificates (other than the Class A-11 IO Certificates) will be entitled to receive payment of 100% of the Principal Distribution Amount, together with the principal component of any Insured Payment for such Payment Date, as follows: (I) to the Owners of the Class A-1 Certificates until the Certificate Principal Balances thereof have been reduced to zero, (II) to (x) the Owners of the Class A-2 Fixed, Class A-3, Class A-4, Class A-5 and Class A-6 and (y) the Owners of Class A-7 and Class A-8 Certificates (pro rata based on the outstanding aggregate Certificate Principal Balance of each Group between the Fixed Rate PAC Group and the Floating Rate PAC Group and sequentially within each group in that order), an amount up to the amount necessary to reduce the Certificate Principal Balances thereof to their respective Planned Principal Balances for such Payment Date, (III) sequentially, to the Owners of the Class A-9 and Class A-10 (in the case of the Class A-10 Certificate, distributions of principal shall include any amounts in deposit in the Auction Remainder Account) Certificates, in that order, until their respective Certificate Principal Balances are reduced to zero and (IV) to (x) the Owners of the Class A-2 Fixed, Class A-3, Class A-4, Class A-5, Class A-6 and (y) the Owners of the Class A-7 and Class A-8 Certificates (pro rata based on the outstanding aggregate Certificate Principal Balance of each Group between the Fixed Rate PAC Group and the Floating Rate PAC Group and sequentially within each group in that order), without regard to their respective Planned Principal Balances and until the Certificate Principal Balances thereof are reduced to zero. Notwithstanding the foregoing, on any Payment Date on which the Class B Certificate Principal Balance and the Overcollateralization Amount is zero and a Certificate Insurer Default has occurred and is continuing, any amounts of principal payable to the Owners of the Class A Trust Certificates on such Payment Date shall be distributed pro rata without regard to any Planned Principal Balances or other order of priority. If on any Payment Date the Class A Trust Certificate Principal Balance has been reduced to zero, 100% of the Principal Distribution Amount shall be distributed to the Class B Certificates until the Certificate Principal Balances thereof have been reduced to zero.
- (ii) On each Payment Date on or after the Stepdown Date the Owners of the Class A Trust Certificates (other than the Class A-11 IO Certificates) and Class B Certificates will be entitled to receive payments of principal, in the order of priority, in the amounts set forth below and to the extent of the Principal Distribution Amount (together, in the case of the Class A Trust Certificates (other than the Class A-11 IO Certificates), the principal component of any Insured Payment) as follows:
  - (A) First, the lesser of (x) the Principal Distribution

Amount together with the principal component of any Insured Payment and (y) the Class A Principal Distribution Amount shall be distributed (I) to the (x) the Owners of Class A-2 Fixed, Class A-3, Class A-4, Class A-5, Class A-6, and (y) the Owners of the Class A-7 and Class A-8 Certificates (pro rata based on the outstanding aggregate Certificate Principal Balance of each Group between the Fixed Rate PAC Group and the Floating Rate PAC Group and sequentially within each group in that order), an amount up to the amount necessary to reduce the Certificate Principal Balances thereof to their respective Planned Principal Balances for such Payment Date, (II) sequentially, to the Owners of the Class A-9 and Class A-10 Certificates (in the case of the Class A-10 Certificate, distributions of principal shall include any amounts in deposit in the Auction Remainder Account), in that order, until their respective Certificate Principal Balances are reduced to zero and (III) to (x) the Owners of the Class A-2 Fixed, Class A-3, Class A-4, Class A-5, Class A-6, and (y) the Owners of the Class A-7 and Class A-8 Certificates (pro rata based on the outstanding aggregate Certificate Principal Balance of each Group between the Fixed Rate PAC Group and the Floating Rate PAC Group and sequentially within each group in that order), without regard to their respective Planned Principal Balances and until the Certificate Principal Balances thereof are reduced to zero. Notwithstanding the foregoing, on any Payment Date on which the Class B Certificate Principal Balance and the Overcollateralization Amount is zero and a Certificate Insurer Default has occurred and is continuing, any amounts of principal payable to the Owners of the Class A Trust Certificates on such Payment Date shall be distributed pro rata without regard to any Planned Principal Balances or other order of priority;

(B) Second, the lesser of (x) the excess of (i) the Principal Distribution Amount over (ii) the amount distributed to the Owners of the Class A Trust Certificates in clause (A) above and (y) the Class B Principal Distribution Amount shall be distributed to the Owners of the Class B Certificates, until the Class B Certificate Principal Balance has been reduced to zero; and

(C) Third, any portion of the Principal Remittance Amount remaining after making all of the distributions in clauses (A) and (B) above shall be distributed as provided in subsection (f) of this Section 7.03.

(e) [reserved];

(f) On any Payment Date, the Monthly Excess Cashflow Amount is required to be applied in the following order of priority on such Payment Date:

- (1) to pay the Class A Interest Carry Forward Amount from prior periods, if any;
- (2) to pay the Certificate Insurer any Reimbursement Amount for such Payment Date (provided that any amount paid in respect of the Insurance Agreement--Grantor Trust shall be deemed for federal income tax purposes to have been distributed to the Owners of the Class R Certificates);
- (3) to pay the Extra Principal Distribution Amount for such Payment Date;
- (4) to pay the Class B Interest Carry Forward Amount, if any;
- (5) to pay the Class B Realized Loss Amortization Amount for such Payment Date; and
- (6) as provided in Section 7.03(h) hereof.
- (g) [reserved];

(h) On any Payment Date, any Monthly Excess Cashflow Amount remaining after the application of Section 7.03(f)(1)-(6) shall be distributed as follows:

- (1) to the Servicer to the extent of any unreimbursed Delinquency Advances or Servicing Advances;
  - (2) to pay any expenses or other amounts due under the Auction Agent Agreement (other than the Auction Agent Fee);
  - (3) [reserved];
  - (4) to fund a distribution to the Owners of the Residual Certificates, the remainder.
- (i) [reserved];
- (j) [reserved];

(k) Notwithstanding anything above, the aggregate amounts distributed on all Payment Dates to the Owners of the Certificates on account of principal pursuant to clause (d) shall not exceed the original Certificate Principal Balance of the related Certificates.

(l) On any Payment Date during the continuance of any Certificate Insurer Default any amounts otherwise payable to the Certificate Insurer as Premium Amounts shall be retained in the Certificate Account.

(m) Upon receipt of Insured Payments from the Certificate Insurer on behalf of the Owners of the Class A Trust Certificates, the Trustee shall deposit such Insured Payments in the Certificate Account and shall distribute such Insured Payments, or the proceeds thereof as provided in paragraphs (d)(i) and (d)(ii) above.

(n) Anything herein to the contrary notwithstanding, any payment with respect to principal of or interest on any of the Class A Trust Certificates which is made with moneys received pursuant to the terms of the Certificate Insurance Policy shall not be considered payment of such Certificates from the Trust and shall not result in the payment of or the provision for the payment of the principal of or interest on such Certificates within the meaning of Section 7.03. The Depositor, the Servicer and the Trustee acknowledge, and each Owner by its acceptance of a Certificate agrees, that without the need for any further action on the part of the Certificate Insurer, the Depositor, the Servicer, the Trustee or the Registrar (a) to the extent the Certificate Insurer makes payments, directly or indirectly, on account of principal of or interest on any Class A Trust Certificates to the Owners of such Certificates, the Certificate Insurer will be fully subrogated to the rights of such Owners to receive such principal and interest together with any interest thereon of the applicable Pass- Through Rate from the Trust and (b) the Certificate Insurer shall be paid such principal and interest only from the sources and in the manner provided herein for the payment of such principal and interest.

It is understood and agreed that the intention of the parties is that the Certificate Insurer shall not be entitled to reimbursement on any Payment Date for amounts previously paid by it unless on such Payment Date the Owners of the Class A Trust Certificates shall also have received the full amount of the Class A Distribution Amount for such Payment Date.

The Trustee or Paying Agent shall (i) receive as attorney-in-fact of each Owner of Class A Trust Certificates any Insured Payment from the Certificate Insurer and (ii) disburse the same to the Owners of the related Class A Trust Certificates as set forth in Section 7.03(d). Insured Payments disbursed by the Trustee or Paying Agent from proceeds of a Certificate Insurance Policy shall not be considered payment by the Trust, nor shall such payments discharge the obligation of the Trust with respect to such Class A Trust Certificates and the Certificate Insurer shall be entitled to receive the related Reimbursement Amount pursuant to Section 7.03(f)(2) hereof.

The rights of the Owners to receive distributions from the proceeds of the Trust Estate and all ownership interests of the Owners in such distributions, shall be as set forth in this Agreement. In this regard, all rights of the Owners of the Residual Certificates to receive distributions in respect of Residual Certificates, and all ownership interests of the Owners of the Residual Certificates in and to such distributions, shall be subject and subordinate to the preferential rights of the holders of the Offered Certificates to receive distributions thereon and the ownership interests of

such Owners in such distributions, as described herein. In accordance with the foregoing, the ownership interests of the Owners of the Residual Certificates in amounts deposited in the Accounts from time to time shall not vest unless and until such amounts are distributed in respect of the Residual Certificates in accordance with the terms of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Owners of the Residual Certificates shall not be required to refund any amount properly distributed on the Residual Certificates pursuant to this Section 7.03.

#### Section 7.04 AUCTION RATE CERTIFICATES.

Principal payments will be made to the Auction Rate Certificates only in amounts equal to \$25,000 and integral multiples in excess thereof. If the amount in the Certificate Account otherwise required to be applied as a payment of principal on the Auction Rate Certificates either (i) is less than \$25,000 or (ii) exceeds an integral multiple of \$25,000, then, in the case of (i), such entire amount or, in the case of (ii), such excess amount, will not be paid as principal on the upcoming Payment Date, but will be retained in the Auction Remainder Account as Amount held for Future Distribution until the amount therein available for payment of principal on the Auction Rate Certificates equals \$25,000 or any integral multiple thereof. In no event, however, shall amounts remain in the Auction Remainder Account as Amounts held for Future Distribution more than 13 months after the related payments are deposited into the Trust. The amount being distributed to the Auction Rate Certificates as principal will be allocated to the specific Certificates of such Class selected no later than 5 Business Days prior to the related Payment Date by lot or such other manner as may be determined, which allocations will be made only in amounts equal to \$25,000 and integral multiples of \$25,000 in excess thereof.

#### Section 7.05 INVESTMENT OF ACCOUNTS.

(a) Consistent with any requirements of the Code, all or a portion of any Account held by the Trustee for the benefit of the Owners and the Certificate Insurer shall be invested and reinvested by the Trustee in the name of the Trustee for the benefit of the Owners and the Certificate Insurer, as directed in writing by the Depositor, in one or more Eligible Investments bearing interest or sold at a discount. The bank serving as Trustee or any affiliate thereof may be the obligor on any investment which otherwise qualifies as an Eligible Investment. No investment in any Account shall mature later than the Business Day immediately preceding the next Payment Date.

(b) If any amounts are needed for disbursement from any Account held by the Trustee and sufficient uninvested funds are not available to make such disbursement, the Trustee shall cause to be sold or otherwise converted to cash a sufficient amount of the investments in such Account. No investments will be liquidated prior to maturity unless the proceeds thereof are needed for disbursement.

(c) Subject to Section 10.01 hereof, the Trustee shall not in any way be held liable by reason of any insufficiency in any Account held by the Trustee resulting from any loss on any Eligible Investment included therein (except to the extent that the bank serving as Trustee is the obligor thereon).

(d) The Trustee shall invest and reinvest funds in the Accounts held by the Trustee, in accordance with the written instructions delivered to the Trustee on the Startup Day, but only in one or more Eligible Investments bearing interest or sold at a discount.

If the Depositor shall have failed to give investment directions to the Trustee then the Trustee shall invest in money market funds described in Section 7.07(h); to be redeemable without penalty no later than the Business Day immediately preceding the next Payment Date.

(e) All income or other gain from investments in any Account held by the Trustee shall be for the account of the Owners of the Class R-I Certificates and distributed to the Owners of the Class R-I Certificates immediately prior to any distribution under Section 7.03 hereof on any Payment Date, and any loss resulting from such investments shall be for the account of the Servicer and promptly upon the realization of such loss the Servicer shall contribute funds in an amount equal to such loss to such Account.

#### Section 7.06 PAYMENT OF TRUST EXPENSES.

(a) The Trustee shall make demand on ContiMortgage to pay the amount of the expenses of the Trust (other than payments of premiums to the Certificate Insurer) (including Trustee's fees and expenses not covered by Section

7.03(b)(i)) and ContiMortgage shall promptly pay such expenses directly to the Persons to whom such amounts are due.

(b) The Depositor shall pay directly the reasonable fees and expenses of counsel to the Trustee.

Section 7.07 ELIGIBLE INVESTMENTS.

The following are Eligible Investments:

(a) direct general obligations of, or obligations fully and unconditionally guaranteed as to the timely payment of principal and interest by, the United States or any agency or instrumentality thereof, provided such obligations are backed by the full faith and credit of the United States;

(b) Federal Housing Administration debentures; FHLMC senior debt obligations, and FannieMae senior debt obligations, but excluding any of such securities whose terms do not provide for payment of a fixed dollar amount upon maturity or call for redemption; and consolidated senior debt obligations of any Federal Home Loan Banks; provided, that any such investment shall be rated in one of the two highest ratings categories by each Rating Agency;

(c) Federal funds, certificates of deposit, time deposits, and bankers' acceptances (having original maturities of not more than 365 days) of any domestic bank, the short-term debt obligations of which have been rated F-1+ or better by Fitch, A-1+ or better by Standard & Poor's and P-1 by Moody's;

(d) Deposits of any bank or savings and loan association (the long-term deposit rating of which is Baa3 or better by Moody's and BBB by each of Standard & Poor's and Fitch) which has combined capital, surplus and undivided profits of at least \$50,000,000 which deposits are insured by the FDIC and held up to the limits insured by the FDIC;

(e) Investment agreements approved by the Certificate Insurer, provided:

- (i) The agreement is with a bank or insurance company which has unsecured, uninsured and unguaranteed senior debt obligations rated Aa2 or better by Moody's and AA or better by each of Standard & Poor's and Fitch, and
- (ii) Moneys invested thereunder may be withdrawn without any penalty, premium or charge upon not more than one day's notice (provided such notice may be amended or canceled at any time prior to the withdrawal date), and
- (iii) The agreement is not subordinated to any other obligations of such insurance company or bank, and
- (iv) The same guaranteed interest rate will be paid on any future deposits made pursuant to such agreement, and
- (v) The Trustee receives an opinion of counsel that such agreement is an enforceable obligation of such insurance company or bank;

(f) Repurchase agreements collateralized by securities described in (a) above with any registered broker/dealer subject to the Securities Investors Protection Corporation's jurisdiction and subject to applicable limits therein promulgated by Securities Investors Protection Corporation or any commercial bank, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed short-term or long-term obligation rated P-1 or Aa2, respectively, or better by Moody's A-1+ or AA, respectively or better by Standard & Poor's and F-1+ or AA, respectively, or better by Fitch, provided:

- (i) master repurchase agreement or specific written repurchase agreement governs the transaction, and
- (ii) The securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (a) a Federal Reserve Bank or (b) a bank which is a member of the FDIC and which has combined capital, surplus and undivided profits of not less than \$125 million, or (c) a bank approved in writing for such purpose by the Certificate Insurer and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for

the Trustee, and

- (iii) perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 CFR 306.1 et seq. or 31 CFR 350.0 et seq., in such securities is created for the benefit of the Trustee, and
- (iv) The repurchase agreement has a term of thirty days or less and the Trustee will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation, and
- (v) The fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 106% and such collateral securities must be valued weekly and market-to-market at current market price plus accrued interest.

(g) Commercial paper (having original maturities of not more than 270 days) rated in the highest short-term rating categories of each Rating Agency; and

(h) Investments in no load money market funds registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act and rated AAAM or AAAM-G by Standard & Poor's, Aaa by Moody's, and AAA, if rated by Fitch;

provided that no instrument described above shall evidence either the right to receive (a) only interest with respect to the obligations underlying such instrument or (b) both principal and interest payments derived from obligations underlying such instrument and the interest and principal payments with respect to such instrument provided a yield to maturity at par greater than 120% of the yield to maturity at par of the underlying obligations; and provided, further, that all instruments described hereunder shall mature at par on or prior to the next succeeding Payment Date unless otherwise provided in this Agreement and that no instrument described hereunder may be purchased at a price greater than par if such instrument may be prepaid or called at a price less than its purchase price prior to stated maturity.

#### Section 7.08 ACCOUNTING AND DIRECTIONS BY TRUSTEE.

(a) The Trustee shall determine whether an Insured Payment will be required to be made by the Certificate Insurer on the following Payment Date and if so then no later than 12:00 noon on the second Business Day immediately preceding the related Payment Date the Trustee shall furnish the Certificate Insurer and the Depositor with a completed Notice in the form set forth as Exhibit A to the Certificate Insurance Policy Agreement. The Notice shall specify the amount of Insured Payment and shall constitute a claim for an Insured Payment pursuant to the Certificate Insurance Policy.

Each month for so long as a Class of Auction Rate Certificates is Outstanding, not later than 12:00 noon New York time on the Auction Reporting Date, the Servicer shall deliver to the Certificate Insurer and the Trustee, by telecopy, the receipt and legibility of which shall be confirmed telephonically, with hard copy thereof to be delivered on the Business Day following the Determination Date, a certificate signed by a Servicing Officer stating the date (day, month and year), the Series number of the Certificates, the date of this Agreement, and the amount to be distributed on the upcoming Remittance Date to each Class of Auction Rate Certificates as a payment of principal.

(b) By 12:00 noon New York time, on the Business Day preceding each Payment Date (or such earlier period as shall be agreed by the Depositor and the Trustee), the Trustee shall notify (subject to the terms of Section 10.03(j) hereof, based solely on information provided to the Trustee by the Servicer) the Depositor, each of the Sellers, the Certificate Insurer and each Owner of the following information with respect to the next Payment Date (which notification may be given by facsimile or by telephone promptly confirmed in writing):

- (i) The aggregate amount then on deposit in the Certificate Account;
- (ii) The Class A Distribution Amount, with respect to each Class individually and all Classes of the Class A Trust Certificates in the aggregate, on the next Payment Date and the related

Class B Distribution Amount;

- (iii) The amount of any Insured Payment to be made by the Certificate Insurer on such Payment Date;
- (iv) The application of the amounts described in clause (i) preceding to the allocation and distribution of the related Class A Distribution Amount, and the related Class B Distribution Amount, on such Payment Date in accordance with Section 7.03 hereof; (v) The Certificate Principal Balance of each Class of the Class A Trust and Class B Certificates, the Class A-11 IO Notional Principal Amount, the aggregate amount of the principal of each Class of Certificates to be paid on such Payment Date and the remaining Certificate Principal Balance (or Class A-11 IO Notional Principal Amount) of each Class of Certificates following any such payment;
- (vi) The amount, if any, of any Realized Losses for the related Remittance Period and the amount of Cumulative Realized Losses as of the last day of the related Remittance Period; and
- (vii) The amount of 60+ Day Delinquent Loans and the Three-Month Rolling Average 60+ Day Delinquency Rate.

Section 7.09 REPORTS BY TRUSTEE TO OWNERS AND THE CERTIFICATE

INSURER.

(a) On each Payment Date the Trustee shall report in writing to the Depositor, each Owner, the Certificate Insurer, the Underwriters and the Rating Agencies:

- (i) the amount of the distribution with respect to such Owners' Certificates (based on a Certificate in the original principal amount of \$1,000 or, in the case of the Class A-10 Certificates, the original principal amount of \$25,000);
- (ii) the amount of such Owner's distributions allocable to principal, separately identifying the aggregate amount of any Prepayments or other recoveries of principal included therein and any Extra Principal Distribution Amount;
- (iii) the amount of such Owner's distributions allocable to interest (based on a Certificate in the original principal amount of \$1,000 or, in the case of the Auction Rate Certificates, in the original principal amount of \$25,000);
- (iv) the Interest Carry Forward Amount for each Class;
- (v) the principal amount (or notional principal amount) and the Planned Principal Balance, if any, of each Class of Class A Trust and Class B Certificates (based on a Certificate in the original principal amount of \$1,000 or, in the case of the Auction Rate Certificates, per \$25,000) which will be Outstanding after giving effect to any payment of principal on such Payment Date;
- (vi) the aggregate Loan Balance of all Home Equity Loans, the Fixed-Rate Loans and the Adjustable-Rate Loans after giving effect to any payment and any prepayments of principal on such Payment Date;
- (vii) based upon information furnished by the Depositor, such information as may be required by Section 6049(d)(7)(C) of the Code and the regulations promulgated thereunder to assist the Owners in computing their market discount;
- (viii) the total of any Substitution Amounts and any Loan Purchase Price amounts included in such distribution with respect to each Group;
- (ix) the weighted average Coupon Rate of the Home Equity Loans, the Fixed-Rate Loans and the Adjustable-Rate Loans;
- (x) whether a Delinquency Trigger Event has occurred and/or a Cumulative Realized Loss Trigger Event and/or a Cumulative Realized Loss Termination Event has occurred;

- (xi) the Senior Enhancement Percentage;
- (xii) the Overcollateralization Amount and the Certificate Principal Balance of each Class of the Offered Certificates then outstanding after giving effect to any payment of principal on such Payment Date;
- (xiii) the amount of any Applied Realized Loss Amount, Class B Realized Loss Amortization Amount and Class B Unpaid Realized Loss Amount as of the close of such Payment Date;
- (xiv) the Pass-Through Rate for the Floating Rate Certificates and the Auction Rate Certificates applicable to the related Accrual Period and if any such Pass-Through Rate was based on the Available Funds Cap, then what such Pass-Through Rate would have been in the absence thereof;
- (xv) the Available Funds Cap for such Payment Date;
- (xvi) the amount of any Insured Payment included in the distribution to Owners of Class A Trust Certificates; and
- (xvii) any Reimbursement Amount paid on such Payment Date and any Reimbursement Amount remaining unpaid.
- (xviii) such other information as the Certificate Insurer may reasonably request with respect to Delinquent Home Equity Loans;
- (xix) the largest Home Equity Loan Balance outstanding; and
- (xx) any amount remaining in the Auction Remainder Account pursuant to Section 7.04.

The Servicer shall provide to the Trustee the information described in Section 8.08(d)(iii) and in clause (b) below to enable the Trustee to perform its reporting obligations under this Section, and such obligations of the Trustee under this Section are conditioned upon such information being received and the information provided in clauses (ii), (vii), (viii), (ix), (xi), (xii), (xiii) and (xiv) shall be based solely upon information contained in the monthly servicing report provided by the Servicer to the Trustee pursuant to Section 8.01 hereof.

(b) In addition, on each Payment Date the Trustee will distribute to the Depositor, the Certificate Insurer, each Owner, the Underwriters and the Rating Agencies, together with the information described in Subsection (a) preceding, the following information with respect to the Home Equity Loans which is hereby required to be prepared by the Servicer and furnished to the Trustee for such purpose on or prior to the related Monthly Remittance Date:

- (i) the related Class A Trust Certificate Principal Balance, as of such Payment Date;
- (ii) the number and aggregate Loan Balances of all Home Equity Loans; the Fixed Rate Loans and the Adjustable Rate Loans (a) 30-59 days Delinquent, (b) 60-89 days Delinquent and (c) 90 or more days Delinquent, as of the close of business on the last Business Day of the calendar month next preceding such Payment Date and the number and aggregate Loan Balances of such Loans;
- (iii) the status and the number and dollar amounts of all Home Equity Loans, the Fixed Rate Loans and the Adjustable Rate Loans in foreclosure proceedings as of the close of business on the last Business Day of the calendar month next preceding such Payment Date, separately stating, for this purpose, all Home Equity Loans with respect to which foreclosure proceedings were commenced in the immediately preceding calendar month;
- (iv) the number of Mortgagors and the Loan Balances of Home Equity Loans, the Fixed Rate Loans and the Adjustable Rate Loans (a) the related Mortgages involved in bankruptcy proceedings as of the close of business on the last Business Day of the calendar month next preceding such Payment Date and (b) Home Equity Loans in each Group that are "balloon" loans;

- (v) the existence and status of any REO Properties for all Home Equity Loans, the Fixed Rate Loans and the Adjustable Rate Loans as of the close of business of the last Business Day of the month next preceding the Payment Date;
- (vi) the book value of any REO Property for all Home Equity Loans, the Fixed Rate Loans and the Adjustable Rate Loans as of the close of business of the last Business Day of the calendar month next preceding the Payment Date;
- (vii) the amount of Cumulative Realized Losses for all Home Equity Loans, the Fixed Rate Loans and the Adjustable Rate Loans;
- (viii) the aggregate Loan Balance of 60+ Day Delinquent Loans for all Home Equity Loans, the Fixed Rate Loans and the Adjustable Rate Loans; and
- (ix) the Three-Month Rolling Average 60+ Day Delinquency Rate for all Home Equity Loans, the Fixed Rate Loans and the Adjustable Rate Loans and whether a Delinquency Trigger Event or a Cumulative Realized Loss Trigger Event is in effect.

(c) The Servicer shall furnish to the Trustee and to the Certificate Insurer during the term of this Agreement, such periodic, special, or other reports or information not specifically provided for herein, as may be necessary, reasonable, or appropriate with respect to the Trustee or the Certificate Insurer, as the case may be, or otherwise with respect to the purposes of this Agreement, all such reports or information to be provided by and in accordance with such applicable instructions and directions as the Trustee or the Certificate Insurer may reasonably require; provided, that the Servicer shall be entitled to be reimbursed by the requesting party for the fees and actual expenses associated with providing such reports, if such reports are not generally produced in the ordinary course of business.

#### Section 7.10 REPORTS BY TRUSTEE.

(a) The Trustee shall report to the Depositor, each of the Sellers, the Underwriters, the Certificate Insurer and each Owner, with respect to the amount on deposit in the Certificate Account and the identity of the investments included therein, as the Depositor, the Certificate Insurer or the Seller may from time to time request. Without limiting the generality of the foregoing, the Trustee shall, at the request of the Depositor, the Certificate Insurer or either of the Sellers transmit promptly to the Depositor, the Certificate Insurer and each of the Sellers copies of all accounting of receipts in respect of the Home Equity Loans furnished to it by the Servicer and shall notify the Certificate Insurer and each of the Sellers if any Monthly Remittance Amount has not been received by the Trustee when due.

(b) The Trustee shall report to the Certificate Insurer and each Owner with respect to any written notices it may from time to time receive which provide an Authorized Officer with actual knowledge that any of the statements set forth in Section 3.04(b) hereof are inaccurate.

#### Section 7.11 PREFERENCE PAYMENTS.

The Certificate Insurer will pay any Insured Payment that is a Preference Amount on the Business Day following receipt on a Business Day by the Fiscal Agent of (i) a certified copy of the order requiring the return of such Preference Amount, (ii) an opinion of counsel satisfactory to the Certificate Insurer that such order is final and not subject to appeal, (iii) an assignment in such form as is reasonably required by the Certificate Insurer, irrevocably assigning to the Certificate Insurer all rights and claims of the Owners relating to or arising under the Class A Trust Certificates against the debtor which made such preference payment or otherwise with respect to such preference payment and (iv) appropriate instruments to effect the appointment of the Certificate Insurer as agent for such Owner in any legal proceeding related to such preference payment, such instruments being in a form satisfactory to the Certificate Insurer, provided that if such documents are received after 12:00 noon New York City time on such Business Day, they will be deemed to be received on the following Business Day. Such payment shall be disbursed to the receiver or trustee in bankruptcy named in the final court order of the court exercising jurisdiction on behalf of the Owner and not to any Owner directly unless such Owner has returned principal or interest paid on the Class A Trust Certificates to such receiver or trustee in bankruptcy in which case payment will be disbursed to the Owner.

Each Owner of a Class A Trust Certificate, by its purchase of Class A Trust Certificates, the Servicer and the Trustee hereby agree that the Certificate Insurer may at any time during the continuation of any proceeding relating to a preference claim direct all matters relating to such preference claim, including, without limitation, the direction of any appeal of any order relating to such preference claim and the posting of any surety or performance bond pending any such appeal. In addition and without limitation of the foregoing, the Certificate Insurer shall be subrogated to the rights of the Servicer, the Trustee and the Owner of each Class A Trust Certificate in the conduct of any such preference claim, including, without limitation, all rights of any party to an adversary proceeding action with respect to any court order issued in connection with any such preference claim.

END OF ARTICLE VII

#### ARTICLE VIII

#### SERVICING AND ADMINISTRATION OF HOME EQUITY LOANS

##### Section 8.01 SERVICER AND SUB-SERVICERS.

Acting directly or through one or more Sub-Servicers as provided in Section 8.03, the Servicer shall service and administer the Home Equity Loans in accordance with this Agreement and the servicing standards set forth in the FannieMae Guide and shall have full power and authority, acting alone, to do or cause to be done any and all things in connection with such servicing and administration which it may deem necessary or desirable. It is the intent of the parties hereto that the Servicer shall have all of the servicing obligations hereunder which a lender would have under the FannieMae Guide (as such provisions relate to second lien mortgages); provided, however, that to the extent that such standards, such obligations or the FannieMae Guide are amended by FannieMae after the date hereof and the effect of such amendment would be to impose upon the Servicer any material additional costs or other burdens relating to such servicing obligations, the Servicer may, at its option, determine not to comply with such amendment.

Subject to Section 8.03 hereof, the Servicer may, and is hereby authorized to, perform any of its servicing responsibilities with respect to all or certain of the Home Equity Loans through a Sub-Servicer as it may from time to time designate, but no such designation of a Sub-Servicer shall serve to release the Servicer from any of its obligations under this Agreement. Such Sub-Servicer shall have all the rights and powers of the Servicer with respect to such Home Equity Loans under this Agreement.

Without limiting the generality of the foregoing, but subject to Sections 8.13 and 8.14, the Servicer in its own name or in the name of a Sub-Servicer may be authorized and empowered pursuant to a power of attorney executed and delivered by the Trustee to execute and deliver, and may be authorized and empowered by the Trustee, to execute and deliver, on behalf of itself, the Owners and the Trustee or any of them, (i) any and all instruments of satisfaction or cancellation or of partial or full release or discharge and all other comparable instruments with respect to the Home Equity Loans and with respect to the Properties, (ii) to institute foreclosure proceedings or obtain a deed in lieu of foreclosure so as to effect ownership of any Property in the name of the Servicer on behalf of the Trustee, and (iii) to hold title to any Property upon such foreclosure or deed in lieu of foreclosure on behalf of the Trustee; provided, however, that to the extent any instrument described in clause (i) preceding would be delivered by the Servicer outside of its usual procedures for mortgage loans held in its own portfolio the Servicer shall, prior to executing and delivering such instrument, obtain the prior written consent of the Certificate Insurer, and provided further, however, that Section 8.14(a) shall constitute an authorization from the Trustee to the Servicer to execute an instrument of satisfaction (or assignment of mortgage without recourse) with respect to any Home Equity Loan paid in full (or with respect to which payment in full has been escrowed). The Trustee shall execute any documentation furnished to it by the Servicer for recordation by the Servicer in the appropriate jurisdictions as shall be necessary to effectuate the foregoing. Subject to Sections 8.13 and 8.14, the Trustee shall execute any authorizations and other documents as the Servicer or such Sub-Servicer shall reasonably request that are furnished to the Trustee to enable the Servicer and such Sub-Servicer to carry out their respective servicing and administrative duties hereunder.

The Servicer shall give prompt notice to the Trustee and the Certificate Insurer of any action, of which the Servicer has actual knowledge, to (i) assert a claim against the Trust or (ii) assert jurisdiction over the Trust.

Servicing Advances incurred by the Servicer or any Sub-Servicer in connection with the servicing of the Home Equity Loans (including any penalties in connection with the payment of any taxes and assessments or other charges) on any Property shall be recoverable by the Servicer or such Sub-Servicer to the extent described in Section 8.09(b) hereof.

#### Section 8.02 COLLECTION OF CERTAIN HOME EQUITY LOAN PAYMENTS.

The Servicer shall make reasonable efforts to collect all payments called for under the terms and provisions of the Home Equity Loans, and shall, to the extent such procedures shall be consistent with this Agreement and the terms and provisions of any applicable Insurance Policy, follow collection procedures for all Home Equity Loans at least as rigorous as those described in the FannieMae Guide. Consistent with the foregoing, the Servicer may in its discretion waive or permit to be waived any late payment charge, prepayment charge, assumption fee or any penalty interest in connection with the prepayment of a Home Equity Loan or any other fee or charge which the Servicer would be entitled to retain hereunder as servicing compensation. In the event the Servicer shall consent to the deferment of the due dates for payments due on a Note, the Servicer shall nonetheless make payment of any required Delinquency Advance with respect to the payments so extended to the same extent as if such installment were due, owing and Delinquent and had not been deferred, and shall be entitled to reimbursement therefor in accordance with Section 8.09(a) hereof.

#### Section 8.03 SUB-SERVICING AGREEMENTS BETWEEN SERVICER AND SUB-SERVICERS.

The Servicer may enter into Sub-Servicing Agreements for any servicing and administration of Home Equity Loans with any institution that is acceptable to the Certificate Insurer and that is in compliance with the laws of each state necessary to enable it to perform its obligations under such Sub-Servicing Agreement and (x) has (i) been designated an approved seller-servicer by FHLMC or FannieMae for second mortgage loans and (ii) has equity of at least \$5,000,000, as determined in accordance with generally accepted accounting principles or (y) is a Servicer Affiliate. The Servicer shall give notice to the Trustee, the Certificate Insurer and the Rating Agencies of the appointment of any Sub-Servicer. For purposes of this Agreement, the Servicer shall be deemed to have received payments on Home Equity Loans when any Sub-Servicer has received such payments. Each Sub-Servicer shall be required to service the Home Equity Loans in accordance with this Agreement and any such Sub-Servicing Agreement shall be consistent with and not violate the provisions of this Agreement. Each Sub-Servicing Agreement shall provide that a successor Servicer shall have the option to terminate such agreement without payment of any fees if the original Servicer is terminated or resigns.

#### Section 8.04 SUCCESSOR SUB-SERVICERS.

The Servicer shall be entitled to terminate any Sub-Servicing Agreement in accordance with the terms and conditions of such Sub-Servicing Agreement and to either itself directly service the related Home Equity Loans or enter into a Sub-Servicing Agreement with a successor Sub-Servicer which qualifies under Section 8.03.

#### Section 8.05 LIABILITY OF SERVICER; INDEMNIFICATION.

(a) The Servicer shall not be relieved of its obligations under this Agreement notwithstanding any Sub-Servicing Agreement or any of the provisions of this Agreement relating to agreements or arrangements between the Servicer and a Sub-Servicer and the Servicer shall be obligated to the same extent and under the same terms and conditions as if it alone were servicing and administering the Home Equity Loans. The Servicer shall be entitled to enter into any agreement with a Sub-Servicer for indemnification of the Servicer by such Sub-Servicer and nothing contained in such Sub-Servicing Agreement shall be deemed to limit or modify this Agreement.

(b) The Servicer (except Manufacturers and Traders Trust Company if it is required to succeed the Servicer hereunder) agrees to indemnify and hold the Trustee, the Certificate Insurer and each Owner harmless against any and all claims, losses, penalties, fines, forfeitures, legal fees and related costs, judgments, and any other costs, fees and expenses that the Trustee, the Certificate Insurer and any Owner may sustain in any way related to the failure

of the Servicer to perform its duties and service the Home Equity Loans in compliance with the terms of this Agreement. The Servicer shall immediately notify the Trustee, the Certificate Insurer and each Owner if a claim is made by a third party with respect to this Agreement, and the Servicer shall assume (with the consent of the Trustee and the Certificate Insurer) the defense of any such claim and pay all expenses in connection therewith, including reasonable counsel fees, and promptly pay, discharge and satisfy any judgment or decree which may be entered against the Servicer, the Trustee, the Certificate Insurer and/or Owner in respect of such claim. The Trustee may, if necessary, reimburse the Servicer from amounts otherwise distributable on the Class R Certificates for all amounts advanced by it pursuant to the preceding sentence except when the claim relates directly to the failure of the Servicer to service and administer the Home Equity Loans in compliance with the terms of this Agreement. The provisions of this Section 8.05 shall survive the termination of this Agreement and the payment of the outstanding Certificates.

Section 8.06 NO CONTRACTUAL RELATIONSHIP BETWEEN SUB-SERVICER, TRUSTEE OR THE OWNERS.

Any Sub-Servicing Agreement and any other transactions or services relating to the Home Equity Loans involving a Sub-Servicer shall be deemed to be between the Sub-Servicer and the Servicer alone and the Trustee, the Certificate Insurer and the Owners shall not be deemed parties thereto and shall have no claims, rights, obligations, duties or liabilities with respect to any Sub-Servicer except as set forth in Section 8.07.

Section 8.07 ASSUMPTION OR TERMINATION OF SUB-SERVICING AGREEMENT BY TRUSTEE.

In connection with the assumption of the responsibilities, duties and liabilities and of the authority, power and rights of the Servicer hereunder by the Trustee pursuant to Section 8.20, it is understood and agreed that the Servicer's rights and obligations under any Sub-Servicing Agreement then in force between the Servicer and a Sub-Servicer shall be assumed simultaneously by the Trustee without act or deed on the part of the Trustee; provided, however, that the successor Servicer may terminate the Sub-Servicer as provided in Section 8.03.

The Servicer shall, upon the reasonable request of the Trustee, but at the expense of the Servicer, deliver to the assuming party documents and records relating to each Sub-Servicing Agreement and an accounting of amounts collected and held by it and otherwise use its best reasonable efforts to effect the orderly and efficient transfer of the Sub-Servicing Agreements to the assuming party.

Section 8.08 PRINCIPAL AND INTEREST ACCOUNT.

(a) The Servicer shall establish and maintain at one or more Designated Depository Institutions the Principal and Interest Account to be held as a trust account. Each Principal and Interest Account shall be identified on the records of the Designated Depository Institution as follows: "Manufacturers and Traders Trust Company, as Trustee under the Pooling and Servicing Agreement dated as of December 1, 1997." If the institution at any time holding the Principal and Interest Account ceases to be eligible as a Designated Depository Institution hereunder, then the Servicer shall, within 30 days, be required to name a successor institution meeting the requirements for a Designated Depository Institution hereunder. If the Servicer fails to name such a successor institution, then the Principal and Interest Account shall thenceforth be held as a trust account with a qualifying Designated Depository Institution. The Servicer shall notify the Trustee, the Certificate Insurer and the Owners if there is a change in the name, account number or institution holding the Principal and Interest Account.

Subject to Subsection (c) below, the Servicer shall deposit all receipts required pursuant to Subsection (c) below and related to the Home Equity Loans to the Principal and Interest Account on a daily basis (but no later than the first Business Day after receipt).

(b) All funds in the Principal and Interest Account shall be held (i) uninvested (up to the limits insured by the FDIC) or (ii) invested in Eligible Investments. Any investments of funds in the Principal and Interest Account shall mature or be withdrawable at par on or prior to the immediately succeeding Monthly Remittance Date. The Principal and Interest Account shall be held in trust in the name of the Trustee for the benefit of the Owners and the Certificate Insurer. Any investment earnings on funds held in the Principal and Interest Account shall be for the account of the Servicer and may only be

withdrawn from the Principal and Interest Account by the Servicer immediately following the remittance of the Monthly Remittance Amount (and the Monthly Excess Interest Amount included therein) by the Servicer. Any investment losses on funds held in the Principal and Interest Account shall be for the account of the Servicer and promptly upon the realization of such loss shall be contributed by the Servicer to the Principal and Interest Account. Any references herein to amounts on deposit in the Principal and Interest Account shall refer to amounts net of such investment earnings.

(c) The Servicer shall deposit to the Principal and Interest Account on the Business Day after receipt all principal collections on the Home Equity Loans received, and interest collections on the Home Equity Loans accrued after the Cut-Off Date including any Prepayments and Net Liquidation Proceeds, other recoveries or amounts related to the Home Equity Loans received by the Servicer and any income from REO Properties, but net of (i) the Servicing Fee with respect to each Home Equity Loan and other servicing compensation to the Servicer as permitted by Section 8.15 hereof, (ii) principal collected and interest accrued on any Home Equity Loan on or prior to the Cut-Off Date, (iii) Net Liquidation Proceeds to the extent such Net Liquidation Proceeds exceed the sum of (I) the Loan Balance of the related Home Equity Loan immediately prior to liquidation, (II) accrued and unpaid interest on such Home Equity Loan (net of the Servicing Fee) to the date of such liquidation, and (III) any Realized Losses incurred during the related Remittance Period, (iv) reimbursements for Delinquency Advances and (v) reimbursements for amounts deposited in the Principal and Interest Account representing payments of principal and/or interest on a Note by a Mortgagor which are subsequently returned by a depository institution as unpaid (all such net amount herein referred to as "Daily Collections").

(d) (i) The Servicer may make withdrawals for its own account from the amounts on deposit in the Principal and Interest Account, with respect to the Home Equity Loans, only in the following priority and for the following purposes:

- (A) to withdraw interest paid with respect to any Home Equity Loans that had accrued for periods prior to the Cut-Off Date;
- (B) to withdraw investment earnings on amounts on deposit in the Principal and Interest Account;
- (C) to reimburse itself pursuant to Section 8.09(a) for unrecovered Delinquency Advances and Servicing Advances;
- (D) to withdraw amounts that have been deposited to the Principal and Interest Account in error; and
- (E) to clear and terminate the Principal and Interest Account following the termination of the Trust pursuant to Article IX.

(ii) The Servicer shall (a) remit to the Trustee for deposit in the Certificate Account by wire transfer, or otherwise make funds available in immediately available funds, without duplication, the Daily Collections allocable to a Remittance Period not later than the related Monthly Remittance Date and Loan Purchase Prices and Substitution Amounts two Business Days following the related purchase or substitution, and (b) on each Monthly Remittance Date, deliver to the Trustee and the Certificate Insurer a monthly servicing report, with respect to the Home Equity Loans, containing the following information: principal and interest collected, scheduled interest, Liquidated Loans, summary and detailed delinquency reports, Liquidation Proceeds and other similar information concerning the servicing of the Home Equity Loans. In addition, the Servicer shall inform the Trustee and the Certificate Insurer on each Monthly Remittance Date with respect to the Home Equity Loans of the amounts of any Loan Purchase Prices or Substitution Amounts so remitted during the related Remittance Period.

(iii) The Servicer shall provide to the Trustee the information described in Section 8.08(d)(ii)(b) and in Section 7.09(c) to enable the Trustee to perform its reporting requirements under Section 7.09 and the Trustee shall forward such information to the Underwriters within five Business Days of receipt thereof.

Section 8.09 DELINQUENCY ADVANCES AND SERVICING ADVANCES.

(a) If the amount on deposit in the Certificate Account as of any Monthly Remittance Date is less than the sum of (I) the Interest Remittance Amount on such Monthly Remittance Date and (II) the Principal Remittance Amount on such Monthly Remittance Date, the Servicer shall remit to the Trustee for deposit into the Certificate Account a sufficient amount of its own funds to make the total amount remitted to the Trustee equal to such sum. Such amounts of the Servicer's own funds so deposited are "Delinquency Advances," including but not limited to any amount advanced due to the invocation by a Mortgagor of the relief provisions provided by the Soldiers' and Sailors' Civil Relief Act of 1940.

The Servicer shall be permitted to fund its payment of Delinquency Advances on any Business Day and to reimburse itself for any Delinquency Advances paid from the Servicer's own funds from collections on any Home Equity Loan deposited to the Principal and Interest Account subsequent to the related Remittance Period and shall deposit into the Principal and Interest Account with respect thereto (i) collections from the Mortgagor whose Delinquency gave rise to the shortfall which resulted in such Delinquency Advance and (ii) Net Liquidation Proceeds recovered on account of the related Mortgage Loan to the extent of the amount of aggregate Delinquency Advances related thereto. If not recovered from the related Mortgagor or the related Net Liquidation Proceeds, the Servicer shall recover Delinquency Advances pursuant to Section 7.03(h).

Notwithstanding the foregoing, in the event that the Servicer determines that the aggregate unreimbursed Delinquency Advances exceed the aggregate remaining Scheduled Payments due on the Home Equity Loans, the Servicer shall not be required to make any future Delinquency Advances, and shall be entitled to reimbursement for such aggregate unreimbursed Delinquency Advances as provided above. The Servicer shall give written notice of such determination to the Trustee and the Certificate Insurer; and the Trustee shall promptly furnish a copy of such notice to the Owners of the Class R Certificates; provided, that the Servicer shall be entitled to recover any unreimbursed Delinquency Advances from the aforesaid Liquidation Proceeds prior to the payment of the Liquidation Proceeds to any other party to this Agreement.

(b) The Servicer will pay all "out-of-pocket" costs and expenses incurred in the performance of its servicing obligations, including, but not limited to, the cost of (i) Preservation Expenses, (ii) any enforcement or judicial proceedings, including foreclosures, (iii) the management and liquidation of REO Property and (iv) advances required by Section 8.13(a), but the Servicer is only required to pay such costs and expenses to the extent the Servicer reasonably believes such costs and expenses will be recoverable from the related Home Equity Loan. Each such expenditure will constitute a "Servicing Advance". The Servicer may recover Servicing Advances (x) from the Mortgagors to the extent permitted by the Home Equity Loans or, if not recovered from the Mortgagor on whose behalf such Servicing Advance was made, from Liquidation Proceeds realized upon the liquidation of the related Home Equity Loan and (y) as provided in Section 7.03(h). The Servicer shall be entitled to recover the Servicing Advances from the aforesaid Liquidation Proceeds prior to the payment of the Liquidation Proceeds to any other party to this Agreement. Except as provided in the previous sentence, in no case may the Servicer recover Servicing Advances from the principal and interest payments on any Home Equity Loan or from any amounts relating to any other Home Equity Loan except as provided in Section 7.03(h).

Section 8.10 COMPENSATING INTEREST; REPURCHASE OF HOME EQUITY LOANS.

(a) If a Prepayment of a Home Equity Loan occurs during any calendar month or if the amount received with respect to a date-of-payment or simple interest Home Equity Loan represents less than a full month's interest, any difference between the interest collected from the Mortgagor and the full month's interest at the Coupon Rate less the Servicing Fee ("Compensating Interest") that is due shall be deposited by the Servicer (but not in excess of the aggregate Servicing Fee for the related Remittance Period) to the Principal and Interest Account on the next succeeding Monthly Remittance Date and shall be included in the Monthly Remittance to be made available to the Trustee on such Monthly Remittance Date. The Servicer shall not be entitled to reimbursement for amounts paid as Compensating Interest.

(b) The Servicer, and in the absence of exercise thereof by the Servicer, the Certificate Insurer, has the right and the option, but not the obligation, for administrative convenience, to purchase for its own account any Home Equity Loan which becomes Delinquent, in whole or in part, as to four

consecutive monthly installments or any Home Equity Loan as to which enforcement proceedings have been brought by the Servicer pursuant to Section 8.13; provided, however, that the Servicer or the Certificate Insurer, as the case may be, may not purchase any such Home Equity Loan unless the Servicer or the Certificate Insurer, as the case may be, has delivered to the Trustee an opinion of counsel experienced in federal income tax matters acceptable to the Trustee and the Certificate Insurer to the effect that such a purchase would not constitute a Prohibited Transaction for the Trust or otherwise subject the Trust to tax and would not jeopardize the status any REMIC therein as a REMIC. Any such Loan so purchased shall be purchased by the Servicer or the Certificate Insurer, as the case may be, on a Monthly Remittance Date at a purchase price equal to the Loan Purchase Price thereof, which purchase price shall be deposited in the Principal and Interest Account.

(c) The Net Liquidation Proceeds from the disposition of any REO Property shall be deposited in the Principal and Interest Account and remitted to the Trustee as part of the Daily Collections remitted by the Servicer to the Trustee.

#### Section 8.11 MAINTENANCE OF INSURANCE.

(a) The Servicer shall cause to be maintained with respect to each Home Equity Loan a hazard insurance policy with a generally acceptable carrier that provides for fire and extended coverage, and which provides for a recovery by the Trust of insurance proceeds relating to such Home Equity Loan in an amount not less than the least of (i) the outstanding principal balance of the Home Equity Loan (plus the related senior lien loan, if any), (ii) the minimum amount required to compensate for damage or loss on a replacement cost basis and (iii) the full insurable value of the premises. The Servicer shall maintain the insurance policies required hereunder in the name of the mortgagee, its successors and assigns, as loss payee. The policies shall require the insurer to provide the mortgagee with 30 days' notice prior to any cancellation or as otherwise required by law. The Servicer may also maintain a blanket hazard insurance policy or policies if the insurer or insurers of such policies are rated investment grade by each Rating Agency. Upon the request of the Trustee or the Certificate Insurer, the Servicer will cause to be delivered to such requesting Person a certified true copy of such blanket policy.

(b) If the Home Equity Loan at the time of origination relates to a Property in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards, the Servicer will cause to be maintained with respect thereto a flood insurance policy in a form meeting the requirements of the current guidelines of the Federal Insurance Administration with a generally acceptable carrier in an amount representing coverage, and which provides for a recovery by the Trust of insurance proceeds relating to such Home Equity Loan of not less than the least of (i) the outstanding principal balance of the Home Equity Loan (plus the related senior lien loan, if any), (ii) the minimum amount required to compensate for damage or loss on a replacement cost basis and (iii) the maximum amount of insurance that is available under the Flood Disaster Protection Act of 1973. The Servicer shall indemnify the Trust out of the Servicer's own funds for any loss to the Trust resulting from the Servicer's failure to maintain premiums for such insurance required by this Section when so permitted by the terms of the Mortgage as to which such loss relates.

#### Section 8.12 DUE-ON-SALE CLAUSES; ASSUMPTION AND SUBSTITUTION AGREEMENTS.

When a Property has been or is about to be conveyed by the Mortgagor, the Servicer shall, to the extent it has knowledge of such conveyance or prospective conveyance, exercise its rights to accelerate the maturity of the related Home Equity Loan under any "due-on-sale" clause contained in the related Mortgage or Note; provided, however, that the Servicer shall not exercise any such right if the "due-on-sale" clause, in the reasonable belief of the Servicer, is not enforceable under applicable law. An opinion of counsel to the foregoing effect shall conclusively establish the reasonableness of such belief. In such event, the Servicer shall enter into an assumption and modification agreement with the person to whom such property has been or is about to be conveyed, pursuant to which such person becomes liable under the Note and, unless prohibited by applicable law or the Mortgage Documents, the Mortgagor remains liable thereon. If the foregoing is not permitted under applicable law, the Servicer is authorized to enter into a substitution of liability agreement with such person, pursuant to which the original Mortgagor is released from liability and such person is substituted as Mortgagor and becomes liable under the Note; provided, however, that to the extent any such substitution of liability agreement would be delivered by the Servicer outside of its usual

procedures for mortgage loans held in its own portfolio the Servicer shall, prior to executing and delivering such agreement, obtain the prior written consent of the Certificate Insurer. The Home Equity Loan, as assumed, shall conform in all respects to the requirements, representations and warranties of this Agreement. The Servicer shall notify the Trustee that any such assumption or substitution agreement has been completed by forwarding to the Trustee the original copy of such assumption or substitution agreement (indicating the File to which it relates) which copy shall be added by the Trustee to the related File and which shall, for all purposes, be considered a part of such File to the same extent as all other documents and instruments constituting a part thereof. The Servicer shall be responsible for recording any such assumption or substitution agreements. In connection with any such assumption or substitution agreement, the required monthly payment on the related Home Equity Loan shall not be changed but shall remain as in effect immediately prior to the assumption or substitution, the stated maturity or outstanding principal amount of such Home Equity Loan shall not be changed nor shall any required monthly payments of principal or interest be deferred or forgiven. Any fee collected by the Servicer or the Sub-Servicer for consenting to any such conveyance or entering into an assumption or substitution agreement shall be retained by or paid to the Servicer as additional servicing compensation.

Notwithstanding the foregoing paragraph or any other provision of this Agreement, the Servicer shall not be deemed to be in default, breach or any other violation of its obligations hereunder by reason of any assumption of a Home Equity Loan by operation of law or any assumption which the Servicer may be restricted by law from preventing, for any reason whatsoever.

Section 8.13 REALIZATION UPON DEFAULTED HOME EQUITY LOANS;  
MODIFICATION.

(a) The Servicer shall foreclose upon or otherwise comparably effect the ownership in the name of the Servicer on behalf of the Trust of Properties relating to defaulted Home Equity Loans as to which no satisfactory arrangements can be made for collection of Delinquent payments and which the Servicer has not purchased pursuant to Section 8.10(b). In connection with such foreclosure or other conversion, the Servicer shall exercise such of the rights and powers vested in it hereunder, and use the same degree of care and skill in their exercise or use, as prudent mortgage lenders would exercise or use under the circumstances in the conduct of their own affairs and consistent with the servicing standards set forth in the FannieMae Guide, including, but not limited to, advancing funds for the payment of taxes, amounts due with respect to Senior Liens, and insurance premiums. Any amounts so advanced shall constitute "Servicing Advances" within the meaning of Section 8.09(b) hereof. The Servicer shall sell any REO Property before the start of the 12th month of the 3rd taxable year following the taxable year in which the Trust acquired such property, at such price as the Servicer deems necessary to comply with this covenant unless the Seller which delivered the related Home Equity Loan obtains for the Trustee, the Certificate Insurer and the Servicer an opinion of counsel experienced in federal income tax matters acceptable to the Trustee and the Certificate Insurer, addressed to the Trustee, the Certificate Insurer, and the Servicer, to the effect that the holding by the Trust of such REO Property for any greater period will not result in the imposition of taxes on "Prohibited Transactions" of the Trust or any REMIC therein as defined in Section 860F of the Code or cause any REMIC therein to fail to qualify as a REMIC under the REMIC Provisions at any time that any Certificates are outstanding. Notwithstanding the generality of the foregoing provisions, the Servicer shall manage, conserve, protect and operate each REO Property for the Owners solely for the purpose of its prompt disposition and sale in a manner which does not cause such REO Property to fail to qualify as "foreclosure property" within the meaning of Section 860G(a)(8) of the Code or result in the receipt by any REMIC of any "income from non-permitted assets" within the meaning of Section 860F(a)(2)(B) of the Code or any "net income from foreclosure property" which is subject to taxation under the REMIC Provisions. Pursuant to its efforts to sell such REO Property, the Servicer shall either itself or through an agent selected by the Servicer protect and conserve such REO Property in the same manner and to such extent as is customary in the locality where such REO Property is located and may, incident to its conservation and protection of the interests of the Owners, rent the same, or any part thereof, as the Servicer deems to be in the best interest of the Owners for the period prior to the sale of such REO Property. The Servicer shall take into account the existence of any hazardous substances, hazardous wastes or solid wastes, as such terms are defined in the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act of 1976, or other federal, state or local environmental legislation, on a Property in determining whether to foreclose upon or otherwise comparably convert the ownership of such Property. The Servicer shall not take any such action with respect to any Property known by

the Servicer to contain such wastes or substances, without the prior written consent of the Certificate Insurer. With respect to any Home Equity Loan secured by a mixed use Property, the Servicer shall, prior to foreclosing upon or otherwise comparably effecting the ownership in the name of the Servicer on behalf of the Trust, either (x) perform a "phase one environmental study" of such Property or (y) repurchase such Property at the Loan Purchase Price.

(b) The Servicer shall determine, with respect to each defaulted Home Equity Loan and in accordance with the procedures set forth in the FannieMae Guide, when it has recovered, whether through trustee's sale, foreclosure sale or otherwise, all amounts it expects to recover from or on account of such defaulted Home Equity Loan, whereupon such Home Equity Loan shall become a "Liquidated Loan." After a Home Equity Loan has become a Liquidated Loan, the Servicer shall promptly prepare and forward to the Depositor, the Certificate Insurer and the Trustee a report detailing the Liquidation Proceeds received from the Liquidated Loan, expenses incurred with respect thereto, and any loss incurred in connection therewith.

(c) The Servicer shall not agree to any modification, waiver or amendment of any provision of any Home Equity Loan unless, in the Servicer's good faith judgment, such modification, waiver or amendment would minimize the loss that might otherwise be experienced with respect to such Home Equity Loan and only in the event of a payment default with respect to such Home Equity Loan or in the event that a payment default with respect to such Home Equity Loan is reasonably foreseeable by the Servicer; provided, however, that no such modification, waiver or amendment shall extend the maturity date of such Home Equity Loan beyond the Remittance Period related to the Final Scheduled Payment Date of the latest Class of Certificates remaining in the Trust. Notwithstanding anything set out in this Section 8.13(c) or elsewhere in this Agreement to the contrary, the Servicer shall be permitted to modify, waive or amend any provision of a Home Equity Loan if required by statute or a court of competent jurisdiction to do so.

(d) The Servicer shall deliver to the Trustee for deposit in the related File, an original counterpart of any agreement relating to such modification, waiver or amendment, promptly following the execution thereof. Section 8.14 Trustee to Cooperate; Release of Files.

#### Section 8.14 TRUSTEE TO COOPERATE; RELEASE OF FILES.

(a) Upon the payment in full of any Home Equity Loan (including any liquidation of such Home Equity Loan through foreclosure or otherwise), or the receipt by the Servicer of a notification that payment in full will be escrowed in a manner customary for such purposes, the Servicer shall deliver to the Trustee the FannieMae "Request for Release of Documents" (FannieMae Form 2009). Upon receipt of such Request for Release of Documents, the Trustee shall promptly release the related File, in trust, in its reasonable discretion to (i) the Servicer, (ii) an escrow agent or (iii) any employee, agent or attorney of the Trustee. Upon any such payment in full, or the receipt of such notification that such funds have been placed in escrow, the Servicer is authorized to give, as attorney-in-fact for the Trustee and the mortgagee under the Mortgage which secured the Note, an instrument of satisfaction (or assignment of Mortgage without recourse) regarding the Property relating to such Mortgage, which instrument of satisfaction or assignment, as the case may be, shall be delivered to the Person or Persons entitled thereto against receipt therefor of payment in full, it being understood and agreed that no expense incurred in connection with such instrument of satisfaction or assignment, as the case may be, shall be chargeable to the Principal and Interest Account. In lieu of executing any such satisfaction or assignment, as the case may be, the Servicer may prepare and submit to the Trustee a satisfaction (or assignment without recourse, if requested by the Person or Persons entitled thereto) in form for execution by the Trustee with all requisite information completed by the Servicer; in such event, the Trustee shall execute and acknowledge such satisfaction or assignment, as the case may be, and deliver the same with the related File, as aforesaid.

(b) From time to time and as appropriate in the servicing of any Home Equity Loan, including, without limitation, foreclosure or other comparable conversion of a Home Equity Loan or collection under any applicable Insurance Policy, the Trustee shall (except in the case of the payment or liquidation pursuant to which the related File is released to an escrow agent or an employee, agent or attorney of the Trustee), upon request of the Servicer and delivery to the Trustee of a receipt signed by an Authorized Officer of the Servicer, release the related File to the Servicer and shall execute such documents as shall be necessary to the prosecution of any such proceedings, including, without limitation, an assignment without recourse of the related

Mortgage to the Servicer; provided that there shall not be released and unreturned at any one time more than 10% of the entire number of Files. Such receipt shall obligate the Servicer to return the File to the Trustee when the need therefor by the Servicer no longer exists unless the Home Equity Loan shall be liquidated, in which case, upon receipt of the FannieMae "Liquidation Schedule" relating to such liquidation, the receipt shall be released by the Trustee to the Servicer.

(c) The Servicer shall have the right to accept applications of Mortgagors for consent to (i) partial releases of Mortgages, (ii) alterations and (iii) removal, demolition or division of properties subject to Mortgages. No application for approval shall be considered by the Servicer unless: (x) the provisions of the related Note and Mortgage have been complied with; (y) the Loan-to-Value Ratio after any release does not exceed the Loan-to-Value Ratio of such Home Equity Loan as of the date of origination thereof and any increase in the Loan-to-Value Ratio shall not exceed 15% unless approved in writing by the Certificate Insurer; and (z) the lien priority of the related Mortgage is not affected. Upon receipt by the Trustee of an Officer's Certificate executed on behalf of the Servicer setting forth the action proposed to be taken in respect of a particular Home Equity Loan and certifying that the criteria set forth in the immediately preceding sentence have been satisfied, the Trustee shall execute and deliver to the Servicer the consent or partial release so requested by the Servicer. A proposed form of consent or partial release, as the case may be, shall accompany any Officer's Certificate delivered by the Servicer pursuant to this paragraph. The Servicer shall notify the Certificate Insurer and the Rating Agencies if an application is approved under clause (y) above without approval in writing by the Certificate Insurer.

#### Section 8.15 SERVICING COMPENSATION.

As compensation for its activities hereunder, the Servicer shall be entitled to retain the amount of the Servicing Fee with respect to each Home Equity Loan. Additional servicing compensation in the form of prepayment charges, release fees, bad check charges, assumption fees, late payment charges, prepayment penalties, or any other servicing-related fees, Net Liquidation Proceeds not required to be deposited in the Principal and Interest Account pursuant to Section 8.08(c)(ii) and similar items may, to the extent collected from Mortgagors, be retained by the Servicer.

#### Section 8.16 ANNUAL STATEMENT AS TO COMPLIANCE.

The Servicer, at its own expense, will deliver to the Trustee, the Depositor, the Certificate Insurer and the Rating Agencies, on or before March 31 of each year, commencing in 1998, an Officer's Certificate stating, as to each signer thereof, that (i) a review of the activities of the Servicer during such preceding calendar year and of performance under this Agreement has been made under such officers' supervision, and (ii) to the best of such officers' knowledge, based on such review, the Servicer has fulfilled all its obligations under this Agreement for such year, or, if there has been a default in the fulfillment of all such obligations, specifying each such default known to such officers and the nature and status thereof including the steps being taken by the Servicer to remedy such default.

#### Section 8.17 ANNUAL INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORTS.

On or before June 30 of any year, commencing in 1998, the Servicer, at its own expense (or if the Trustee is then acting as Servicer, at the expense of the Depositor, which in no event shall exceed \$1,000 per annum), shall cause to be delivered to the Trustee, the Certificate Insurer and the Rating Agencies a letter or letters of a firm of independent, nationally recognized certified public accountants reasonably acceptable to the Certificate Insurer, dated as of the date of the Servicer's fiscal audit for subsequent letters, stating that such firm has examined the Servicer's overall servicing operations in accordance with the requirements of the Uniform Single Attestation Program for Mortgage Bankers, and stating such firm's conclusions relating thereto.

#### Section 8.18 ACCESS TO CERTAIN DOCUMENTATION AND INFORMATION REGARDING THE HOME EQUITY LOANS.

The Servicer shall provide to the Trustee, the Certificate Insurer, the FDIC and the supervisory agents and examiners of each of the foregoing (which, in the case of supervisory agents and examiners, may be required by applicable state and federal regulations) access to the documentation regarding the Home Equity Loans, such access being afforded without charge but only upon reasonable request and during normal business hours at the offices of the

Servicer designated by it.

Section 8.19 ASSIGNMENT OF AGREEMENT.

The Servicer may not assign its obligations under this Agreement, in whole or in part, unless it shall have first obtained the written consent of the Trustee and the Certificate Insurer, which consent shall not be unreasonably withheld; provided, however, that any assignee must meet the eligibility requirements set forth in Section 8.20(i) hereof for a successor servicer.

Section 8.20 REMOVAL OF SERVICER; RESIGNATION OF SERVICER.

(a) The Certificate Insurer (or Trustee with the consent of the Certificate Insurer and acting upon the request of a majority of the Percentage Interests of the Offered Certificates then Outstanding), may remove the Servicer upon the occurrence of any of the following events:

- (i) The Servicer shall (I) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or similar entity with respect to itself or its property, (II) admit in writing its inability to pay its debts generally as they become due, (III) make a general assignment for the benefit of creditors, (IV) be adjudicated a bankrupt or insolvent, (V) commence a voluntary case under the federal bankruptcy laws of the United States of America or file a voluntary petition or answer seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding or (VI) take corporate action for the purpose of effecting any of the foregoing; or
- (ii) If without the application, approval or consent of the Servicer, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking in respect of the Servicer an order for relief or an adjudication in bankruptcy, reorganization, dissolution, winding up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or similar entity with respect to the Servicer or of all or any substantial part of its assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by the Servicer in good faith, the same shall (A) result in the entry of an order for relief or any such adjudication or appointment or (B) continue undismissed or pending and unstayed for any period of seventy-five (75) consecutive days; or
- (iii) The Servicer shall fail to perform any one or more of its obligations hereunder and shall continue in default thereof for a period of thirty (30) days (one (1) Business Day in the case of a delay in making a required payment to the Trustee under Section 8.08(d)(ii)(a)) after the earlier of (a) actual knowledge of an officer of the Servicer or (b) receipt of notice from the Trustee or the Certificate Insurer of said failure; provided, however, that if the Servicer can demonstrate to the reasonable satisfaction of the Certificate Insurer that it is diligently pursuing remedial action, then the cure period may be extended with the written approval of the Certificate Insurer; or
- (iv) The Servicer shall fail to cure any breach of any of its representations and warranties set forth in Section 3.02 which materially and adversely affects the interests of the Owners or the Certificate Insurer for a period of sixty (60) days after the earlier of the Servicer's discovery or receipt of notice thereof; provided however, that if the Servicer can demonstrate to the reasonable satisfaction of the Certificate Insurer that it is diligently pursuing remedial action, then the cure period

may be extended with the written approval of the Certificate Insurer; or

- (v) The merger, consolidation or other combination of the Servicer with or into any other entity, unless (1) the Servicer is the surviving entity of such combination or (2) the surviving entity is a corporation or a state-chartered or national bank acceptable to the Certificate Insurer (acceptable to the Owners of the Class R Certificates as provided below but if such Owners and the Certificate Insurer cannot agree, the Certificate Insurer shall control) organized and doing business under the laws of any state or the United States; or
- (vi) The occurrence of a Cumulative Realized Loss Termination Trigger.

(b) The Certificate Insurer may remove the Servicer upon the occurrence of any of the following events:

(i) an Insured Payment is made by the Certificate Insurer, provided, however, that in the event that the Trustee shall become the Servicer hereunder, if the Servicer can demonstrate to the reasonable satisfaction of the Certificate Insurer that such event was due to circumstances beyond the control of the Servicer, the right of removal hereunder shall not be considered a default by the Servicer;

(ii) the failure by the Servicer to make any required Servicing Advance when due;

(iii) Cumulative Realized Losses has exceeded 7% of the Original Aggregate Loan Balance; provided, however, that in the event that the Trustee shall become the Servicer hereunder, if the Servicer can demonstrate to the reasonable satisfaction of the Certificate Insurer that such event was due to circumstances beyond the control of the Servicer, the right of removal hereunder shall not be considered a default by the Servicer; or

(iv) the failure by the Servicer to make any required Delinquency Advance or to pay any Compensating Interest when due;

PROVIDED, HOWEVER, that (x) prior to any removal of the Servicer by the Certificate Insurer pursuant to clause (iii) of this Section 8.20(b), the Servicer and the Trustee shall first have been given by the Certificate Insurer and by registered or certified mail, notice of the occurrence of one or more of the events set forth in clause (iii) above and the Servicer shall not have remedied, or shall not have taken actions satisfactory to the Certificate Insurer to remedy, such event or events within 60 days after the Servicer's receipt of such notice and (y) upon the Trustee's determination that a required Delinquency Advance or payment of Compensating Interest has not been made by the Servicer, the Trustee shall so notify an Authorized Officer of the Servicer, the Owners, if any, and the Certificate Insurer as soon as is reasonably practical.

(c) If any event described in subsection (b) (iii) above occurs and is continuing, during the thirty (30) day period following receipt of notice, the Trustee, the Owners of the Class R Certificates and the Certificate Insurer shall cooperate with each other to determine if the occurrence of such event is more likely than not the result of the acts or omissions of the Servicer or more likely than not the result of events beyond the control of the Servicer. If the Trustee, the Owners of the Class R Certificates and the Certificate Insurer conclude that the event is the result of the latter, the Servicer may not be terminated, unless and until some other event set forth in subsection (b) (i), (ii) or (iv) has occurred and is continuing. If the Trustee, the Owners of the Class R Certificates and the Certificate Insurer conclude that the event is the result of the former, the Certificate Insurer may terminate the Servicer in accordance with this Section and the Trustee shall act as successor Servicer, provided that the Trustee shall have until the 30th day following the date of receipt of notice of the event to become the successor Servicer or to appoint a successor Servicer pursuant to this Section.

If the Trustee, the Owners of the Class R Certificates and the Certificate Insurer cannot agree, and the basis for such disagreement is not arbitrary or unreasonable, as to the cause of the event, the decision of the Certificate Insurer shall control; provided, however, that if the Certificate Insurer decides to terminate the Servicer, the Trustee shall be relieved of its obligation to assume the servicing or to appoint a successor, which shall be the

exclusive obligation of the Certificate Insurer.

The Certificate Insurer agrees to use its best efforts to inform the Trustee of any materially adverse information regarding the Servicer's servicing activities that comes to the attention of the Certificate Insurer from time to time.

(d) If any event described in sections (a) and (b) above (other than (b)(iii) for which Section 8.20(c) controls) occurs and is continuing, the Certificate Insurer shall notify the Owners of the Class R Certificates in writing if the Certificate Insurer intends to terminate the Servicer in its capacity as Servicer under this Agreement. During the 30 day period following receipt of such notice by the Owners of the Class R Certificates, such Owners and the Certificate Insurer shall cooperate with each other to determine if the occurrence of such event is more likely than not the result of the acts or omissions of the Servicer or more likely than not the result of events beyond the control of the Servicer. If the Owners of the Class R Certificates and the Certificate Insurer conclude that the event is the result of the latter, the Servicer may not be terminated. If the Owners of the Class R Certificates and the Certificate Insurer conclude that the event is the result of the former, the Certificate Insurer may terminate the Servicer in accordance with this Section and the Trustee shall act as successor Servicer, provided that the Trustee shall have until the 30th day following the date of receipt of notice of the event to become the successor Servicer or to appoint a successor Servicer pursuant to this Section. If the Owners of the Class R Certificates and the Certificate Insurer cannot agree as to the cause of the event, the decision of the Certificate Insurer shall control.

(e) The Servicer shall not resign from the obligations and duties hereby imposed on it, except upon determination that its duties hereunder are no longer permissible under applicable law or are in material conflict by reason of applicable law with any other activities carried on by it, the other activities of the Servicer so causing such a conflict being of a type and nature carried on by the Servicer at the date of this Agreement. Any such determination permitting the resignation of the Servicer shall be evidenced by an opinion of counsel to such effect which shall be delivered to the Trustee and the Certificate Insurer, which opinion shall be at the Servicer's expense.

(f) No removal or resignation of the Servicer shall become effective until the Trustee or a successor Servicer shall have assumed the Servicer's responsibilities and obligations in accordance with this Section.

(g) Upon removal or resignation of the Servicer, the Servicer at its own expense also shall promptly deliver or cause to be delivered to a successor servicer or the Trustee all the books and records (including, without limitation, records kept in electronic form) that the Servicer has maintained for the Home Equity Loans, including all tax bills, assessment notices, insurance premium notices and all other documents as well as all original documents then in the Servicer's possession.

(h) Any collections then being held by the Servicer prior to its removal and any collections received by the Servicer after removal or resignation shall be endorsed by it to the Trustee and remitted directly and immediately to the Trustee or the successor Servicer.

(i) Upon removal or resignation of the Servicer, the Trustee (x) may solicit bids for a successor servicer as described below, and (y) pending the appointment of a successor servicer as a result of soliciting such bids, shall serve as Servicer. The Trustee shall, if it is unable to obtain a qualifying bid and is prevented by law from acting as Servicer, appoint, or petition a court of competent jurisdiction to appoint, any housing and home finance institution, bank or mortgage servicing institution which has been designated as an approved seller-servicer by FannieMae or FHLMC for first and second mortgage loans and having equity of not less than \$10,000,000 (or such lower level as may be acceptable to the Certificate Insurer), as determined in accordance with generally accepted accounting principles and acceptable to the Certificate Insurer and the Owners of the Class R Certificates (provided that if the Certificate Insurer and such Owners cannot agree as to the acceptability of such successor Servicer, the decision of the Certificate Insurer shall control) as the successor to the Servicer hereunder in the assumption of all or any part of the responsibilities, duties or liabilities of the Servicer hereunder. The compensation of any successor Servicer (including, without limitation, the Trustee) so appointed shall be the aggregate Servicing Fee, together with the other servicing compensation in the form of assumption fees, late payment charges or otherwise as provided in Sections 8.08 and 8.15; provided, however, that if the Trustee acts as successor Servicer then ContiMortgage agrees to pay

to the Trustee at such time that the Trustee becomes such successor Servicer a set-up fee of twenty-five dollars (\$25.00) for each Home Equity Loan then included in the Trust Estate. The Trustee shall be obligated to serve as successor Servicer whether or not the fee described in the preceding sentence is paid by ContiMortgage, but shall in any event be entitled to receive, and to enforce payment of, such fee from ContiMortgage.

(j) In the event the Trustee solicits bids as provided above, the Trustee shall solicit, by public announcement, bids from housing and home finance institutions, banks and mortgage servicing institutions meeting the qualifications set forth above. Such public announcement shall specify that the successor Servicer shall be entitled to the full amount of the aggregate Servicing Fees as servicing compensation, together with the other servicing compensation in the form of assumption fees, late payment charges or otherwise as provided in Sections 8.08 and 8.15. Within thirty days after any such public announcement, the Trustee shall negotiate and effect the sale, transfer and assignment of the servicing rights and responsibilities hereunder to the qualified party submitting the highest satisfactory bid as to the price they will pay to obtain servicing. The Trustee shall deduct from any sum received by the Trustee from the successor Servicer in respect of such sale, transfer and assignment all costs and expenses of any public announcement and of any sale, transfer and assignment of the servicing rights and responsibilities hereunder. After such deductions, the remainder of such sum less any amounts due the Trustee or the Trust from the Servicer shall be paid by the Trustee to the Servicer at the time of such sale, transfer and assignment to the successor Servicer.

(k) The Trustee and such successor shall take such action, consistent with this Agreement, as shall be necessary to effectuate any such succession, including the notification to all Mortgagors of the transfer of servicing. The Servicer agrees to cooperate with the Trustee and any successor Servicer in effecting the termination of the Servicer's servicing responsibilities and rights hereunder and shall promptly provide the Trustee or such successor Servicer, as applicable, all documents and records reasonably requested by it to enable it to assume the Servicer's functions hereunder and shall promptly also transfer to the Trustee or such successor Servicer, as applicable, all amounts which then have been or should have been deposited in the Principal and Interest Account by the Servicer or which are thereafter received with respect to the Home Equity Loans. Neither the Trustee nor any other successor Servicer shall be held liable by reason of any failure to make, or any delay in making, any distribution hereunder or any portion thereof caused by (i) the failure of the Servicer to deliver, or any delay in delivering, cash, documents or records to it, or (ii) restrictions imposed by any regulatory authority having jurisdiction over the Servicer. If the Servicer resigns or is replaced hereunder, the Seller agrees to reimburse the Trust, the Certificate Insurer and the Owners for the costs and expenses associated with the transfer of servicing to the replacement Servicer, but subject to a maximum reimbursement to all such parties in the amount of twenty-five dollars (\$25.00) for each Home Equity Loan then included in the Trust Estate.

(l) The Trustee or any other successor Servicer, upon assuming the duties of Servicer hereunder, shall immediately make all Delinquency Advances and deposit them to the Principal and Interest Account which the Servicer has theretofore failed to remit with respect to the Home Equity Loans; provided, however, that if the Trustee is acting as successor Servicer, the Trustee shall only be required to make Delinquency Advances (including the Delinquency Advances described in this clause (l)) if, in the Trustee's reasonable good faith judgment, such Delinquency Advances will ultimately be recoverable from the Home Equity Loans.

(m) The Servicer which is being removed or is resigning shall give notice to the Mortgagors, the Certificate Insurer and the Rating Agencies of the transfer of the servicing to the successor Servicer.

(n) The Trustee shall give notice to the Owners, the Trustee, the Seller, the Certificate Insurer and the Rating Agencies of the occurrence of any event described in paragraphs (a) or (b) above of which the Trustee is aware.

Section 8.21 INSPECTIONS BY CERTIFICATE INSURER; ERRORS AND OMISSIONS INSURANCE.

At any reasonable time and from time to time upon reasonable notice, the Trustee, the Certificate Insurer or any agents thereof may inspect the Servicer's servicing operations and discuss the servicing operations of the Servicer during the Servicer's normal business hours with any of its officers or directors; provided, however, that the costs and expenses incurred by the

Servicer or its agents or representatives in connection with any such examinations or discussions shall be paid by the Servicer;

The Servicer agrees to maintain errors and omissions coverage and a fidelity bond, each at least to the extent required by Section 305 of Part I of the FannieMae Guide or any successor provision thereof; provided, however, that if the Trustee shall become the Servicer, any customary insurance coverage that the Trustee maintains shall be deemed sufficient hereunder; provided, further, that in the event that the fidelity bond or the errors and omissions coverage is no longer in effect, the Trustee shall promptly give such notice to the Certificate Insurer and the Owners. Upon the request of the Trustee or the Certificate Insurer, the Servicer shall cause to be delivered to such requesting Person a certified true copy of such fidelity bond or errors and omission policy.

END OF ARTICLE VIII

## ARTICLE IX

### TERMINATION OF TRUST

#### Section 9.01 TERMINATION OF TRUST.

The Trust created hereunder and all obligations created by this Agreement will terminate upon the payment to the Owners of all Certificates, from amounts other than those available under the Certificate Insurance Policy, of all amounts held by the Trustee and required to be paid to such Owners pursuant to this Agreement upon the latest to occur of (a) the final payment or other liquidation (or any advance made with respect thereto) of the last Home Equity Loan in the Trust Estate, (b) the disposition of all property acquired in respect of any Home Equity Loan remaining in the Trust Estate, (c) at any time when a Qualified Liquidation of the Home Equity Loans included within the Trust is effected as described below and (d) the final payment to the Certificate Insurer of all amounts then owing to it. To effect a termination of this Agreement pursuant to clause (c) above, the Owners of all Certificates then Outstanding shall (i) unanimously direct the Trustee on behalf of the each REMIC to adopt a plan of complete liquidation for the of the Home Equity Loans as contemplated by Section 860F(a)(4) of the Code and (ii) provide to the Trustee an opinion of counsel experienced in federal income tax matters acceptable to the Certificate Insurer and the Trustee to the effect that each such liquidation constitutes a Qualified Liquidation, and the Trustee either shall sell the Home Equity Loans and distribute the proceeds of the liquidation of the Trust Estate, or shall distribute equitably in kind all of the assets of the Trust Estate to the remaining Owners of the Certificates each in accordance with such plan, so that the liquidation or distribution of the Trust Estate, the distribution of any proceeds of the liquidation and the termination of this Agreement occur no later than the close of the 90th day after the date of adoption of the plan of liquidation and such liquidation qualifies as a Qualified Liquidation. In no event, however, will the Trust created by this Agreement continue beyond the expiration of twenty-one (21) years from the death of the last survivor of the descendants of Joseph P. Kennedy, the late Ambassador of the United States to the Court of Saint James, living on the date hereof. The Trustee shall give written notice of termination of the Agreement to each Owner in the manner set forth in Section 11.05.

#### Section 9.02 TERMINATION UPON OPTION OF OWNERS OF CLASS R-I CERTIFICATES.

On any Monthly Remittance Date on or after the Clean-Up Call Date, the Owners of a majority of the Percentage Interests represented by the Class R-I Certificates then outstanding or, in the absence of a determination by such Owners, the Certificate Insurer may determine to purchase and may cause the purchase from the Trust of all (but not fewer than all) Home Equity Loans and all property theretofore acquired in respect of any Home Equity Loan by foreclosure, deed in lieu of foreclosure, or otherwise then remaining in the Trust Estate (i) on terms agreed upon between the Certificate Insurer and the Owners of such Class R-I Certificates, or (ii) in the absence of such an agreement, at a price equal to 100% of the aggregate Loan Balances of the related Home Equity Loans as of the day of purchase minus amounts remitted from the Principal and Interest Account to the Certificate Account representing collections of principal on the Home Equity Loans during the current Remittance Period, plus one month's interest on such amount computed at the Termination Date Pass-Through Rate, plus all accrued and unpaid Servicing Fees plus the aggregate amount of any unreimbursed Delinquency Advances and Servicing Advances

and any Delinquency Advances which the Servicer has theretofore failed to remit plus any amounts due and owing to the Certificate Insurer under the Insurance Agreement, provided that any such purchase price pursuant to clause (i) or (ii) shall be sufficient to pay the Outstanding Certificate Principal Balance of and accrued and unpaid interest on all Classes of outstanding Class A Trust and Class B Certificates plus any amounts due and owing the Certificate Insurer under the Insurance Agreement. In connection with such purchase, the Servicer shall remit to the Trustee all amounts then on deposit in the Principal and Interest Account for deposit to the Certificate Account, which deposit shall be deemed to have occurred immediately preceding such purchase.

In connection with any such purchase, such Owners of the Class R-I Certificates shall unanimously direct the Trustee to adopt and the Trustee shall adopt, as to each REMIC, a plan of complete liquidation of all Home Equity as contemplated by Section 860F(a)(4) of the Code and shall provide to the Trustee and the Certificate Insurer an opinion of counsel experienced in federal income tax matters acceptable to the Trustee and the Certificate Insurer to the effect that such purchase and liquidations constitutes, as to the REMIC, a Qualified Liquidation. In addition, such Owners of the Class R-I Certificates shall provide to the Trustee and the Certificate Insurer an opinion of counsel acceptable to the Trustee and the Certificate Insurer to the effect that such purchase and liquidation does not constitute a preference payment pursuant to the United States Bankruptcy Code.

The purchase option reserved to the Owners of a majority of the Percentage Interests represented by the Class R-I Certificates may be exercised by the Certificate Insurer if (i) not exercised by such owners and (ii) the Servicer as of the Closing Date is no longer the Servicer hereunder.

Promptly following any purchase described in this Section 9.02, the Trustee will release the Files to the Owners of such Class R-I Certificates or the Certificate Insurers, as the case may be, or otherwise upon their order, in a manner similar to that described in Section 8.14 hereof.

#### Section 9.03 TERMINATION UPON LOSS OF REMIC STATUS.

Following a final determination by the Internal Revenue Service or by a court of competent jurisdiction, in either case from which no appeal is taken within the permitted time for such appeal or, if any appeal is taken, following a final determination of such appeal from which no further appeal can be taken, to the effect that any REMIC in the Trust does not and will no longer qualify as a REMIC pursuant to Section 860D of the Code (the "Final Determination"), at any time on or after the date which is 30 calendar days following such Final Determination (i) the Certificate Insurer or the Owners of a majority in Percentage Interests represented by the Class A Trust and Class B Certificates then Outstanding may direct the Trustee on behalf of the Trust to adopt a plan of complete liquidation, as contemplated by Section 860F(a)(4) of the Code and (ii) the Certificate Insurer may notify the Trustee of the Certificate Insurer's determination to purchase from the Trust all (but not fewer than all) Home Equity Loans and all property theretofore acquired by foreclosure, deed in lieu of foreclosure, or otherwise then remaining in the Trust Estate at a price equal to the sum of (x) the greater of (i) 100% of the aggregate Loan Balances of the Home Equity Loans as of the day of purchase minus amounts remitted from the Principal and Interest Account representing collections of principal on the Home Equity Loans during the current Remittance Period, and (ii) the fair market value of such Home Equity Loans (disregarding accrued interest), (y) one month's interest on such amount computed at the Adjusted Pass-Through Rate and (z) the aggregate amount of any unreimbursed Delinquency Advances and Servicing Advances and any Delinquency Advances which the Servicer has theretofore failed to remit.

Upon receipt of such direction from the Certificate Insurer, the Trustee shall notify the Owners of the Residual Certificates of such election to liquidate or such determination to purchase, as the case may be (the "Termination Notice"). The Owners of a majority of the Percentage Interests of the Class R-I Certificates then Outstanding may, within 60 days from the date of receipt of the Termination Notice (the "Purchase Option Period"), at their option, purchase from the Trust all (but not fewer than all) Home Equity Loans and all property theretofore acquired by foreclosure, deed in lieu of foreclosure, or otherwise then remaining in the Trust Estate at a purchase price equal to the aggregate Loan Balances of all Home Equity Loans as of the date of such purchase, plus (a) one month's interest on such amount at the Termination Date Pass-Through Rate, (b) the aggregate amount of any unreimbursed Delinquency Advances and Servicing Advances and (c) any Delinquency Advances which the Servicer has theretofore failed to remit. If, during the Purchase Option Period, the Owners of the Class R-I Certificates have not exercised the option described in the immediately preceding paragraph, then upon the expiration of the Purchase

Option Period in the event that the Certificate Insurer or the Owners of the Class A Trust Certificates with the consent of the Certificate Insurer have given the Trustee the direction described in clause (a)(i) above, the Trustee shall sell the Home Equity Loans and distribute the proceeds of the liquidation of the Trust Estate, each in accordance with the plan of complete liquidation, such that, if so directed, the liquidation of the Trust Estate, the distribution of the proceeds of the liquidation and the termination of this Agreement occur no later than the close of the 60th day, or such later day as the Certificate Insurer or the Owners of the Class A Trust Certificates with the consent of the Certificate Insurer shall permit or direct in writing, after the expiration of the Purchase Option Period and (ii) in the event that the Certificate Insurer has given the Trustee notice of the Certificate Insurer's determination to purchase the Trust Estate described in clause (a)(ii) above the Certificate Insurer shall, within 60 days, purchase all (but not fewer than all) Home Equity Loans and all property theretofore acquired by foreclosure, deed in lieu of foreclosure or otherwise then remaining in the Trust Estate. In connection with such purchase, the Servicer shall remit to the Trustee all amounts then on deposit in the Principal and Interest Account for deposit to the Certificate Account, which deposit shall be deemed to have occurred immediately preceding such purchase.

Following a Final Determination, the Owners of a majority of the Percentage Interests of the Class R-I Certificates then Outstanding may, at their option and upon delivery to the Certificate Insurer of an opinion of counsel experienced in federal income tax matters acceptable to the Certificate Insurer selected by the Owners of the Class R-I Certificates, which opinion shall be reasonably satisfactory in form and substance to the Certificate Insurer, to the effect that the effect of the Final Determination is to increase substantially the probability that the gross income of the Trust will be subject to federal taxation, purchase from the Trust all (but not fewer than all) Home Equity Loans and all property theretofore acquired by foreclosure, deed in lieu of foreclosure, or otherwise then remaining in the Trust Estate at a purchase price equal to the aggregate Loan Balances of all Home Equity Loans as of the date of such purchase, plus (a) one month's interest on such amount computed at the Termination Date Pass-Through Rate, (b) the aggregate amount of unreimbursed Delinquency Advances and (c) any Delinquency Advances which the Servicer has theretofore failed to remit. In connection with such purchase, the Servicer shall remit to the Trustee all amounts then on deposit in the Principal and Interest Account for deposit to the Certificate Account, which deposit shall be deemed to have occurred immediately preceding such purchase. The foregoing opinion shall be deemed satisfactory unless the Certificate Insurer gives the Owners of a majority of the Percentage Interests of the Class R-I Certificates notice that such opinion is not satisfactory within thirty days after receipt of such opinion. In connection with any such purchase, such Owners shall direct the Trustee to adopt a plan of complete liquidation as contemplated by Section 860F(a)(4) of the Code and shall provide to the Trustee an opinion of counsel experienced in federal income tax matters to the effect that such purchase constitutes a Qualified Liquidation.

#### Section 9.04 DISPOSITION OF PROCEEDS.

The Trustee shall, upon receipt thereof, deposit the proceeds of any liquidation of the Trust Estate pursuant to this Article IX to the Certificate Account; provided, however, that any amounts representing unreimbursed Delinquency Advances and Servicing Advances theretofore funded by the Servicer from the Servicer's own funds shall be paid by the Trustee to the Servicer from the proceeds of the Trust Estate.

END OF ARTICLE IX

#### ARTICLE X

#### THE TRUSTEE

#### Section 10.01 CERTAIN DUTIES AND RESPONSIBILITIES.

(a) The Trustee (i) (A) undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Trustee and (B) the banking institution that is the Trustee shall serve as the Trustee at all times under this Agreement, and (ii) in the absence of bad faith on its part, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished pursuant to and conforming to the requirements of this Agreement; but

in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement.

(b) Notwithstanding the appointment of the Servicer hereunder, the Trustee is hereby empowered to perform the duties of the Servicer it being expressly understood, however, that the foregoing describes a power and not an obligation of the Trustee, and that all parties hereto agree that, prior to any termination of the Servicer, the Servicer and, thereafter, the Trustee or any other successor servicer shall perform such duties. Specifically, and not in limitation of the foregoing, the Trustee shall upon termination or resignation of the Servicer, and pending the appointment of any other Person as successor Servicer, have the power and duty during its performance as successor Servicer:

- (i) to collect Mortgage payments;
- (ii) to foreclose on defaulted Home Equity Loans;
- (iii) to enforce due-on-sale clauses and to enter into assumption and substitution agreements as permitted by Section 8.12 hereof;
- (iv) to deliver instruments of satisfaction pursuant to Section 8.14;
- (v) to enforce the Home Equity Loans; and
- (vi) to make Delinquency Advances and Servicing Advances and to pay Compensating Interest.

(c) No provision of this Agreement shall be construed to relieve the 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 subsection (a) of this Section;
- (ii) the Trustee shall not be personally liable for any error of judgment made in good faith by an Authorized Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and
- (iii) the 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 direction of the Certificate Insurer or the Owners of a majority in Percentage Interest of the Certificates of the affected Class or Classes and the Certificate Insurer relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Agreement relating to such Certificates.

(d) Whether or not therein expressly so provided, every provision of this Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

(e) No provision of this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. None of the provisions contained in this Agreement shall in any event require the Trustee to perform, or be responsible for the manner of performance of, any of the obligations of the Servicer under this Agreement, except during such time, if any, as the Trustee shall be the successor to, and be vested with the rights, duties, powers and privileges of, the Servicer in accordance with the terms of this Agreement.

(f) The permissive right of the Trustee to take actions enumerated in this Agreement shall not be construed as a duty and the Trustee shall not be answerable for other than its own negligence or willful misconduct.

(g) The Trustee shall be under no obligation to institute any suit, or

to take any remedial proceeding under this Agreement, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements and against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct, in connection with any action so taken.

Section 10.02 REMOVAL OF TRUSTEE FOR CAUSE.

(a) The Trustee may be removed pursuant to paragraph (b) hereof upon the occurrence of any of the following events (whatever the reason for such event 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):

- (i) the Trustee shall fail to distribute to the Owners entitled hereto on any Payment Date amounts available for distribution in accordance with the terms hereof; (provided, however, that any such failure which is due to circumstances beyond the control of the Trustee shall not be a cause for removal hereunder); or
- (ii) the Trustee shall fail in the performance of, or breach, any covenant or agreement of the Trustee in this Agreement, or if any representation or warranty of the Trustee made in this Agreement or in any certificate or other writing delivered pursuant hereto or in connection herewith shall prove to be incorrect in any material respect as of the time when the same shall have been made, and such failure or breach shall continue or not be cured for a period of 30 days after there shall have been given, by registered or certified mail, to the Trustee by the Sellers, the Certificate Insurer or by the Owners of at least 25% of the aggregate Percentage Interests in the Trust Estate represented by the Offered Certificates then Outstanding, or, if there are no Offered Certificates then Outstanding, by such Percentage Interests represented by the Class R Certificates, a written notice specifying such failure or breach and requiring it to be remedied; or
- (iii) a decree or order of a court or agency or supervisory authority having jurisdiction for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Trustee, and such decree or order shall have remained in force undischarged or unstayed for a period of 75 days; or
- (iv) a conservator or receiver or liquidator or sequestrator or custodian of the property of the Trustee is appointed in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings of or relating to the Trustee or relating to all or substantially all of its property; or
- (v) the Trustee shall become insolvent (however insolvency is evidenced), generally fail to pay its debts as they come due, file or consent to the filing of a petition to take advantage of any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, voluntarily suspend payment of its obligations, or take corporate action for the purpose of any of the foregoing.

The Depositor shall give notice to the Certificate Insurer and the Rating Agencies of the occurrence of any such event of which the Depositor is aware.

(b) If any event described in paragraph (a) occurs and is continuing, then and in every such case (i) the Certificate Insurer or (ii) with the prior written consent (which shall not be unreasonably withheld) of the Certificate Insurer, the Depositor and the Owners of a majority of the Percentage Interests represented by the Offered Certificates or if there are no Offered Certificates then outstanding by such majority of the Percentage Interests represented by the

Retained Certificates, may, whether or not the Trustee resigns pursuant to Section 10.09(b) hereof, immediately, concurrently with the giving of notice to the Trustee, and without delaying the 30 days required for notice therein, appoint a successor Trustee pursuant to the terms of Section 10.09 hereof.

(c) The Servicer shall not be liable for any costs relating to the removal of the Trustee or the appointment of a new Trustee.

#### Section 10.03 CERTAIN RIGHTS OF THE TRUSTEE.

Except as otherwise provided in Section 10.01 hereof:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Depositor, either of the Sellers, the Certificate Insurer or the Owners of any Class of Certificates mentioned herein shall be sufficiently evidenced in writing;

(c) whenever in the administration of this Agreement the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the 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 Trustee may consult with counsel, and the written advice of such counsel (selected in good faith by the Trustee) 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 reasonable reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Owners pursuant to this Agreement, unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the 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, bond, note or other paper or document, but the Trustee in its discretion may make such further inquiry or investigation into such facts or matters as it may see fit;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys or custodians;

(h) the Trustee shall not be liable for any action it takes or omits to take in good faith which it reasonably believes to be authorized by the Authorized Officer of any Person or within its rights or powers under this Agreement other than as to validity and sufficiency of its authentication of the Certificates;

(i) the right of the Trustee to perform any discretionary act enumerated in this Agreement shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct in the performance of such act;

(j) pursuant to the terms of this Agreement, the Servicer is required to furnish to the Trustee from time to time certain information and to make various calculations which are relevant to the performance of the Trustee's duties under this Agreement. The Trustee shall be entitled to rely in good faith on any such information and calculations in the performance of its duties hereunder, (i) unless and until an Authorized Officer of the Trustee has actual knowledge, or is advised by any Owner of a Certificate (either in writing or orally with prompt written or telecopies confirmation), that such information or calculations is or are incorrect, or (ii) unless there is a manifest error in any such information; and

(k) the Trustee shall not be required to give any bond or surety in respect of the execution of the Trust Estate created hereby or the powers granted hereunder.

Section 10.04 NOT RESPONSIBLE FOR RECITALS OR ISSUANCE OF CERTIFICATES.

The recitals and representations contained herein and in the Certificates, except any such recitals and representations relating to the Trustee, shall be taken as the statements of the Depositor and the Trustee assumes no responsibility for their correctness. The Trustee makes no representation as to the validity or sufficiency of this Agreement, of the Certificates, or any Home Equity Loan or document related thereto other than as to validity and sufficiency of its authentication of the Certificates. The Trustee shall not be accountable for the use or application by the Depositor of any of the Certificates or of the proceeds of such Certificates, or for the use or application of any funds paid to the Depositor, either of the Sellers or the Servicer in respect of the Home Equity Loans or deposited into or withdrawn from the Principal and Interest Account or the Certificate Account by the Depositor, the Servicer or either of the Sellers, and shall have no responsibility for filing any financing or continuation statement in any public office at any time or otherwise to perfect or maintain the perfection of any security interest or lien or to prepare or file any tax returns or Securities and Exchange Commission filings for the Trust or to record this Agreement. The Trustee shall not be required to take notice or be deemed to have notice or knowledge of any default unless an Authorized Officer of the Trustee shall have received written notice thereof or an Authorized Officer has actual knowledge thereof. In the absence of receipt of such notice, the Trustee may conclusively assume that no default has occurred.

Section 10.05 MAY HOLD CERTIFICATES.

The Trustee, any Paying Agent, Registrar or any other agent of the Trust, in its individual or any other capacity, may become an Owner or pledgee of Certificates and may otherwise deal with the Trust with the same rights it would have if it were not Trustee, any Paying Agent, Registrar or such other agent.

Section 10.06 MONEY HELD IN TRUST.

Money held by the Trustee in trust hereunder need not be segregated from other trust funds except to the extent required herein or required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Seller and except to the extent of income or other gain on investments which are deposits in or certificates of deposit of the Trustee in its commercial capacity.

Section 10.07 COMPENSATION AND REIMBURSEMENT; NO LIEN FOR FEES.

The Trustee shall receive compensation for fees and reimbursement for expenses pursuant to Section 2.05, Section 7.03(b) (i) and Section 7.06 hereof. The Trustee shall have no lien on the Trust Estate for the payment of such fees and expenses.

Section 10.08 CORPORATE TRUSTEE REQUIRED; ELIGIBILITY.

There shall at all times be a Trustee hereunder which shall be a corporation or association organized and doing business under the laws of the United States of America or of any State authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000 subject to supervision or examination by the United States of America, acceptable to the Certificate Insurer and having a deposit rating of at least A2 by Moody's (or such lower rating as may be acceptable to Moody's), and deposit rating of A- by Standard & Poor's (or such lower rating as may be acceptable to Standard & Poor's) and, if rated by Fitch, having a rating of at least A- from Fitch (or such lower rating as may be acceptable to Fitch). If such Trustee publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation or association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall, upon the request of ContiMortgage with the consent of the Certificate Insurer (which consent shall not be unreasonably withheld) or of the Certificate Insurer, resign immediately in the manner and with the effect hereinafter specified in this Article X.

Section 10.09 RESIGNATION AND REMOVAL; APPOINTMENT OF SUCCESSOR.

(a) No resignation or removal of the Trustee and no appointment of a

successor trustee pursuant to this Article X shall become effective until the acceptance of appointment by the successor trustee under Section 10.10 hereof.

(b) The Trustee, or any trustee or trustees hereafter appointed, may resign at any time by giving written notice of resignation to the Depositor and by mailing notice of resignation by first-class mail, postage prepaid, to the Certificate Insurer and the Owners at their addresses appearing on the Register; provided, that the Trustee cannot resign solely for the failure to receive the Trustee Fee. A copy of such notice shall be sent by the resigning Trustee to the Rating Agencies. Upon receiving notice of resignation, the Depositor shall promptly appoint a successor trustee or trustees acceptable to the Certificate Insurer by written instrument, in duplicate, executed on behalf of the Trust by an Authorized Officer of ContiMortgage, one copy of which instrument shall be delivered to the Trustee so resigning and one copy to the successor trustee or trustees. If no successor trustee shall have been appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Owner may, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and appropriate, appoint a successor trustee.

(c) If at any time the Trustee shall cease to be eligible under Section 10.08 hereof and shall fail to resign after written request therefor by the Depositor or the Certificate Insurer, the Certificate Insurer or the Depositor with the consent of the Certificate Insurer may remove the Trustee and appoint a successor trustee acceptable to the Certificate Insurer by written instrument, in duplicate, executed on behalf of the Trust by an Authorized Officer of the Depositor, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee.

(d) The Owners of a majority of the Percentage Interests represented by the Class A Trust Certificates with the consent of the Certificate Insurer or, if there are no Class A Trust Certificates then Outstanding, by such majority of the Percentage Interests represented by the Class R Certificates, may at any time remove the Trustee and appoint a successor trustee acceptable to the Certificate Insurer by delivering to the Trustee to be removed, to the successor trustee so appointed, to the Depositor, to the Certificate Insurer and to the Servicer copies of the record of the act taken by the Owners, as provided for in Section 11.03 hereof.

(e) If the Trustee fails to perform its duties in accordance with the terms of this Agreement, or becomes ineligible pursuant to Section 10.08 to serve as Trustee, the Certificate Insurer may remove the Trustee and appoint a successor trustee by written instrument, in triplicate, signed by the Certificate Insurer duly authorized, one complete set of which instruments shall be delivered to the Depositor, one complete set to the Trustee so removed and one complete set to the successor Trustee so appointed.

(f) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any cause, ContiMortgage shall promptly appoint a successor trustee acceptable to the Certificate Insurer. If within one year after such resignation, removal or incapability or the occurrence of such vacancy, a successor trustee shall be appointed by act of the Certificate Insurer or the Owners of a majority of the Percentage Interests represented by the Class A Trust Certificates then Outstanding with the consent of the Certificate Insurer, the successor trustee so appointed shall forthwith upon its acceptance of such appointment become the successor trustee and supersede the successor trustee appointed by the Depositor. If no successor trustee shall have been so appointed by the Depositor or the Owners and shall have accepted appointment in the manner hereinafter provided, any Owner may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(g) The Depositor shall give notice of any removal of the Trustee by mailing notice of such event by first-class mail, postage prepaid, to the Certificate Insurer, the Rating Agencies and to the Owners as their names and addresses appear in the Register. Each notice shall include the name of the successor Trustee and the address of its corporate trust office.

#### Section 10.10 ACCEPTANCE OF APPOINTMENT BY SUCCESSOR TRUSTEE.

Every successor trustee appointed hereunder shall execute, acknowledge and deliver to the Depositor on behalf of the Trust and to its predecessor

Trustee an instrument accepting such appointment hereunder and stating its eligibility to serve as Trustee hereunder, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor hereunder; but, on request of the Depositor or the successor Trustee, such predecessor Trustee shall, upon payment of its charges then unpaid, execute and deliver an instrument transferring to such successor trustee all of the rights, powers and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver to such successor trustee all property and money held by such Trustee so ceasing to act hereunder. Upon request of any such successor trustee, the Depositor on behalf of the Trust shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor trustee all such rights, powers and trusts.

Upon acceptance of appointment by a successor Trustee as provided in this Section, the Depositor shall mail notice thereof by first-class mail, postage prepaid, to the Owners at their last addresses appearing upon the Register. The Depositor shall send a copy of such notice to the Rating Agencies. If the Depositor fails to mail such notice within ten days after acceptance of appointment by the successor Trustee, the successor trustee shall cause such notice to be mailed at the expense of the Trust.

No successor trustee shall accept its appointment unless at the time of such acceptance such successor shall be qualified and eligible under this Article X.

#### Section 10.11 MERGER, CONVERSION, CONSOLIDATION OR SUCCESSION TO BUSINESS OF THE TRUSTEE.

Any corporation or association into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto; provided, however, that such corporation or association shall be otherwise qualified and eligible under this Article X. In case any Certificates have been executed, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such Trustee may adopt such execution and deliver the Certificates so executed with the same effect as if such successor Trustee had itself executed such Certificates.

#### Section 10.12 REPORTING; WITHHOLDING.

(a) The Trustee shall timely provide to the Owners the Internal Revenue Service's Form 1099 and any other statement required by applicable Treasury regulations as determined by the Tax Matters Person, and shall withhold, as required by applicable law, federal, state or local taxes, if any, applicable to distributions to the Owners, including but not limited to backup withholding under Section 3406 of the Code and the withholding tax on distributions to foreign investors under Sections 1441 and 1442 of the Code.

(b) As required by law or upon request of the Tax Matters Person and except as otherwise specifically set forth in subsection (a) above, the Trustee shall timely file all reports prepared by the Depositor and required to be filed by the Trust with any federal, state or local governmental authority having jurisdiction over the Trust, including other reports that must be filed with the Owners, such as the Internal Revenue Service's Form 1066 and Schedule Q and the form required under Section 6050K of the Code, if applicable to REMICs. Furthermore, the Trustee shall report to Owners, if required, with respect to the allocation of expenses pursuant to Section 212 of the Code in accordance with the specific instructions to the Trustee by the Depositor with respect to such allocation of expenses. The Trustee shall, upon request of the Depositor, collect any forms or reports from the Owners determined by the Depositor to be required under applicable federal, state and local tax laws.

(c) The Depositor covenants and agrees that it shall provide to the Trustee any information necessary to enable the Trustee to meet its obligations under subsections (a) and (b) above.

(d) Except as otherwise provided, the Depositor shall have the responsibility for preparation of all returns, forms, reports and other documents referred to in this Section and the Trustee's responsibility shall be to execute such documents.

Section 10.13 LIABILITY OF THE TRUSTEE.

The Trustee shall be liable in accordance herewith only to the extent of the obligations specifically imposed upon and undertaken by the Trustee herein. Neither the Trustee nor any of the directors, officers, employees or agents of the Trustee shall be under any liability on any Certificate or otherwise to the Depositor, either of the Sellers, the Servicer, the Certificate Insurer or any Owner for any action taken or for refraining from the taking of any action in good faith pursuant to this Agreement, or for errors in judgment; provided, however, that this provision shall not protect the Trustee, its directors, officers, employees or agents or any such Person against any liability which would otherwise be imposed by reason of negligent action, negligent failure to act or willful misconduct in the performance of duties or by reason of reckless disregard of obligations and duties hereunder. Subject to the foregoing sentence, the Trustee shall not be liable for losses on investments of amounts in the Certificate Account (except for any losses on obligations on which the bank serving as Trustee is the obligor). In addition, the Depositor, each of the Sellers and Servicer covenant and agree to indemnify the Trustee, and when the Trustee is acting as Servicer, the Servicer, from, and hold it harmless against, any and all losses, liabilities, damages, claims or expenses (including legal fees and expenses) of whatsoever kind arising out of or in connection with the performance of its duties hereunder other than those resulting from the negligence or bad faith of the Trustee, and the Depositor shall pay all amounts not otherwise paid pursuant to Sections 2.05 and 7.06 hereof. The Trustee and any director, officer, employee or agent of the Trustee may rely and shall be protected in acting or refraining from acting in good faith on any certificate, notice or other document of any kind prima facie properly executed and submitted by the Authorized Officer of any Person respecting any matters arising hereunder. The provisions of this Section 10.13 shall survive the termination of this Agreement and the payment of the outstanding Certificates.

Section 10.14 APPOINTMENT OF CO-TRUSTEE OR SEPARATE TRUSTEE.

Notwithstanding any other provisions of this Agreement, at any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate or Property may at the time be located, the Servicer and the Trustee acting jointly shall have the power and shall execute and deliver all instruments to appoint one or more Persons approved by the Trustee and reasonably acceptable to the Certificate Insurer to act as co-Trustee or co-Trustees, jointly with the Trustee, of all or any part of the Trust Estate or separate Trustee or separate Trustees of any part of the Trust Estate, and to vest in such Person or Persons, in such capacity and for the benefit of the Owners, such title to the Trust Estate, or any part thereof, and, subject to the other provisions of this Section 10.14, such powers, duties, obligations, rights and trusts as the Servicer and the Trustee may consider necessary or desirable. If the Servicer shall not have joined in such appointment within 15 days after the receipt by it of a request so to do, or in the case any event indicated in Section 8.20(a) shall have occurred and be continuing, the Trustee subject to reasonable approval of the Certificate Insurer alone shall have the power to make such appointment. No co-Trustee or separate Trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 10.08 and no notice to Owners of the appointment of any co-Trustee or separate Trustee shall be required under Section 10.09.

Every separate Trustee and co-Trustee shall, to the extent permitted, be appointed and act subject to the following provisions and conditions:

- (i) All rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate Trustee or co-Trustee jointly (it being understood that such separate Trustee or co-Trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed (whether as Trustee hereunder or as successor to the Servicer hereunder), the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Trust Estate or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate Trustee or co-Trustee, but solely at the direction of the Trustee;

- (ii) No co-Trustee hereunder shall be held personally liable by reason of any act or omission of any other co-Trustee hereunder; and
- (iii) The Servicer, the Certificate Insurer and the Trustee acting jointly may at any time accept the resignation of or remove any separate Trustee or co-Trustee.

Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate Trustees and co-Trustees, as effectively as if given to each of them. Every instrument appointing any separate Trustee or co-Trustee shall refer to this Agreement and the conditions of this Section 10.14. Each separate Trustee and co-Trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Agreement, specifically including every provision of this Agreement relating to the conduct of, affecting the liability of, or affording protection to, the Trustee. Every such instrument shall be filed with the Trustee and a copy thereof given to the Servicer.

Any separate Trustee or co-Trustee may, at any time, constitute the Trustee, its agent or attorney-in- fact, with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Agreement on its behalf and in its name. If any separate Trustee or co-Trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor Trustee.

The Servicer and the Trustee hereby appoint First Union National Bank (the "Initial Co-Trustee") as co-trustee with respect to the Mortgage Loans secured by Mortgaged Properties situated in New Jersey and any other part of the Trust Estate or property securing the same that at any time may be situated in New Jersey.

END OF ARTICLE X

#### ARTICLE XI

##### MISCELLANEOUS

###### Section 11.01 COMPLIANCE CERTIFICATES AND OPINIONS.

Upon any application or request by the Depositor, the Seller, the Certificate Insurer or the Owners to the Trustee to take any action under any provision of this Agreement, the Depositor, either of the Sellers, the Certificate Insurer or the Owners, as the case may be, shall furnish to the Trustee a certificate stating that all conditions precedent, if any, provided for in this Agreement relating to the proposed action have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Agreement relating to such particular application or request, no additional certificate need be furnished.

Except as otherwise specifically provided herein, each certificate or opinion with respect to compliance with a condition or covenant provided for in this Agreement (including one furnished pursuant to specific requirements of this Agreement relating to a particular application or request) shall include:

- (a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;
- (b) 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; and
- (c) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

###### Section 11.02 FORM OF DOCUMENTS DELIVERED TO THE 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 Trustee may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such Authorized 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 or opinion of an Authorized Officer of the Trustee or any opinion of counsel may be based, insofar as it relates to factual matters upon a certificate or opinion of, or representations by, one or more Authorized Officers of the Depositor, either of the Sellers or the Servicer, stating that the information with respect to such factual matters is in the possession of the Depositor, such Seller or the Servicer, unless such Authorized Officer or 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. Any opinion of counsel may also be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an Authorized Officer of the Trustee, stating that the information with respect to such matters is in the possession of the Trustee, 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. Any opinion of counsel may be based on the written opinion of other counsel, in which event such opinion of counsel shall be accompanied by a copy of such other counsel's opinion and shall include a statement to the effect that such counsel believes that such counsel and the Trustee may reasonably rely upon the opinion of such other counsel.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Agreement, they may, but need not, be consolidated and form one instrument.

#### Section 11.03 ACTS OF OWNERS.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Agreement to be given or taken by the Owners may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Owners in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to one or both of the Sellers. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "act" of the Owners 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 Agreement and conclusive in favor of the Trustee and the Trust, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.

(c) The ownership of Certificates shall be proved by the Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Owner of any Certificate shall bind the Owner of every Certificate issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Trustee or the Trust in reliance thereon, whether or not notation of such action is made upon such Certificates.

#### Section 11.04 NOTICES, ETC. TO TRUSTEE.

Any request, demand, authorization, direction, notice, consent, waiver or act of the Owners or other documents provided or permitted by this Agreement to be made upon, given or furnished to, or filed with the Trustee by any Owner,

the Depositor, the Certificate Insurer or either of the Sellers shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with and received by the Trustee at the Corporate Trust Office.

Section 11.05 NOTICES AND REPORTS TO OWNERS; WAIVER OF NOTICES.

Where this Agreement provides for notice to Owners of any event or the mailing of any report to Owners, such notice or report shall be sufficiently given (unless otherwise herein expressly provided) if mailed, first-class postage prepaid, to each Owner affected by such event or to whom such report is required to be mailed, at the address of such Owner as it appears on the Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice or the mailing of such report. In any case where a notice or report to Owners is mailed in the manner provided above, neither the failure to mail such notice or report nor any defect in any notice or report so mailed to any particular Owner shall affect the sufficiency of such notice or report with respect to other Owners, and any notice or report which is mailed in the manner herein provided shall be conclusively presumed to have been duly given or provided. Notwithstanding the foregoing, if the Servicer is removed or resigns or the Trust is terminated, notice of any such events shall be made by overnight courier, registered mail or telecopy followed by a telephone call.

Where this Agreement 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 Owners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to Owners when such notice is required to be given pursuant to any provision of this Agreement, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

Where this Agreement provides for notice to any rating agency that rated any Certificates, failure to give such notice shall not affect any other rights or obligations created hereunder.

Section 11.06 RULES BY TRUSTEE.

The Trustee may make reasonable rules for any meeting of Owners.

Section 11.07 SUCCESSORS AND ASSIGNS.

All covenants and agreements in this Agreement by any party hereto shall bind its successors and assigns, whether so expressed or not.

Section 11.08 SEVERABILITY.

In case any provision in this Agreement or in the Certificates shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11.09 BENEFITS OF AGREEMENT.

Nothing in this Agreement or in the Certificates, expressed or implied, shall give to any Person, other than the Owners, the Certificate Insurer and the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Section 11.10 LEGAL HOLIDAYS.

In any case where the date of any Monthly Remittance Date, any Payment Date, any other date on which any distribution to any Owner is proposed to be paid, or any date on which a notice is required to be sent to any Person pursuant to the terms of this Agreement shall not be a Business Day, then (notwithstanding any other provision of the Certificates or this Agreement) payment or mailing need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made or mailed on the nominal date of any such Monthly Remittance Date, such Payment Date, or such other date for the payment of any distribution to any Owner or the mailing of such notice, as the case may be, and no interest shall accrue for the period

from and after any such nominal date, provided such payment is made in full on such next succeeding Business Day.

#### Section 11.11 GOVERNING LAW; SUBMISSION TO JURISDICTION.

(a) In view of the fact that Owners are expected to reside in many states and outside the United States and the desire to establish with certainty that this Agreement will be governed by and construed and interpreted in accordance with the law of a state having a well-developed body of commercial and financial law relevant to transactions of the type contemplated herein, this Agreement and each Certificate shall be construed in accordance with and governed by the laws of the State of New York applicable to agreements made and to be performed therein, without giving effect to the conflicts of law principles thereof.

(b) The parties hereto hereby irrevocably submit to the jurisdiction of the United States District Court for the Southern District of New York and any court in the State of New York located in the City and County of New York, and any appellate court from any thereof, in any action, suit or proceeding brought against it or in connection with this Agreement or any of the related documents or the transactions contemplated hereunder or for recognition or enforcement of any judgment, and the parties hereto hereby irrevocably and unconditionally agree that all claims in respect of any such action or proceeding may be heard or determined in such New York State court or, to the extent permitted by law, in such federal court. The parties hereto agree that a final judgment in any such action, suit 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. To the extent permitted by applicable law, the parties hereto hereby waive and agree not to assert by way of motion, as a defense or otherwise in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such courts, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that the related documents or the subject matter thereof may not be litigated in or by such courts.

(c) Each of the Depositor, the Sellers and the Servicer hereby irrevocably appoints and designates the Trustee as its true and lawful attorney and duly authorized agent for acceptance of service of legal process with respect to any action, suit or proceeding set forth in paragraph (b) hereof. Each of the Sellers and the Servicer agrees that service of such process upon the Trustee shall constitute personal service of such process upon it.

(d) Nothing contained in this Agreement shall limit or affect the right of the Depositor, the Seller, the Certificate Insurer or the Servicer or any third-party beneficiary hereunder, as the case may be, to serve process in any other manner permitted by law or to start legal proceedings relating to any of the Home Equity Loans against any Mortgagor in the courts of any jurisdiction.

#### Section 11.12 COUNTERPARTS.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

#### Section 11.13 USURY.

The amount of interest payable or paid on any Certificate under the terms of this Agreement shall be limited to an amount which shall not exceed the maximum nonusurious rate of interest allowed by the applicable laws of the State of New York or any applicable law of the United States permitting a higher maximum nonusurious rate that preempts such applicable New York laws, which could lawfully be contracted for, charged or received (the "Highest Lawful Rate"). In the event any payment of interest on any Certificate exceeds the Highest Lawful Rate, the Trust stipulates that such excess amount will be deemed to have been paid to the Owner of such Certificate as a result of an error on the part of the Trustee acting on behalf of the Trust and the Owner receiving such excess payment shall promptly, upon discovery of such error or upon notice thereof from the Trustee on behalf of the Trust, refund the amount of such excess or, at the option of such Owner, apply the excess to the payment of principal of such Certificate, if any, remaining unpaid. In addition, all sums paid or agreed to be paid to the Trustee for the benefit of Owners of Certificates for the use, forbearance or detention of money shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such Certificates.

(a) The Trustee, the Depositor, either of the Sellers and the Servicer may, at any time and from time to time, and without notice to or the consent of the Owners but with the consent of the Certificate Insurer amend this Agreement, subject to the provisions of Section 11.16 and 11.17 and the Trustee shall consent to such amendment, for the purpose of (i) curing any ambiguity, correcting or supplementing any provision hereof which may be inconsistent with any other provision hereof, or adding provisions hereto which are not inconsistent with the provisions hereof; (ii) upon receipt of an opinion of counsel experienced in federal income tax matters to the effect that no entity-level tax will be imposed on the Trust or upon the transferor of a Residual Certificate as a result of the ownership of any Residual Certificate by a Disqualified Organization, removing the restriction on transfer set forth in Section 5.08(b) hereof or (iii) complying with the requirements of the Code and the regulations proposed or promulgated thereunder including any amendments necessary to maintain REMIC status or (iv) for any other purpose, provided that in the case of this clause (iv) such amendment shall not adversely affect in any material respect any Owner. Any such amendment shall be deemed not to adversely affect in any material respect any Owner if there is delivered to the Trustee written notification from each Rating Agency that such amendment will not cause such Rating Agency to reduce its then current rating assigned to the Class A Trust Certificates without regard to the Certificate Insurance Policy. Notwithstanding anything to the contrary herein, no such amendment shall (a) change in any manner the amount of, or change the timing of, payments which are required to be distributed to any Owner without the consent of the Owner of such Certificate, or (b) which affects in any manner the terms or provisions of the Certificate Insurance Policy.

(b) Promptly after the execution of any such amendment, the Trustee shall furnish written notification of the substance of such amendment to the Certificate Insurer and each Owner in the manner set forth in Section 11.05, and to the Rating Agencies.

(c) The Rating Agencies shall be provided with copies of any amendments to this Agreement, together with copies of any opinions or other documents or instruments executed in connection therewith.

Section 11.15 PAYING AGENT; APPOINTMENT AND ACCEPTANCE OF DUTIES.

The Trustee is hereby appointed Paying Agent. The Depositor may, subject to the eligibility requirements for the Trustee set forth in Section 10.08 hereof, appoint one or more other Paying Agents or successor Paying Agents.

Each Paying Agent, immediately upon such appointment, shall signify its acceptance of the duties and obligations imposed upon it by this Agreement by written instrument of acceptance deposited with the Trustee.

Each such Paying Agent other than the Trustee shall execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of Section 6.02, that such Paying Agent will:

(a) allocate all sums received for distribution to the Owners of Certificates of each Class for which it is acting as Paying Agent on each Payment Date among such Owners in the proportion specified by the Trustee; and

(b) hold all sums held by it for the distribution of amounts due with respect to the Certificates in trust for the benefit of the Owners entitled thereto until such sums shall be paid to such Owners or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided.

Any Paying Agent other than the Trustee may at any time resign and be discharged of the duties and obligations created by this Agreement by giving at least sixty (60) days written notice to the Trustee. Any such Paying Agent may be removed at any time by an instrument filed with such Paying Agent and signed by the Trustee. In the event of the resignation or removal of any Paying Agent other than the Trustee such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee.

Upon the appointment, removal or notice of resignation of any Paying Agent, the Trustee shall notify the Certificate Insurer and the Owners by mailing notice thereof at their addresses appearing on the Register.

(a) The parties hereto intend that each REMIC shall constitute, and that the affairs of each REMIC shall be conducted so as to qualify it as a REMIC in accordance with the REMIC Provisions. In furtherance of such intention, ContiFunding Corporation or such other person designated pursuant to Section 11.18 hereof shall act as agent for the Trust and as "tax matters person" (as defined in the REMIC Provisions) for the Trust and in such capacity it shall: (i) prepare or cause to be prepared and filed, in a timely manner, annual tax returns and any other tax return required to be filed by each REMIC established hereunder using a calendar year as the taxable year for each REMIC established hereunder; (ii) in the related first such tax return, make (or cause to be made) an election satisfying the requirements of the REMIC Provisions, on behalf of each REMIC, for it to be treated as a REMIC; (iii) prepare and forward, or cause to be prepared and forwarded, to the Owners all information, reports or tax returns required with respect to each REMIC as, when and in the form required to be provided to the Owners, and to the Internal Revenue Service and any other relevant governmental taxing authority in accordance with the REMIC Provisions and any other applicable federal, state or local laws, including without limitation information reports relating to "original issue discount" as defined in the Code based upon the prepayment assumption and calculated by using the "Issue Price" (within the meaning of Section 1273 of the Code) of the Certificates of the related Class; (iv) not take any action or omit to take any action that would cause the termination of the REMIC status of a REMIC, except as provided under this Agreement; (v) represent the Trust of a REMIC in any administrative or judicial proceedings relating to an examination or audit by any governmental taxing authority, request an administrative adjustment as to a taxable year of the Trust or the REMIC, enter into settlement agreements with any governmental taxing agency, extend any statute of limitations relating to any tax item of the Trust or the REMIC, and otherwise act on behalf of the Trust or the REMIC therein in relation to any tax matter involving the Trust or the REMIC therein; (vi) comply with all statutory or regulatory requirements with regard to its conduct of activities pursuant to the foregoing clauses of this Section 11.16, including, without limitation, providing all notices and other information to the Internal Revenue Service and Owners of Residual Certificates required of a "tax matters person" pursuant to subtitle F of the Code and the Treasury Regulations thereunder; (vii) make available information necessary for the computation of any tax imposed (A) on transferors of residual interests to certain Disqualified Organizations or (B) on pass-through entities, any interest in which is held by a Disqualified Organization; and (viii) acquire and hold the Tax Matters Person Residual Interest. The obligations of ContiFunding Corporation or such other designated Tax Matters Person pursuant to this Section 11.16 shall survive the termination or discharge of this Agreement.

(b) Each of the Sellers, the Depositor, the Trustee and the Servicer covenant and agree for the benefit of the Owners and the Certificate Insurer (i) to take no action which would result in the termination of "REMIC" status for a REMIC, (ii) not to engage in any "prohibited transaction," as such term is defined in Section 860F(a)(2) of the Code, (iii) not to engage in any other action which may result in the imposition on the Trust of any other taxes under the Code and (iv) to cause the Servicer not to take or engage in any such action, to the extent the Sellers are aware of any such proposed action by the Servicer.

(c) Each REMIC shall, for federal income tax purposes, maintain books on a calendar year basis and report income on an accrual basis.

(d) Except as otherwise permitted by Section 7.05(b), no Eligible Investment shall be sold prior to its stated maturity (unless sold pursuant to a plan of liquidation in accordance with Article IX hereof).

(e) Neither the Depositor, either of the Sellers nor the Trustee shall enter into any arrangement by which the Trustee will receive a fee or other compensation for services rendered pursuant to this Agreement, other than as expressly contemplated by this Agreement.

(f) Notwithstanding the foregoing clauses (d) and (e), neither the Trustee nor either of the Sellers may engage in any of the transactions prohibited by such clauses, unless the Trustee shall have received an opinion of counsel experienced in federal income tax matters acceptable to the Certificate Insurer and the Trustee to the effect that such transaction does not result in a tax imposed on the Trustee or cause a termination of REMIC status for a REMIC; provided, however, that such transaction is otherwise permitted under this Agreement.

(g) The Servicer and Tax Matters Person agree to indemnify the Trust



The Depositor: ContiSecurities Asset Funding Corp.  
277 Park Avenue, 38th Floor  
New York, New York 10172  
Attention: Chief Counsel  
Tel: (212) 207-2822  
Fax: (212) 207-5251

The Sellers: ContiMortgage Corporation  
One Conti Park  
338 South Warminster Road  
Hatboro, Pennsylvania 19040-3430  
Attention: President and Chief Counsel  
Tel: (215) 347-3000  
Fax: (215) 347-3400

ContiWest Corporation  
3811 West Charleston Boulevard  
Suite 104  
Las Vegas, Nevada 89102  
Tel: (702) 822-5836  
Fax: (702) 822-5839

The Servicer: ContiMortgage Corporation  
One Conti Park  
338 South Warminster Road  
Hatboro, Pennsylvania 19040-3430  
Attention: Senior Vice President  
and Chief Counsel  
Tel: (215) 347-3000  
Fax: (215) 347-3400

The Certificate Insurer: MBIA Insurance Corporation  
113 King St.  
Armonk, NY 10504  
Attention: Insured Portfolio Management - SF  
(ContiMortgage Home Equity Loan Trust 1997-5)  
Tel: (914) 273-4545  
Fax: (914) 765-3810

Moody's: Moody's Investors Service  
99 Church Street  
New York, New York 10007  
Attention: The Home Equity Monitoring  
Department  
Tel: (212) 553-0300  
Fax: (212) 553-4773

Fitch: Fitch IBCA, Inc.  
One State Street Plaza  
New York, New York 10004  
Tel: (800) 753-4824  
Fax: (212) 376-6964

Standard & Poor's: Standard & Poor's  
26 Broadway, 15th Floor  
New York, New York 10004  
Tel: (212) 208-8000  
Fax: (212) 412-0224  
Attention: Manager of Structured  
Finance Operations Group

Underwriters: Greenwich Capital Markets, Inc.  
600 Steamboat Rd.  
Greenwich, CT 06830  
Tel: (203) 622-5693  
Fax: (203) 622-3650

Bear, Stearns & Co.  
245 Park Avenue, 4th Floor  
New York, New York 10167  
Tel: (212) 272-3311  
Fax: (212) 272-7294

ContiFinancial Services Corporation  
277 Park Avenue, 38th Floor  
New York, New York 10172  
Attention: Chief Counsel, Chief  
Financial Officer and Chief Operating Officer  
Tel: (212) 207-2822  
Fax: (212) 207-5251

Credit Suisse First Boston  
11 Madison Avenue  
New York, New York 10010  
Attention: Asset Finance  
Tel: (212) 325-2000  
Fax: (212) 325-8261

Merrill Lynch, Pierce, Fenner & Smith, Inc.  
26th Floor  
World Financial Center, North Tower  
New York, New York 10281-1326  
Tel: (212) 449-1000  
Fax: (212) 449-9015

Morgan Stanley & Co. Incorporated  
1585 Broadway  
New York, New York 10036  
Tel: (212) 761-4000  
Fax: (212) 761-0782

Nomura Securities International, Inc.  
2 World Financial Center Building B,  
21st Floor  
New York, New York 10281-1198  
Tel: (212) 667-9087  
Fax: (212) 667-1391  
Attention: Helaine Hebble

Owners: As set forth in the Register.

Others: Any notice to the Depositor, either Seller  
or the Servicer shall also be furnished to:

ContiTrade Services L.L.C.  
Chief Counsel  
277 Park Avenue, 38th Floor  
New York, New York 10172  
Tel: (212) 207-2822  
Fax: (212) 207-5251

END OF ARTICLE XI

IN WITNESS WHEREOF, the Depositor, the Seller, the Servicer and the  
Trustee have caused this Agreement to be duly executed by their respective  
officers thereunto duly authorized, all as of the day and year first above  
written.

CONTISECURITIES ASSET FUNDING CORP.,  
as Depositor

By: /s/ John A. Banu  
Title: Authorized Signatory

By: /s/ Mary Bogdan  
Title: Authorized Signatory

CONTIMORTGAGE CORPORATION, as Seller

By: /s/ Daniel J. Egan  
Title: Senior Vice President

By: /s/ Jerry Schiano  
Title: Senior Vice President

CONTIWEST CORPORATION, as Seller

By: /s/ Peter Abeles  
Title: President

By: /s/ Robert E. Riedl  
Title: Secretary

CONTIMORTGAGE CORPORATION, as Servicer

By: /s/ Daniel J. Egan  
Title: Senior Vice President

By: /s/ Jerry Schiano  
Title: Senior Vice President

MANUFACTURERS AND TRADERS TRUST  
COMPANY, as Trustee

By: /s/ Neil B. Witoff  
Title: Assistant Vice President

STATE OF NEW YORK            )  
                                  ): ss.:  
COUNTY OF NEW YORK        )

On the 23rd day of December 1997, before me personally came John Banu, to me known, who, being by me duly sworn, did depose and say that he/she resides at 277 Park Avenue, NY, NY that he/she is an Authorized Signatory of ContiSecurities Asset Funding Corp., a Delaware Corporation; and that he/she signed his/her name thereto by order of the respective Boards of Directors of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

NOTARIAL SEAL

STATE OF NEW YORK            )  
                                  ): ss.:  
COUNTY OF NEW YORK        )

On the 23rd day of December 1997, before me personally came Mary Bogdan, to me known, who, being by me duly sworn, did depose and say that he/she resides at 277 Park Ave NY, NY; that he/she is a Authorized Signatory of ContiSecurities Asset Funding Corp., a Delaware Corporation; and that he/she signed his/her name thereto by order of the respective Boards of Directors of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and a affixed my official seal the day and year in this certificate first above written.

NOTARIAL SEAL

STATE OF PENNSYLVANIA        )  
                                  ): ss  
COUNTY OF MONTGOMERY        )

On the 23rd day of December, 1997, before me personally came Jerry Schiano, to me known, who, being by me duly sworn, did depose and say that he/she resides at Chester County; that he/she is a Senior Vice President of ContiMortgage Corporation, a Delaware Corporation; and that he signed his name thereto by order of the respective Boards of Directors of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

NOTARIAL SEAL

STATE OF PENNSYLVANIA )  
 ) : ss  
COUNTY OF MONTGOMERY )

On the 23rd day of December, 1997, before me personally came Daniel J. Egan, to me known, who, being by me duly sworn, did depose and say that he/she resides at Montgomery County; that he/she is a Sr. Vice President of ContiMortgage Corporation, a Delaware corporation; and that he signed his name thereto by order of the respective Boards of Directors of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

NOTARIAL SEAL

STATE OF CALIFORNIA )  
 ) : ss.:  
COUNTY OF LOS ANGELES )

On the 23th day of December, 1997, before me personally came Peter Abeles, to me known, who, being by me duly sworn, did depose and say that he resides at 10244 Ojai-Santa Paula Road, Ojai, CA 93023 that he is the President of ContiWest Corporation, a Nevada corporation; and that he signed his name thereto by order of the respective Boards of Directors of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

NOTARIAL SEAL

STATE OF CALIFORNIA )  
 ) :ss.:  
COUNTY OF LOS ANGELES )

On the 17th day of December, 1997 before me personally came Robert E. Riedl, to me known, who, being by me duly sworn, did depose and say that he resides at 10417 Eastborne Ave #5, LA., CA 90024; that he is a President of ContiWest Corporation, a Nevada corporation; and that he signed his name thereto by order of the respective Board of Directors of said corporation.

IN WITNESS WHEREOF, I have hereunto set my had and affixed my official seal the day and year in this certificate first above written.

NOTARIAL SEAL

STATE OF NEW YORK )  
 ) : ss.:  
COUNTY OF NEW YORK )

On the 23rd day of December, 1997, before me personally came Neil B. Witoff, to me known, who, being by me duly sworn did depose and say that he resides at Clarence, New York; that he is an Assistant Vice President of Manufacturers and Traders Trust Company, the New York banking corporation described in and that executed the above instrument as Trustee; and that he signed his name thereto by order of the Board of Directors of said New York banking corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

NOTARIAL SEAL

SCHEDULE I-A

SCHEDULE OF GROUP I HOME EQUITY LOANS

A copy of this Schedule is maintained by the Trustee at the Corporate Trust Office and by the Seller at its principal office.

SCHEDULE I-B

SCHEDULE OF GROUP II HOME EQUITY LOANS

A copy of this Schedule is maintained by the Trustee at the Corporate Trust Office and by the Seller at its principal office.

SCHEDULE II

RESERVED

SCHEDULE III

HOME EQUITY LOANS WITH DELINQUENCY CHARACTERISTICS

A copy of this Schedule is maintained by the Trustee at the Corporate Trust Office and by the Seller at its principal office.

SCHEDULE IV

HOME EQUITY LOANS WITH 15-YEAR "BALLOON" PAYMENTS

A copy of this Schedule is maintained by the Trustee at the Corporate Trust Office and by the Seller at its principal office.

SCHEDULE V

HOME EQUITY LOANS WITH 5-YEAR "BALLOON" PAYMENTS

A copy of this Schedule is maintained by the Trustee at the Corporate Trust Office and by the Seller at its principal office.

GRANTOR TRUST AGREEMENT

Dated as of December 1, 1997

among

CONTISECURITIES ASSET FUNDING CORP.,

as Depositor,

CONTIMORTGAGE CORPORATION,

as Servicer,

and

MANUFACTURERS AND TRADERS TRUST COMPANY,

as Grantor Trustee

Pass-Through Certificates

Series 1997-A

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GRANTOR TRUST AGREEMENT, relating to CONTIMORTGAGE GRANTOR TRUST 1997-A (the "Trust"), dated as of December 1, 1997 by and among CONTISECURITIES ASSET FUNDING CORP., a Delaware corporation, in its capacity as Depositor (the "Depositor"), CONTIMORTGAGE CORPORATION, a Delaware corporation in its capacity as a Servicer (the "Servicer") and MANUFACTURERS AND TRADERS TRUST COMPANY, a New York banking corporation, in its capacity as the Grantor Trustee (the "Grantor Trustee").

WHEREAS, the Depositor wishes to establish the Trust and provide for the allocation and sale of the beneficial interests therein and the maintenance and distribution thereof;

WHEREAS, the Servicer has agreed to service the ContiMortgage Home Equity Loan Trust 1997-A Pass Through Certificates Class A-2 Fixed (the "Class A-2 Fixed Certificates") which, along with the Swap Agreement dated December 1, 1997 between National Westminster Bank, Plc (the "Swap Counterparty") and the Grantor Trustee (the "Swap Agreement"), and the related MBIA Certificate Insurance Policy constitute the principal assets of the Trust Estate;

WHEREAS, pursuant to the Swap Agreement the Grantor Trustee will distribute to the Swap Counterparty on each Payment Date all amounts in respect of interest received on the Class A-2 Fixed Certificates on such Payment Date and shall have the right to receive from the Swap Counterparty on the related Swap Payment Date an amount equal to interest due on such Payment Date on the Class A-2 Floating Certificates at the Class A-2 Floating Pass-Through Rate;

WHEREAS, all things necessary to make the Certificates, when executed and authenticated by the Grantor Trustee, valid instruments, and to make this Agreement a valid agreement, in accordance with their and its terms, have been done;

WHEREAS, Manufacturers and Traders Trust Company is willing to serve in the capacity of Grantor Trustee hereunder;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the Depositor, the Servicer, and the Grantor Trustee hereby agree as follows:

#### CONVEYANCE

To provide for the distribution of the interest on and/or principal of the Certificates in accordance with their terms, all of the sums distributable under this Agreement with respect to the Certificates and the performance of the covenants contained in this Agreement, the Depositor hereby bargains, sells, conveys, assigns and transfers to the Trust, without recourse and for the exclusive benefit of the Owners of the Certificates and the Certificate Insurer, all of its respective right, title and interest in and to any and all benefits accruing to it from (a) the Class A-2 Fixed Certificates issued by the ContiMortgage Home Equity Loan Trust 1997-5 (the "Home Equity Trust") pursuant to a Pooling and Servicing Agreement dated December 1, 1997 among ContiSecurities Asset Funding Corp., as Depositor, ContiMortgage Corporation, as Seller and Servicer, ContiWest Corporation, as Seller and Manufacturers and Traders Trust Company, as Trustee (the "Pooling and Servicing Agreement"); (b) the Insurance Agreement; (c) the Certificate Insurance Policy; (d) the Swap Agreement and (e) proceeds of all the foregoing (including, but not by way of limitation, cash proceeds, accounts, 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 which at any time constitute all or part of or are included in the proceeds of any of the foregoing) to pay the Certificates as specified herein ((a)-(e) above shall be collectively referred to herein as the "Trust Estate").

The Grantor Trustee acknowledges such sale, accepts the Trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein to the best of its ability to the end that the interests of the Owners may be adequately and effectively protected.

#### ARTICLE I

## DEFINITIONS; RULES OF CONSTRUCTION

### Section 1.01 DEFINITIONS.

For all purposes of this Agreement, the following terms shall have the meanings set forth below, unless the context clearly indicates otherwise:

"ACCOUNT": Any account established in accordance with Section 7.02 or 8.08 hereof.

"ACCRUAL PERIOD": With respect to the Certificates and any Payment Date, the period commencing on the immediately preceding Payment Date (or the Closing Date in the case of the first Payment Date) to and including the day prior to the current Payment Date. All calculations of interest on the Certificates will be made on the basis of the actual number of days elapsed in the related Accrual Period and in a year of 360 days.

"AGREEMENT": This Grantor Trust Agreement, as it may be amended from time to time, including the Exhibits and Schedules hereto.

"AUTHORIZED OFFICER": With respect to any Person, any officer of such Person who is authorized to act for such Person in matters relating to the Agreement, and whose action is binding upon such Person; with respect to the Depositor, the Servicer, initially including those individuals whose names appear on the lists of Authorized Officers delivered at the Closing; with respect to the Grantor Trustee, any Vice President, Assistant Vice President, Trust Officer or any Officer of the Grantor Trustee located at the Corporate Trust Office.

"BUSINESS DAY": Any day that is not a Saturday, Sunday or other day on which the Certificate Insurer or commercial banking institutions in The City of New York, or in the city in which the principal corporate trust office of the Grantor Trustee is located, are authorized or obligated by law or executive order to be closed.

"CERTIFICATE": Any of the Class A-2 Floating Certificates, each representing the interests and rights described under this Agreement.

"CERTIFICATE INSURANCE POLICY": The certificate guaranty insurance policy (number 25457) dated December 23, 1997 issued by the Certificate Insurer for the benefit of the Owners of the Certificates pursuant to which the Certificate Insurer guarantees Insured Payments.

"CERTIFICATE INSURER": MBIA Insurance Corporation, a New York stock insurance company, or any successor thereto, as issuer of the Certificate Insurance Policy.

"CERTIFICATE INSURER DEFAULT": The existence and continuance of any of

the following:

(a) the Certificate Insurer fails to make a payment required under the Certificate Insurance Policy in accordance with its terms; or

(b) (i) the entry by a court having jurisdiction in the premises of (A) a final and nonappealable decree or order for relief in respect of the Certificate Insurer in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, rehabilitation, reorganization or other similar law or (B) a final and nonappealable decree or order adjudging the Certificate Insurer as bankrupt or insolvent, or approving as properly filed a petition seeking reorganizing, rehabilitation, arrangement, adjustment or composition of or in respect of the Certificate Insurer under any applicable United States federal or state law, or appointing a custodian, receiver, liquidator, rehabilitator, assignee, Grantor Trustee, sequestrator or other similar official of the Certificate Insurer or of any substantial part of its property, or ordering the winding-up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(ii) the commencement by the Certificate Insurer of a voluntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent of the Certificate Insurer to the entry of a decree or order for relief in respect of the Certificate Insurer in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency case or proceeding against the Certificate Insurer, or the acquiescence by the Certificate Insurer to the filing of such petition or to the appointment of or the taking possession by a custodian, receiver, liquidator, assignee, Grantor Trustee, sequestrator or similar official of the Certificate Insurer or of any substantial part of its property, or the failure of the Certificate Insurer to pay debts generally as they become due, or the admission by the Certificate Insurer in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Certificate Insurer in furtherance of any such action.

"CERTIFICATE PRINCIPAL BALANCE": As of any time of determination, the Certificate Principal Balance as of the Startup Day of all Class A-2 Floating Certificates less any amounts actually distributed on such Class A-2 Floating Certificates with respect to the Principal Distribution Amount pursuant to Section 7.03(d) hereof with respect to principal thereon on all prior Payment Dates.

"CLASS": The Class A-2 Floating Certificates.

"CLASS A-2 FLOATING CERTIFICATE": Any one of the Certificates designated on the face thereof as a Class A-2 Floating Certificate, substantially in the form annexed hereto as Exhibit A, authenticated and delivered by the Grantor Trustee, representing the right to distributions as set forth herein.

"CLASS A-2 FLOATING DISTRIBUTION AMOUNT": With respect to any Payment Date, the sum of Current Interest, the Interest Carry Forward Amount and the Principal Distribution Amount.

"CLASS A-2 FLOATING TERMINATION DATE": The Payment Date on which the Certificate Principal Balance the Certificates has been reduced to zero.

"CLASS A-2 FLOATING PASS-THROUGH RATE": For any Payment Date, the lessor of (i) LIBOR plus 0.17% per annum and (ii) 10% per annum.

"CLOSING": As defined in Section 4.02 hereof.

"CODE": The Internal Revenue Code of 1986, as amended.

"CONTIMORTGAGE": ContiMortgage Corporation, a Delaware corporation that is the Servicer.

"CORPORATE TRUST OFFICE": The principal office of the Grantor Trustee at One M&T Plaza, Buffalo, New York 14240.

"CURRENT INTEREST": With respect to any Payment Date, the amount of interest accrued on the Certificate Principal Balance immediately prior to such Payment Date during the related Accrual Period at the Class A-2 Floating Pass-Through Rate plus the Preference Amount owed to the Owners of the Class A-2 Floating Certificates as it relates to interest previously paid on the Class A-2 Floating Certificates.

"DEPOSITOR": ContiSecurities Asset Funding Corp., a Delaware corporation, or any successor thereto.

"DEPOSITORY": The Depository Trust Company, 7 Hanover Square, New York, New York 10004, and any successor Depository hereafter named.

"DESIGNATED DEPOSITORY INSTITUTION": With respect to the Grantor Trust Account, a trust account maintained by the trust department of a federal or state chartered depository institution acceptable to the Certificate Insurer acting in its fiduciary capacity, having combined capital and surplus of at least \$50,000,000; PROVIDED, HOWEVER, that if the Grantor Trust Account is not maintained with the Grantor Trustee, (i) such institution shall have a long-term debt rating of at least "A2" by Moody's, and, if rated by Fitch, at least "A" by Fitch (ii) a short-term debt rating of at least "A-1" by Standard & Poor's and (iii) if such Principal and Interest Account is moved to a new institution, the Servicer shall provide the Grantor Trustee, the Certificate Insurer and the Owners with a statement identifying the location of the Grantor Trust Account.

"DETERMINATION DATE": As to each Payment Date, the third Business Day next preceding such Payment Date.

"DIRECT PARTICIPANT" or "DTC PARTICIPANT": Any broker-dealer, bank or other financial institution for which the Depository holds Offered Certificates

from time to time as a securities depository.

"ELIGIBLE INVESTMENTS": Those investments so designated pursuant to Section 7.07 hereof.

"FANNIEMAE": Federal National Mortgage Association, a federally-chartered and privately-owned corporation existing under the Federal National Mortgage Association Charter Act, as amended, or any successor thereof.

"FANNIEMAE GUIDE": FannieMae's Servicing Guide, as the same may be amended by FannieMae from time to time, and the Servicer shall elect to apply such amendments in accordance with Section 8.01 hereof.

"FDIC": The Federal Deposit Insurance Corporation, a corporate instrumentality of the United States, or any successor thereto.

"FHLMC": The Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created pursuant to the Emergency Home Finance Act of 1970, as amended, or any successor thereof.

"FINAL DETERMINATION": [Reserved]

"FINAL SCHEDULED PAYMENT DATE": October 15, 2012.

"FISCAL AGENT": State Street Bank and Trust Company, N.A., as Fiscal Agent for the Certificate Insurer under the Certificate Insurer Policy or any successor thereto appointed by the Certificate Insurer.

"FITCH": Fitch IBCA, Inc.

"GRANTOR TRUST ACCOUNT": The certificate account established in accordance with Section 7.02 hereof and maintained in the corporate trust department of the Grantor Trustee; provided that the funds in such account shall not be commingled with other funds held by the Grantor Trustee.

"GRANTOR TRUSTEE": Manufacturers and Traders Trust Company, a New York banking corporation, the Corporate Trust Department of which is located on the date of execution of this Agreement at One M&T Plaza, Buffalo, New York 14240, not in its individual capacity but solely as Grantor Trustee under this Agreement, and any successor hereunder.

"GRANTOR TRUSTEE FEE": The fee payable monthly on each Payment Date under the Pooling and Servicing Agreement as the "Trustee Fee" shall be deemed to include any fee payable to the Grantor Trustee.

"HIGHEST LAWFUL RATE": As defined in Section 11.13.

"INSURANCE AGREEMENT": The Insurance Agreement dated as of December 23, 1997, among the Depositor, the Sellers, the Servicer, the Certificate Insurer and the Grantor Trustee, as it may be amended from time to time.

"INSURANCE COMMITMENT LETTER": The letter dated December 22, 1997 from MBIA to ContiMortgage Corporation.

"INSURED PAYMENT": With respect to any Payment Date, without duplication, (A) the excess, if any, of (i) the Current Interest for the Class A-2 Floating Certificates over (ii) the amounts available to the Grantor Trustee for distribution of Current Interest on the Class A-2 Floating Certificates (less any such amounts that cannot be distributed to the Owners of the Class A-2 Floating Certificates as a result of proceedings under the United States Bankruptcy Code) without regard to any related Insured Payment to be made with respect to such Payment Date plus (B) an amount equal to the Preference Amount with respect to the Class A-2 Floating Certificates.

"INSURANCE PROCEEDS": Payments received with respect to any Insurance Policy, except the Certificate Insurance Policy.

"INTEREST AMOUNT AVAILABLE": As of any Payment Date, the Interest Remittance Amount.

"INTEREST CARRY FORWARD AMOUNT": With respect to any Payment Date, the sum of (x) the amount, if any, by which (i) the sum of (A) the Current Interest as of the immediately preceding Payment Date and (B) any unpaid Interest Carry Forward Amount from all previous Payment Dates exceeds (ii) the amount of the actual distribution with respect to interest made to the Owners of the Certificates on such immediately preceding Payment Date and (y) 30 days' interest on such amount at the Class A-2 Floating Pass-Through Rate.

"INTEREST REMITTANCE AMOUNT": As of any Payment Date, all interest due on such Payment Date with respect to the Class A-2 Fixed Certificates.

"LIBOR": (A) With respect to any Accrual Period for the Certificates, the rate determined by the Grantor Trustee on the related LIBOR Determination Date on the basis of the offered rate for one-month U.S. dollar deposits as such rate appears on Telerate Page 3750 as of 11:00 a.m. (London time) on such date; provided that if such rate does not appear on Telerate Page 3750, the rate for such date will be determined on the basis of the rates at which one-month U.S. dollar deposits are offered by the Reference Banks at approximately 11:00 a.m. (London time) on such date to prime banks in the London interbank market. In such event, the Grantor Trustee will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the rate for that date will be the arithmetic mean of the quotations (rounded upwards if necessary to the nearest whole multiple of 1/16%). If fewer than two quotations are provided as requested, the rate for that date will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Servicer, at approximately 11:00 a.m. (New York City time) on such date for one-month U.S. dollar loan to leading European banks.

"LIBOR DETERMINATION DATE": With respect to any Accrual Period for the Certificates, the first London Business Day preceding the commencement of such Accrual Period.

"LONDON BUSINESS DAY": Any day on which dealings in deposits of United States dollars are transacted in the London interbank market.

"MONTHLY EXCESS INTEREST AMOUNT": [Reserved]

"MONTHLY REMITTANCE AMOUNT": As of any Payment Date, the sum of (i) the Interest Remittance Amount and (ii) the Principal Remittance Amount for such Payment Date.

"MOODY'S": Moody's Investors Service, Inc.

"OFFERED CERTIFICATES": Collectively, the Class A-2 Floating Certificates.

"OFFICER'S CERTIFICATE": A certificate signed by any Authorized Officer of any Person delivering such certificate and delivered to the Grantor Trustee.

"OPERATIVE DOCUMENTS": Collectively, this Agreement, the Underwriting Agreement, the Certificates, the Certificate Insurance Policy, the Insurance Agreement and the Indemnification Agreement.

"OUTSTANDING": With respect to all Certificates of a Class, as of any date of determination, all such Certificates theretofore executed and delivered hereunder except:

(i) Certificates theretofore canceled by the Registrar or delivered to the Registrar for cancellation;

(ii) Certificates or portions thereof for which full and final payment of money in the necessary amount has been theretofore deposited with the Grantor Trustee or any Paying Agent in trust for the Owners of such Certificates;

(iii) Certificates in exchange for or in lieu of which other Certificates have been executed and delivered pursuant to this Agreement, unless proof satisfactory to the Grantor Trustee is presented that any such Certificates are held by a bona fide purchaser;

(iv) Certificates alleged to have been destroyed, lost or stolen for which replacement Certificates have been issued as provided for in Section 5.05 hereof; and

(v) Certificates as to which the Grantor Trustee has made the final distribution thereon, whether or not such Certificate is ever returned to the Grantor Trustee.

"OWNER": The Person in whose name a Certificate is registered in the Register and the Certificate Insurer to the extent described in Section 5.06 hereof, respectively hereof; provided that solely for the purposes of determining the exercise of any voting rights hereunder, if any Offered

Certificates are beneficially owned by a Seller or any affiliate thereof, such Seller or such affiliate shall not be considered an Owner hereunder.

"PAYING AGENT": Initially, the Grantor Trustee, and thereafter, the Grantor Trustee or any other Person that meets the eligibility standards for the Paying Agent specified in Section 11.15 hereof and is authorized by the Grantor Trustee and the Depositor to make payments on the Certificates on behalf of the Grantor Trustee.

"PAYMENT DATE": Any date on which the Grantor Trustee is required to make distributions to the Owners, which shall be the 15th day of each month or if such day is not a Business Day, the next Business Day thereafter, commencing in the month following the Startup Day.

"PERCENTAGE INTEREST": With respect to a Class of the Offered Certificates, a fraction, expressed as a percentage, the numerator of which is the initial Certificate Principal Balance represented by such Certificate and the denominator of which is the aggregate initial Certificate Principal Balance represented by all the Certificates in such Class.

"PERSON": Any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"POOLING AND SERVICING AGREEMENT": The Pooling and Servicing Agreement, dated as of December 1, 1997, among the Depositor, ContiMortgage, ContiWest Corporation and Manufacturers and Traders Trust Company, as Trustee.

"PREFERENCE AMOUNT": With respect to the Offered Certificates, any amounts of Current Interest and principal included in previous distributions to the Owners of such Certificates which are recovered from such Owners as a voidable preference by a Grantor Trustee in bankruptcy pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction and which have not theretofore been repaid to such Owners.

"PREMIUM AMOUNT": As defined in the Insurance Commitment Letter.

"PRINCIPAL DISTRIBUTION AMOUNT": As of any Payment Date, an amount equal to the Principal Remittance Amount.

"PRINCIPAL REMITTANCE AMOUNT": As of any Payment Date, the principal received by the Trust with respect to the payment due under the Class A-2 Fixed Certificates for such Payment Date.

"PROHIBITED TRANSACTION": The meaning set forth from time to time in the definition thereof at Section 860F(a)(2) of the Code (or any successor statute thereto) and applicable to the Trust.

"PROSPECTUS": The Prospectus dated December 16, 1997 constituting part of the Registration Statement.

"PROSPECTUS SUPPLEMENT": The ContiMortgage Home Equity Loan Pass-Through Certificates, Series 1997-5 Prospectus Supplement dated December 16, 1997 to the Prospectus.

"QUALIFIED LIQUIDATION": The meaning set forth from time to time in the definition thereof at Section 860F(a)(4) of the Code (or any successor statute thereto) and applicable to the Trust.

"RATING AGENCIES": Collectively, Moody's, Standard & Poor's and Fitch or any successors thereto.

"RECORD DATE": With respect to the Class A-2 Floating Certificates, the day immediately preceding such Payment Date.

"REFERENCE BANKS": Bankers Trust Company, Barclays Bank PLC, The Bank of Tokyo and National Westminster Bank Plc, PROVIDED that if any of the foregoing banks are not suitable to serve as a Reference Bank, then any leading banks selected by the Grantor Trustee (or the Auction Agent in the case of the Auction Rate Certificates) which are engaged in transactions in Eurodollar deposits in the international Eurocurrency market (i) with an established place of business in London, (ii) not controlling, under the control of or under common control with either Seller or any affiliate thereof, (iii) whose quotations appear on Telerate Page 3750 on the relevant LIBOR Determination Date and (iv) which have been designated as such by the Grantor Trustee (or the Auction Agent in the case of the Auction Rate Certificates).

"REGISTER": The register maintained by the Registrar in accordance with Section 5.04 hereof, in which the names of the Owners are set forth.

"REGISTRAR": The Grantor Trustee, acting in its capacity as Registrar appointed pursuant to Section 5.04 hereof, or any duly appointed and eligible successor thereto.

"REGISTRATION STATEMENT": The Registration Statement filed by the Depositor with the Securities and Exchange Commission (Registration Number 333-39505), including all amendments thereto and including the Prospectus relating to the Offered Certificates constituting a part thereof.

"REPRESENTATION LETTER": Letters to, or agreements with, the Depository to effectuate a book entry system with respect to the Offered Certificates registered in the Register under the nominee name of the Depository..

"SERVICER": ContiMortgage Corporation, a Delaware corporation, and its permitted successors and assigns.

"SERVICER AFFILIATE": A Person (i) controlling, controlled by or under common control with the Servicer and (ii) which is qualified to service residential mortgage loans.

"SERVICING FEE": The fees payable under the Pooling and Servicing Agreement as the "Servicing Fee" thereunder shall be deemed to include any fee payable under this Agreement to the Servicer.

"STANDARD & POOR'S": Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc.

"STARTUP DAY": December 23, 1997.

"SWAP PAYMENT": On each Swap Payment Date, (A) the amount that is payable to the Grantor Trustee from the Swap Counterparty equal to Current Interest on the Class A-2 Floating Certificates or (B) the amount that is payable to the Swap Counterparty from the Grantor Trustee, equal to interest received on such Payment Date on the Class A-2 Fixed Certificates, in each case in accordance with the terms of the Swap Agreement.

"SWAP PAYMENT DATE": (A) In the case of the Swap Counterparty the third Business Day prior to a Payment Date and (B) in the case of the Grantor Trustee such Payment Date.

"TAX RETURN": The federal income tax return to be filed on behalf of the Trust together with any and all other information reports or returns that may be required to be furnished to the Owners of the Certificates or filed with the Internal Revenue Service as any other governmental taxing authority under any applicable provision of federal, state or local tax laws.

"TELERATE PAGE 3750": The display designated as page "3750" on the Dow Jones Telerate Capital Markets Report (or such other page as may replace page 3750 on that report for the purpose of displaying London interbank offered rates of major banks).

"TOTAL AVAILABLE FUNDS": As of any Payment Date, the Interest Amount Available, less any such amount that cannot be distributed to the Owners of the Class A-2 Fixed Certificates as a result of proceedings under the United States Bankruptcy Code.

"TRUST": ContiMortgage Grantor Trust 1997-A, the trust created under this Agreement.

"TRUST ESTATE": As defined in the conveyance clause under this Agreement.

"UNDERWRITERS": Greenwich Capital Markets, Inc., Bear, Stearns & Co., ContiFinancial Services Corporation, Credit Suisse First Boston Corporation, Merrill Lynch, Pierce, Fenner & Smith, Inc., Morgan Stanley Dean Witter and Nomura Securities International, Inc.

#### Section 1.02 USE OF WORDS AND PHRASES.

"Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this Agreement as a whole and

not solely to the particular section of this Agreement in which any such word is used. The definitions set forth in Section 1.01 hereof include both the singular and the plural. Whenever used in this Agreement, any pronoun shall be deemed to include both singular and plural and to cover all genders.

#### Section 1.03 CAPTIONS; TABLE OF CONTENTS.

The captions or headings in this Agreement and the Table of Contents are for convenience only and in no way define, limit or describe the scope and intent of any provisions of this Agreement.

#### Section 1.04 OPINIONS.

Each opinion with respect to the validity, binding nature and enforceability of documents or Certificates may be qualified to the extent that the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (whether considered in a proceeding or action in equity or at law) and may state that no opinion is expressed on the availability of the remedy of specific enforcement, injunctive relief or any other equitable remedy. Any opinion required to be furnished by any Person hereunder must be delivered by counsel upon whose opinion the addressee of such opinion may reasonably rely, and such opinion may state that it is given in reasonable reliance upon an opinion of another, a copy of which must be attached, concerning the laws of a foreign jurisdiction.

END OF ARTICLE I

### ARTICLE II

#### ESTABLISHMENT AND ORGANIZATION OF THE TRUST

##### Section 2.01 ESTABLISHMENT OF THE TRUST.

The parties hereto do hereby create and establish, pursuant to the laws of the State of New York and this Agreement, the Trust, which, for convenience, shall be known as "ContiMortgage Grantor Trust 1997-A".

##### Section 2.02 OFFICE.

The office of the Trust shall be in care of the Grantor Trustee, addressed to One M&T Plaza, Buffalo, New York 14240, Attention Corporate Trust Administration, or at such other address as the Grantor Trustee may designate by notice to the Depositor, the Seller, the Certificate Insurer and the Servicer.

##### Section 2.03 PURPOSES AND POWERS.

The purpose of the Trust is to engage in the following activities and only such activities: (i) the issuance of the Certificates and distribution of

payments thereon and the acquiring, owning and holding of the ContiMortgage Home Equity Loan Trust 1997-5, Pass Through Certificates, Class A-2 Fixed Certificates, executing the Swap Agreement and making and receiving payments thereunder and the Trust Estate in connection therewith, and the Certificate Insurance Policy; (ii) activities that are necessary, suitable or convenient to accomplish the foregoing or are incidental thereto or connected therewith, including the investment of moneys in accordance with this Agreement; and (iii) such other activities as may be required in connection with conservation of the Trust Estate and distributions to the Owners.

#### Section 2.04 APPOINTMENT OF THE GRANTOR TRUSTEE; DECLARATION OF TRUST.

The Depositor hereby appoints the Grantor Trustee as Grantor Trustee of the Trust effective as of the Startup Day, to have all the rights, powers and duties set forth herein. The Grantor Trustee hereby acknowledges and accepts such appointment, represents and warrants its eligibility as of the Startup Day to serve as Grantor Trustee pursuant to Section 10.08 hereof and declares that it will hold the Trust Estate in trust upon and subject to the conditions set forth herein for the benefit of the Owners.

#### Section 2.05 EXPENSES OF THE TRUST.

The expenses of the Trust, including (i) the fees of the Grantor Trustee (including any portion of the Grantor Trustee Fee not paid pursuant to Section 7.03(b) hereof), (ii) any reasonable expenses of the Grantor Trustee, and (iii) any other expenses of the Trust that have been reviewed by ContiMortgage, which review shall not be required in connection with the enforcement of a remedy by the Grantor Trustee resulting from a default under this Agreement, shall be paid directly by ContiMortgage. ContiMortgage shall pay directly the reasonable fees and expenses of counsel to the Grantor Trustee. The reasonable fees and expenses of the Grantor Trustee's counsel in connection with the review and delivery of this Agreement and related documentation shall be paid by ContiMortgage on the Startup Day.

#### Section 2.06 OWNERSHIP OF THE TRUST.

On the Startup Day the ownership interests in the Trust shall be transferred as set forth in Section 4.02 hereof, such transfer to be evidenced by sale of the Certificates as described therein. Thereafter, transfer of any ownership interest shall be governed by Sections 5.04 and 5.08 hereof.

#### Section 2.07 SITUS OF THE TRUST.

It is the intention of the parties hereto that the Trust constitute a trust under the laws of the State of New York. The Trust will be created and administered in, and all Accounts maintained by the Grantor Trustee on behalf of the Trust will be located in, the State of New York. The Trust will not have any employees and will not have any real or personal property located in any state other than in the State of New York and payments will be received by the Grantor Trustee only in the State of New York and payments from the Grantor Trustee will be made only from the State of New York. The Trust's only office will be at the

office of the Grantor Trustee as set forth in Section 2.02 hereof.

Section 2.08 [RESERVED]

END OF ARTICLE II

ARTICLE III

REPRESENTATIONS, WARRANTIES AND COVENANTS  
OF THE DEPOSITOR

Section 3.01 REPRESENTATIONS AND WARRANTIES OF THE DEPOSITOR.

The Depositor hereby represents, warrants and covenants to the Grantor Trustee, the Certificate Insurer and the Owners that as of the Startup Day:

(a) The Depositor is a corporation duly organized, validly existing and in good standing under the laws governing its creation and existence and is in good standing as a foreign corporation in each jurisdiction in which the nature of its business, or the properties owned or leased by it make such qualification necessary. The Depositor has all requisite corporate power and authority to own and operate its properties, to carry out its business as presently conducted and as proposed to be conducted and to enter into and discharge its obligations under this Agreement and the other Operative Documents to which it is a party.

(b) The execution and delivery of this Agreement by the Depositor and its performance and compliance with the terms of this Agreement and the other Operative Documents to which it is a party have been duly authorized by all necessary corporate action on the part of the Depositor and will not violate the Depositor's Certificate of Incorporation or Bylaws or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in a breach of, any material contract, agreement or other instrument to which the Depositor is a party or by which the Depositor is bound or violate any statute or any order, rule or regulation of any court, governmental agency or body or other tribunal having jurisdiction over the Depositor or any of its properties.

(c) This Agreement and the other Operative Documents to which the Depositor is a party, assuming due authorization, execution and delivery by the other parties hereto and thereto, each constitutes a valid, legal and binding obligation of the Depositor, enforceable against it in accordance with the terms hereof and thereof, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by general principles of equity (whether considered in a proceeding or action in equity or at law).

(d) The Depositor is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency, which default would materially and adversely affect the

condition (financial or other) or operations of the Depositor or its properties or the consequences of which would materially and adversely affect its performance hereunder or under the other Operative Documents to which the Depositor is a party.

(e) No litigation is pending with respect to which the Depositor has received service of process or, to the best of the Depositor's knowledge, threatened against the Depositor which litigation might have consequences that would prohibit its entering into this Agreement or any other Operative Documents to which it is a party or that would materially and adversely affect the condition (financial or otherwise) or operations of the Depositor or its properties or might have consequences that would materially and adversely affect its performance hereunder and under the other Operative Documents to which the Depositor is a party.

(f) No certificate of an officer, statement furnished in writing or report delivered pursuant to the terms hereof by the Depositor contains any untrue statement of a material fact or omits to state any material fact necessary to make the certificate, statement or report not misleading.

(g) The statements contained in the Registration Statement which describe the Depositor or matters or activities for which the Depositor is responsible in accordance with the Operative Documents or which are attributable to the Depositor therein are true and correct in all material respects, and the Registration Statement does not contain any untrue statement of a material fact with respect to the Depositor required to be stated therein or necessary to make the statements contained therein with respect to the Depositor, in light of the circumstances under which they were made, not misleading. The Registration Statement does not contain any untrue statement of a material fact required to be stated therein or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. There is no fact known to the Depositor that materially adversely affects or in the future may (so far as the Depositor can now reasonably foresee) materially adversely affect the Depositor or the Home Equity Loans or the ownership interests therein represented by the Certificates that has not been set forth in the Registration Statement.

(h) All actions, approvals, consents, waivers, exemptions, variances, franchises, orders, permits, authorizations, rights and licenses required to be taken, given or obtained, as the case may be, by or from any federal, state or other governmental authority or agency (other than any such actions, approvals, etc. under any state securities laws, real estate syndication or "Blue Sky" statutes, as to which the Depositor makes no such representation or warranty), that are necessary or advisable in connection with the purchase and sale of the Certificates and the execution and delivery by the Depositor of the Operative Documents to which it is a party, have been duly taken, given or obtained, as the case may be, are in full force and effect on the date hereof, are not subject to any pending proceedings or appeals (administrative, judicial or otherwise) and either the time within which any appeal therefrom may be taken or review thereof may be obtained has expired or no review thereof may be obtained or appeal therefrom taken, and are adequate to authorize the consummation of the

transactions contemplated by this Agreement and the other Operative Documents on the part of the Depositor and the performance by the Depositor of its obligations under this Agreement and such of the other Operative Documents to which it is a party.

(i) The transactions contemplated by this Agreement are in the ordinary course of business of the Depositor.

(j) The Depositor is not insolvent, nor will it be made insolvent by the transfer of the Class A-2 Fixed Certificates, nor is the Depositor aware of any pending insolvency.

(k) The transfer, assignment and conveyance of the Class A-2 Fixed Certificates by the Depositor hereunder are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.

(l) The Depositor is not transferring the Class A-2 Fixed Certificates to the Grantor Trustee with any intent to hinder, delay or defraud its creditors.

(m) The transfer of the Class A-2 Fixed Certificates is not required to be registered under the Securities Act of 1933, as amended.

It is understood and agreed that the representations and warranties set forth in this Section 3.01 shall survive delivery of the respective Class A-2 Fixed Certificates to the Grantor Trustee.

#### Section 3.02 REPRESENTATIONS AND WARRANTIES OF THE SERVICER.

The Servicer hereby represents, warrants and covenants to the Grantor Trustee, the Certificate Insurer and the Owners that as of the Startup Day:

(a) The Servicer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, is in compliance with the laws of each state to the extent necessary to enable it to perform its obligations hereunder and is in good standing as a foreign corporation in each jurisdiction in which the nature of its business, or the properties owned or leased by it make such qualification necessary. The Servicer has all requisite corporate power and authority to own and operate its properties, to carry out its business as presently conducted and as proposed to be conducted and to enter into and discharge its obligations under this Agreement and the other Operative Documents to which it is a party.

(b) The execution and delivery of this Agreement by the Servicer and its performance and compliance with the terms of this Agreement have been duly authorized by all necessary corporate action on the part of the Servicer and will not violate the Servicer's Certificate of Incorporation or Bylaws or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in the breach of, any material contract, agreement or other instrument to which the Servicer is a party or by

which the Servicer is bound or violate any statute or any order, rule or regulation of any court, governmental agency or body or other tribunal having jurisdiction over the Servicer or any of its properties.

(c) This Agreement and the Operative Documents to which the Servicer is a party, assuming due authorization, execution and delivery by the other parties hereto and thereto, each constitutes a valid, legal and binding obligation of the Servicer, enforceable against it in accordance with the terms hereof and thereof, except as the enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by general principles of equity (whether considered in a proceeding or action in equity or at law).

(d) The Servicer is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency, which default might have consequences that would materially and adversely affect the condition (financial or otherwise) or operations of the Servicer or its properties or might have consequences that would materially and adversely affect its performance hereunder or under the other Operative Documents to which the Servicer is a party.

(e) No litigation is pending with respect to which the Servicer has received service of process or, to the best of the Servicer's knowledge, threatened against the Servicer which litigation might have consequences that would prohibit its entering into this Agreement or any other Operative Documents to which the Servicer is a party or that would materially and adversely affect the condition (financial or otherwise) or operations of the Servicer or its properties or might have consequences that would materially and adversely affect its performance hereunder and the other Operative Documents to which the Servicer is a party.

(f) No certificate of an officer, statement furnished in writing or report delivered pursuant to the terms hereof by the Servicer contains any untrue statement of a material fact or omits to state any material fact necessary to make the certificate, statement or report not misleading.

(g) The statements contained in the Registration Statement which describe the Servicer or matters or activities for which the Servicer is responsible in accordance with the Operative Document or which are attributed to the Servicer therein are true and correct in all material respects, and the Registration Statement does not contain any untrue statement of a material fact with respect to the Servicer or omit to state a material fact required to be stated therein or necessary to make the statements contained therein with respect to the Servicer, in light of the circumstances under which they were made, not misleading.

(h) The Servicing Fee is a "current (normal) servicing fee rate" as that term is used in Statement of Financial Accounting Standards No. 65 issued by the Financial Accounting Standards Board.

(i) All actions, approvals, consents, waivers, exemptions, variances,

franchises, orders, permits, authorizations, rights and licenses required to be taken, given or obtained, as the case may be, by or from any federal, state or other governmental authority or agency (other than any such actions, approvals, etc. under any state securities laws, real estate syndication or "Blue Sky" statutes, as to which the Servicer makes no such representation or warranty), that are necessary or advisable in connection with the execution and delivery by the Servicer of the Operative Documents to which it is a party, have been duly taken, given or obtained, as the case may be, are in full force and effect on the date hereof, are not subject to any pending proceedings or appeals (administrative, judicial or otherwise) and either the time within which any appeal therefrom may be taken or review thereof may be obtained has expired or no review thereof may be obtained or appeal therefrom taken, and are adequate to authorize the consummation of the transactions contemplated by this Agreement and the other Operative Documents on the part of the Servicer and the performance by the Servicer of its obligations under this Agreement and such of the other Operative Documents to which it is a party.

(j) The transactions contemplated by this Agreement are in the ordinary course of business of the Servicer.

It is understood and agreed that the representations and warranties set forth in this Section 3.02 shall survive delivery of the Class A-2 Fixed Certificates to the Grantor Trustee.

Upon discovery by any of either the Servicer, any Owner, the Certificate Insurer or the Grantor Trustee (each, for purposes of this paragraph, a party) of a breach of any of the representations and warranties set forth in this Section 3.02 which materially and adversely affects the interests of the Owners or of the Certificate Insurer, the party discovering such breach shall give prompt written notice to the other parties. Within 60 days of its discovery or its receipt of notice of breach, the Servicer shall cure such breach in all material respects and, upon the Servicer's continued failure to cure such breach, may thereafter be removed by the Grantor Trustee pursuant to Section 8.20 hereof; provided, however, that if any party can establish to the reasonable satisfaction of the Certificate Insurer that it is diligently pursuing remedial action, then the cure period may be extended with the written approval of the Certificate Insurer.

Section 3.03 [RESERVED]

Section 3.04 [RESERVED]

Section 3.05 CONVEYANCE OF THE CLASS A-2 FIXED CERTIFICATES.

On the Startup Day the Depositor, concurrently with the execution and delivery hereof, transfers, assigns, sets over and otherwise conveys, without recourse, to the Trust all of its respective right, title and interest in and to the Trust Estate. The transfer by the Depositor of the Class A-2 Fixed Certificates to the Trustee is absolute and is intended by the Owners and all parties hereto to be treated as a sale by the Depositor.

It is intended that the sale, transfer, assignment and conveyance herein contemplated constitute a sale of the Class A-2 Fixed Certificates conveying good title thereto free and clear of any liens and encumbrances from the Depositor to the Trust and that the Class A-2 Fixed Certificates not be part of the Depositor's estate in the event of insolvency. In the event that such conveyance is deemed to be a loan, the parties intend that the Depositor shall be deemed to have granted to the Trustee a first priority perfected security interest in the Trust Estate, and that this Agreement shall constitute a security agreement under applicable law.

Section 3.06 ACCEPTANCE BY TRUSTEE .

The Trustee agrees to execute and deliver on the Startup Day an acknowledgment of receipt of the items delivered by each of the Sellers and the Depositor in the form attached as Exhibit E hereto, and declares that it will hold such documents and any amendments, replacement or supplements thereto, as well as any other assets included in the definitions of Trust Estate and delivered to the Trustee, as Trustee in trust upon and subject to the conditions set forth herein for the benefit of the Owners.

END OF ARTICLE III

ARTICLE IV

ISSUANCE AND SALE OF CERTIFICATES

Section 4.01 ISSUANCE OF CERTIFICATES.

On the Startup Day, upon the Grantor Trustee's receipt from the Depositor of an executed Delivery Order in the form set forth as Exhibit G hereto, the Grantor Trustee shall execute, authenticate and deliver the Certificates on behalf of the Trust.

Section 4.02 SALE OF CERTIFICATES.

At 11 a.m. New York City time on the Startup Day (the "Closing"), at the offices of Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York, the Depositor will sell and convey the Class A-2 Fixed Certificates, instruments and other property related thereto to the Grantor Trustee, and the Grantor Trustee will deliver to the Underwriters the Class A-2 Floating Certificates with an aggregate Percentage Interest equal to 100%, registered in the name of Cede & Co., or in such other names as the Underwriters shall direct, against payment of the purchase price thereof by wire transfer of immediately available funds to the Grantor Trustee.

Upon the Grantor Trustee's receipt of the entire net proceeds of the sale of the Class A-2 Floating Certificates, the Grantor Trustee shall remit the entire balance of such net proceeds to the Depositor in accordance with instructions delivered by the Depositor.

END OF ARTICLE IV

ARTICLE V

CERTIFICATES AND TRANSFER OF INTERESTS

Section 5.01 TERMS.

(a) The Certificates are pass-through securities having the rights described therein and herein. Notwithstanding references herein or therein with respect to the Certificates to "principal" and "interest" no debt of any Person is represented thereby, nor are the Certificates guaranteed by any Person except for the rights of the Grantor Trustee on behalf of the Owners of the Certificates with respect to the Certificate Insurance Policy. The Certificates are payable solely from payments received on or with respect to the Class A-2 Fixed Certificates, payments received by the Grantor Trustee under the Swap Agreement, moneys in the Grantor Trust Account, earnings on moneys and the proceeds of property held as a part of the Trust Estate and the Certificate Insurance Policy. Each Certificate entitles the Owner thereof to receive monthly on each Payment Date, in order of priority of distributions with respect to such Certificates as set forth in Section 7.03, a specified portion of such payments with respect to the Class A-2 Fixed Certificates, PRO RATA in accordance with such Owner's Percentage Interest.

(b) Each Owner is required, and hereby agrees, to return to the Grantor Trustee any Certificate with respect to which the Grantor Trustee has made the final distribution due thereon. Any such Certificate as to which the Grantor Trustee has made the final distribution thereon shall be deemed canceled and shall no longer be Outstanding for any purpose of this Agreement, whether or not such Certificate is ever returned to the Grantor Trustee.

Section 5.02 FORMS.

The Class A-2 Fixed Certificates shall be in substantially the forms set forth in Exhibit A hereof, respectively, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Agreement or as may in the Depositor's judgment be necessary, appropriate or convenient to comply, or facilitate compliance, with applicable laws, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any applicable securities laws or as may, consistently herewith, be determined by the Authorized Officer of the Depositor executing such Certificates, as evidenced by his execution thereof.

Section 5.03 EXECUTION, AUTHENTICATION AND DELIVERY.

Each Certificate shall be executed and authenticated by the manual or facsimile signature of one of the Grantor Trustee's Authorized Officers. Upon

proper authentication by the Grantor Trustee, the Certificates shall bind the Trust.

The initial Certificates shall be dated as of the Startup Day and delivered at the Closing to the parties specified in Section 4.02 hereof. Subsequently issued Certificates will be dated as of the issuance of the Certificate.

No Certificate shall be valid until executed and authenticated as set forth above.

#### Section 5.04 REGISTRATION AND TRANSFER OF CERTIFICATES.

(a) The Grantor Trustee shall cause to be kept a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Grantor Trustee shall provide for the registration of Certificates and the registration of transfer of Certificates. The Grantor Trustee is hereby initially appointed Registrar for the purpose of registering Certificates and transfers of Certificates as herein provided. The Owners, the Certificate Insurer and the Grantor Trustee shall have the right to inspect the Register during the Grantor Trustee's normal hours and to obtain copies thereof, and the Grantor Trustee shall have the right to rely upon a certificate executed on behalf of the Registrar by an Authorized Officer thereof as to the names and addresses of the Owners of the Certificates and the principal amounts and numbers of such Certificates.

If a Person other than the Grantor Trustee is appointed as Registrar by the Owners of a majority of the aggregate Percentage Interests represented by the Certificates then Outstanding with the consent of the Certificate Insurer, the Grantor Trustee will give the Owners and the Certificate Insurer prompt written notice of the appointment of such Registrar and of the location, and any change in the location, of the Register. In connection with any such appointment the annual fees of the bank then serving as Grantor Trustee and Registrar shall thenceforth be reduced by the amount to be agreed upon by the Grantor Trustee and the Depositor at such time and the reasonable fees of the Registrar shall be paid, as expenses of the Trust, pursuant to Section 7.05 hereof.

(b) Subject to the provisions of Section 5.08 hereof, upon surrender for registration of transfer of any Certificate at the office designated as the location of the Register, upon the direction of the Registrar the Depositor shall execute and the Grantor Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Certificates of a like Class and in the aggregate principal amount or percentage interest of the Certificate so surrendered.

(c) At the option of any Owner, Certificates of any Class owned by such Owner may be exchanged for other Certificates authorized of like Class and tenor and a like aggregate original principal amount or percentage interest and bearing numbers not contemporaneously outstanding, upon surrender of the Certificates to be exchanged at the office designated as the location of the Register. Whenever any Certificate is so surrendered for exchange, upon the

direction of the Registrar, the Depositor and the Grantor Trustee shall execute, authenticate and deliver the Certificate or Certificates which the Owner making the exchange is entitled to receive.

(d) All Certificates issued upon any registration of transfer or exchange of Certificates shall be valid evidence of the same ownership interests in the Trust and entitled to the same benefits under this Agreement as the Certificates surrendered upon such registration of transfer or exchange.

(e) Every Certificate presented or surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by the Owner thereof or his attorney duly authorized in writing.

(f) No service charge shall be made to an Owner for any registration of transfer or exchange of Certificates, but the Registrar or Grantor Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Certificates; any other expenses in connection with such transfer or exchange shall be an expense of the Trust.

(g) It is intended that the Certificates be registered so as to participate in a global book entry system with the Depository, as set forth herein. The Certificates shall, except as otherwise provided in Subsection (h), be initially issued in the form of a single fully registered Certificate of such Class. Upon initial issuance, the ownership of each such Certificate shall be registered in the Register in the name of Cede & Co., or any successor thereto, as nominee for the Depository.

On the Startup Day, the Offered Certificates shall be issued in denominations of no less than \$1,000 and integral multiples thereof.

The Depositor and the Grantor Trustee are hereby authorized to execute and deliver the Representation Letter with the Depository.

With respect to the Certificates registered in the Register in the name of Cede & Co., as nominee of the Depository, the Depositor, the Servicer, the Certificate Insurer and the Grantor Trustee shall have no responsibility or obligation to Direct or Indirect Participants or beneficial owners for which the Depository holds Offered Certificates from time to time as a Depository. Without limiting the immediately preceding sentence, the Depositor, the Servicer, the Certificate Insurer and the Grantor Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, Cede & Co., or any Direct or Indirect Participant with respect to the ownership interest in the Certificates, (ii) the delivery to any Direct or Indirect Participant or any other Person, other than a registered Owner of a Certificate as shown in the Register, of any notice with respect to the Certificates or (iii) the payment to any Direct or Indirect Participant or any other Person, other than a registered Owner of a Certificate as shown in the Register, of any amount with respect to any distribution of principal or interest on the Certificates. No Person other than a registered Owner of a Certificate as shown

in the Register shall receive a certificate evidencing such Certificate.

Upon delivery by the Depository to the Grantor Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions hereof with respect to the payment of interest by the mailing of checks or drafts to the registered Owners of Certificates appearing as registered Owners in the registration books maintained by the Grantor Trustee at the close of business on a Record Date, the name "Cede & Co." in this Agreement shall refer to such new nominee of the Depository.

(h) In the event that (i) the Depository or the Depositor advises the Grantor Trustee in writing that the Depository is no longer willing or able to discharge properly its responsibilities as nominee and depository with respect to the Certificates and the Depositor or the Grantor Trustee is unable to locate a qualified successor or (ii) the Depositor at its sole option elects to terminate the book-entry system through the Depository, the Certificates shall no longer be restricted to being registered in the Register in the name of Cede & Co. (or a successor nominee) as nominee of the Depository. At that time, the Depositor may determine that the Certificates shall be registered in the name of and deposited with a successor depository operating a global book-entry system, as may be acceptable to the Depositor and at the Depositor's expense, or such depository's agent or designee but, if the Depositor does not select such alternative global book-entry system, then the Offered Certificates may be registered in whatever name or names registered Owners of the Certificates transferring the Certificates shall designate, in accordance with the provisions hereof.

(i) Notwithstanding any other provision of this Agreement to the contrary, so long as any of the Certificates is registered in the name of Cede & Co., as nominee of the Depository, all distributions of principal or interest on such Offered Certificates and all notices with respect to such Offered Certificates shall be made and given, respectively, in the manner provided in the Representation Letter.

#### Section 5.05 MUTILATED, DESTROYED, LOST OR STOLEN CERTIFICATES.

If (i) any mutilated Certificate is surrendered to the Grantor Trustee, or the Grantor Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Certificate, and (ii) in the case of any mutilated Certificate, such mutilated Certificate shall first be surrendered to the Grantor Trustee, and in the case of any destroyed, lost or stolen Certificate, there shall be first delivered to the Grantor Trustee such security or indemnity as may be reasonably required by it to hold the Grantor Trustee and the Certificate Insurer harmless, then, in the absence of notice to the Grantor Trustee or the Registrar that such Certificate has been acquired by a bona fide purchaser, the Depositor shall execute and the Grantor Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Certificate, a new Certificate of like Class, tenor and aggregate principal amount, bearing a number not contemporaneously outstanding.

Upon the issuance of any new Certificate under this Section, the Registrar or Grantor Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto; any other expenses in connection with such issuance shall be an expense of the Trust.

Every new Certificate issued pursuant to this Section in exchange for or in lieu of any mutilated, destroyed, lost or stolen Certificate shall constitute evidence of a substitute interest in the Trust, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Certificates of the same Class duly issued hereunder and such mutilated, destroyed, lost or stolen Certificate shall not be valid for any purpose.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Certificates.

#### Section 5.06 PERSONS DEEMED OWNERS.

The Grantor Trustee and the Certificate Insurer and any agent of the Grantor Trustee may treat the Person in whose name any Certificate is registered as the Owner of such Certificate for the purpose of receiving distributions with respect to such Certificate and for all other purposes whatsoever and the Grantor Trustee and the Certificate Insurer or any agent of the Grantor Trustee shall not be affected by notice to the contrary.

#### Section 5.07 CANCELLATION.

All Certificates surrendered for registration of transfer or exchange shall, if surrendered to any Person other than the Grantor Trustee, be delivered to the Grantor Trustee and shall be promptly canceled by it. No Certificate shall be authenticated in lieu of or in exchange for any Certificate canceled as provided in this Section, except as expressly permitted by this Agreement. All canceled Certificates may be held by the Grantor Trustee in accordance with its standard retention policy.

#### Section 5.08 LIMITATION ON TRANSFER OF OWNERSHIP RIGHTS.

(a) No sale or other transfer of any Offered Certificate may be made to the Depositor or the Servicer.

#### Section 5.09 ASSIGNMENT OF RIGHTS.

An Owner may pledge, encumber, hypothecate or assign all or any part of its right to receive distributions hereunder, but such pledge, encumbrance, hypothecation or assignment shall not constitute a transfer of an ownership interest sufficient to render the transferee an Owner of the Trust without compliance with the provisions of Section 5.04 and Section 5.08 hereof.

END OF ARTICLE V

ARTICLE VI

COVENANTS

Section 6.01 DISTRIBUTIONS.

On each Payment Date, the Grantor Trustee will withdraw amounts from the Grantor Trust Account and make the distributions with respect to the Certificates and the Swap Agreement in accordance with the terms of the Certificates, the Swap Agreement and this Agreement. Such distributions shall be made (i) by check or draft mailed on each Payment Date or (ii) if requested by any Owner of (A) Certificate in writing not later than one Business Day prior to the applicable Record Date (which request does not have to be repeated unless it has been withdrawn), to such Owner by wire transfer to an account within the United States designated no later than five Business Days prior to the related Record Date, made on each Payment Date, in each case to each Owner of record on the immediately preceding Record Date.

Section 6.02 MONEY FOR DISTRIBUTIONS TO BE HELD IN TRUST; WITHHOLDING.

(a) All payments of amounts due and payable with respect to any Certificate that are to be made from amounts withdrawn from the Grantor Trust Account, shall be made by and on behalf of the Grantor Trustee, and no amounts so withdrawn from the Grantor Trust Account, for payments of Certificates and under the Swap Agreement except as provided in this Section.

(b) Whenever the Depositor has appointed one or more Paying Agents pursuant to Section 11.15 hereof, the Grantor Trustee will, on the Business Day immediately preceding each Payment Date, deposit with such Paying Agents in immediately available funds an aggregate sum sufficient to pay the amounts then becoming due (to the extent funds are then available for such purpose in the Certificate Account for the Class to which such amounts are due) such sum to be held in trust for the benefit of the Owners entitled thereto.

(c) The Depositor may at any time direct any Paying Agent to pay to the Grantor Trustee all sums held in trust by such Paying Agent, such sums to be held by the Grantor Trustee upon the same trusts as those upon which the sums were held by such Paying Agent; and upon such payment by any Paying Agent to the Grantor Trustee, such Paying Agent shall be released from all further liability with respect to such money.

(d) The Depositor shall require each Paying Agent, including the Grantor Trustee on behalf of the Trust to comply with all requirements of the Code and applicable state and local law with respect to the withholding from any distributions made by it to any Owner of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(e) Any money held by the Grantor Trustee or any Paying Agent in trust for the payment of any amount due with respect to any Certificate and remaining unclaimed by the Owner of such Certificate for the period then specified in the escheat laws of the State of New York after such amount has become due and payable shall be discharged from such trust and paid to the Servicer; and the Owner of such Certificate shall thereafter, as an unsecured general creditor, look only to Servicer for payment thereof and all liability of the Grantor Trustee or such Paying Agent with respect to such trust money shall thereupon cease; PROVIDED, HOWEVER, that the Grantor Trustee or such Paying Agent before being required to make any such payment, may, at the expense of the Trust, cause to be published once, in the eastern edition of THE WALL STREET Journal, notice that such money remains unclaimed and that, after a date specified therein, which shall be not fewer than 30 days from the date of such publication. The Grantor Trustee shall, at the direction of the Depositor, also adopt and employ, at the expense of the Trust, any other reasonable means of notification of such payment (including but not limited to mailing notice of such payment to Owners whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Registrar, the Grantor Trustee or any Paying Agent, at the last address of record for each such Owner).

#### Section 6.03 PROTECTION OF TRUST ESTATE.

(a) The Grantor Trustee will hold the Trust Estate in trust for the benefit of the Owners and the Certificate Insurer and, upon request of the Certificate Insurer or, with the consent of the Certificate Insurer at the request of the Depositor, will from time to time execute and deliver all such supplements and amendments hereto pursuant to Section 11.14 hereof and all instruments of further assurance and other instruments, and will take such other action upon such request from the Depositor or the Certificate Insurer, to:

(i) more effectively hold in trust all or any portion of the Trust Estate;

(ii) perfect, publish notice of, or protect the validity of any grant made or to be made by this Agreement;

(iii) enforce the Class A-2 Fixed Certificate;

(iv) enforce the Swap Agreement; or

(v) preserve and defend title to the Trust Estate and the rights of the Grantor Trustee, and the ownership interests of the Owners represented thereby, in such Trust Estate against the claims of all Persons and parties.

The Grantor Trustee shall send copies of any request received from the Depositor or the Certificate Insurer to take any action pursuant to this Section 6.03 to the other parties hereto.

(b) The Grantor Trustee shall have the power to enforce, and shall

enforce the obligations and rights of the other parties to this Agreement, the obligations of the ContiMortgage Home Equity Loan Trust 1997-5 under the Class A-2 Fixed Certificate, the obligations of the Swap Counterparty under the Swap Agreement and the obligations of the Certificate Insurer under the Certificate Insurance Policy; in addition, the Certificate Insurer or the Owners, by action, suit or proceeding at law or equity and shall also have the power to enjoin, by action or suit in equity, and acts or occurrences which may be unlawful or in violation of the rights of the Certificate Insurer and/or the Owners as such rights are set forth in this Agreement, PROVIDED, HOWEVER, that nothing in this Section shall require any action by the Grantor Trustee unless the Grantor Trustee shall first (i) have been furnished indemnity satisfactory to it and (ii) when required by this Agreement, have been requested by the Certificate Insurer or Owners of a majority of the Percentage Interests represented by the Certificates then Outstanding with the consent of the Certificate Insurer; PROVIDED, FURTHER, HOWEVER, that if there is a dispute with respect to payments under a Certificate Insurance Policy, the Grantor Trustee's sole responsibility is to the Owners.

(c) The Grantor Trustee shall execute any instrument required pursuant to this Section so long as such instrument does not conflict with this Agreement or with the Grantor Trustee's fiduciary duties, or adversely affect its rights and immunities hereunder.

#### Section 6.04 PERFORMANCE OF OBLIGATIONS.

The Grantor Trustee will not take any action that would release any Person from any of such Person's covenants or obligations under any instrument or document relating to the Certificates or which would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or document, except as expressly provided in this Agreement or such other instrument or document.

The Grantor Trustee may contract with other Persons to assist it in performing its duties hereunder pursuant to Section 10.03(g).

#### Section 6.05 NEGATIVE COVENANTS.

The Grantor Trustee will not permit the Trust to:

(i) sell, transfer, exchange or otherwise dispose of any of the Trust Estate except as expressly permitted by this Agreement;

(ii) claim any credit on or make any deduction from the distributions payable in respect of, the Certificates (other than amounts properly withheld from such payments under the Code) or assert any claim against any present or former Owner by reason of the payment of any taxes levied or assessed upon any of the Trust Estate;

(iii) incur, assume or guaranty any indebtedness of any Person except pursuant to this Agreement;

(iv) dissolve or liquidate in whole or in part, except pursuant to Article IX hereof; or

(v) (A) permit the validity or effectiveness of this Agreement to be impaired, or permit any Person to be released from any covenants or obligations with respect to the Trust or to the Certificates under this Agreement, except as may be expressly permitted hereby or (B) permit any lien, charge, adverse claim, security interest, mortgage or other encumbrance to be created on or extend to or otherwise arise upon or burden the Trust Estate or any part thereof or any interest therein or the proceeds thereof.

Section 6.06 NO OTHER POWERS.

The Grantor Trustee will not permit the Trust to engage in any business activity or transaction other than those activities permitted by Section 2.03 hereof.

Section 6.07 LIMITATION OF SUITS.

No Owner shall have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement, the Insurance Agreement, the Swap Agreement, the Certificate Insurance Policies or for the appointment of a receiver or Grantor Trustee of the Trust, or for any other remedy with respect to an event of default hereunder, unless:

- (1) such Owner has previously given written notice to the Depositor, the Certificate Insurer and the Grantor Trustee of such Owner's intention to institute such proceeding;
- (2) the Owners of not less than 25% of the Percentage Interests represented by the Offered Certificates then Outstanding, shall have made written request to the Grantor Trustee to institute such proceeding in its own name as Grantor Trustee establishing the Trust;
- (3) such Owner or Owners have offered to the Grantor Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;
- (4) the Grantor Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute such proceeding;
- (5) as long as any Certificates are Outstanding or any Reimbursement Amount (as defined in the Insurance Agreement) remains unpaid, the Certificate Insurer consented in writing thereto (unless the Certificate Insurer is the party against whom the proceeding is directed); and

- (6) no direction inconsistent with such written request has been given to the Grantor Trustee during such 60-day period by the Owners of a majority of the Percentage Interests represented by the Certificates or;

it being understood and intended that no one or more Owners shall have any right in any manner whatever by virtue of, or by availing themselves of, any provision of this Agreement to affect, disturb or prejudice the rights of any other Owner of the same Class or to obtain or to seek to obtain priority or preference over any other Owner of the same Class or to enforce any right under this Agreement, except in the manner herein provided and for the equal and ratable benefit of all the Owners of the same Class.

In the event the Grantor Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Owners, each representing less than a majority of the applicable Class of Certificates and each conforming to paragraphs (1)-(5) of this Section 6.07, the Certificate Insurer in its sole discretion may determine what action, if any, shall be taken, notwithstanding any other provision of this Agreement (unless the Certificate Insurer is the party against whom the proceeding is directed).

Section 6.08 UNCONDITIONAL RIGHTS OF OWNERS TO RECEIVE DISTRIBUTIONS.

Notwithstanding any other provision in this Agreement, the Owner of any Certificate shall have the right, which is absolute and unconditional, to receive distributions to the extent provided herein and therein with respect to such Certificate or to institute suit for the enforcement of any such distribution, and such right shall not be impaired without the consent of such Owner.

Section 6.09 RIGHTS AND REMEDIES CUMULATIVE.

Except as otherwise provided herein, no right or remedy herein conferred upon or reserved to the Grantor Trustee, the Certificate Insurer or the Owners 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. Except as otherwise provided herein, 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 6.10 DELAY OR OMISSION NOT WAIVER.

No delay of the Grantor Trustee, the Certificate Insurer or any Owner of any Certificate to exercise any right or remedy under this Agreement with respect to any event described in Section 8.20(a) or (b) shall impair any such right or remedy or constitute a waiver of any such event or an acquiescence therein. Every right and remedy given by this Article VI or by law to the Grantor Trustee, the Certificate Insurer or the Owners may be exercised from time to time, and as often as may be deemed expedient, by the Grantor Trustee,

the Certificate Insurer or the Owners, as the case may be.

#### Section 6.11 CONTROL BY OWNERS.

The Certificate Insurer or the Owners of a majority of the Percentage Interests represented by the Certificates then Outstanding with the consent of the Certificate Insurer may direct the time, method and place of conducting any proceeding for any remedy available to the Grantor Trustee with respect to the Certificates or exercising any trust or power conferred on the Grantor Trustee with respect to the Certificates or the Trust Estate, including, but not limited to, those powers set forth in Section 6.03, PROVIDED THAT:

- (1) such direction shall not be in conflict with any rule of law or with this Agreement;
- (2) the Grantor Trustee shall have been provided with indemnity satisfactory to it; and
- (3) the Grantor Trustee may take any other action deemed proper by the Grantor Trustee, as the case may be, which is not inconsistent with such direction; PROVIDED, HOWEVER, that the Grantor Trustee need take any action which it determines might involve it in liability or may be unjustly prejudicial to the Owners not so directing.

#### Section 6.12 INDEMNIFICATION.

The Depositor agrees to indemnify and hold the Grantor Trustee, the Certificate Insurer and each Owner harmless against any and all claims, losses, penalties, fines, forfeitures, legal fees and related costs, judgments, and any other costs, fees and expenses that the Grantor Trustee, the Certificate Insurer and any Owner may sustain in any way related to the failure of the Depositor to perform its duties in compliance with the terms of this Agreement. The Depositor shall immediately notify the Grantor Trustee, the Certificate Insurer and each Owner if such a claim is made by a third party with respect to this Agreement, and the Depositor shall assume (with the consent of the Grantor Trustee) the defense of any such claim and pay all expenses in connection therewith, including reasonable counsel fees, and promptly pay, discharge and satisfy any judgment or decree which may be entered against the Servicer, either of the Sellers, the Grantor Trustee, the Certificate Insurer and/or any Owner in respect of such claim. The provisions of this Section 6.12 shall survive the termination of this Agreement and the payment of the outstanding Certificates.

#### Section 6.13 ACCESS TO OWNERS OF CERTIFICATES' NAMES AND ADDRESSES.

(a) If any Owner (for purposes of this Section 6.13, an "Applicant") applies in writing to the Grantor Trustee, and such application states that the Applicant desires to communicate with other Owners with respect to their rights under this Agreement or under the Certificates and is accompanied by a copy of the communication which such Applicant proposes to transmit, then the Grantor Trustee shall, at the expense of such Applicant, within ten (10) Business Days

after the receipt of such application, furnish or cause to be furnished to such Applicant a list of the names and addresses of the Owners of record as of the most recent Payment Date.

(b) Every Owner, by receiving and holding such list, agrees with the Grantor Trustee that the Grantor Trustee shall not be held accountable in any way by reason of the disclosure of any information as to the names and addresses of the Owners hereunder, regardless of the source from which such information was derived.

#### END OF ARTICLE VI

### ARTICLE VII ACCOUNTS, DISBURSEMENTS AND RELEASES

#### ACCOUNTS, DISBURSEMENTS AND RELEASES

##### Section 7.01 COLLECTION OF MONEY.

Except as otherwise expressly provided herein, the Grantor Trustee shall demand payment or delivery of all money and other property payable to or receivable by the Grantor Trustee pursuant to this Agreement, the Swap Agreement, the Class A-2 Fixed Certificate, or the Certificate Insurance Policy. The Grantor Trustee shall hold all such money and property received by it, other than pursuant to or as contemplated by Section 6.02(e) hereof, as part of the Trust Estate and shall apply it as provided in this Agreement.

##### Section 7.02 ESTABLISHMENT OF ACCOUNTS.

The Depositor shall cause to be established on the Startup Day, and the Grantor Trustee shall maintain, at the Corporate Trust Office, the Grantor Trust Account, which is to be held by the Grantor Trustee on behalf of the Owners of the Certificates, the Certificate Insurer and the Grantor Trustee.

##### Section 7.03 FLOW OF FUNDS.

(a) The Grantor Trustee shall deposit to the Grantor Trust Account, without duplication, upon receipt, any payments received under the Swap Agreement, any Insured Payments, the proceeds of any liquidation of the assets of the Trust, all remittances made to the Grantor Trustee pursuant to Section 8.08(b) and the Monthly Remittance Amount received from the ContiMortgage Home Equity Loan Trust 1997-5.

(b) On each Payment Date, the Grantor Trustee shall make the following disbursements from the Interest Remittance Amount (including the interest component of any Insured Payments which is available only for the payment of the amount described in SECOND below), in the following order of priority, and each such disbursement shall be treated as having occurred only after all preceding disbursements have occurred:

(i) First, to the Swap Counterparty, any regularly scheduled payment due to the Swap Counterparty under Section 2(a) of the Swap Agreement;

(ii) Second, to the Owners of the Certificates, the Current Interest plus the related Interest Carry Forward Amount with respect the Certificates without any priority among the Certificateholders; PROVIDED, that

if the Interest Amount Available plus the interest component of any Insured Payment is not sufficient to make a full distribution of interest with respect to all Certificates, and the amount of the shortfall will be carried forward as the Interest Carry Forward Amount.

(iii) RESERVED

(c) RESERVED

(d) On each Payment Date, the Trustee shall make the following disbursements from amounts relating to principal and each such disbursement shall be treated as having occurred only after all preceding disbursements have occurred: 100% of the Principal Distribution Amount to the Owners of the Class A-2 Floating Certificates.

(e) RESERVED

(f) RESERVED

(g) RESERVED

(h) RESERVED

(i) RESERVED

(j) RESERVED

(k) Upon receipt of Insured Payments from the Certificate Insurer on behalf of the Owners of the Certificates, the Grantor Trustee shall deposit such Insured Payments in the Grantor Trust Account and shall distribute such Insured Payments, or the proceeds thereof as provided in paragraphs (d) above.

(l) Anything herein to the contrary notwithstanding, any payment with respect to interest on any of the Certificates which is made with moneys received pursuant to the terms of the Certificate Insurance Policy shall not be considered payment of such Certificates from the Trust and shall not result in the payment of or the provision for the payment of the interest on such Certificates within the meaning of Section 7.03. The Depositor, the Servicer and the Grantor Trustee acknowledge, and each Owner by its acceptance of a Certificate agrees, that without the need for any further action on the part of

the Certificate Insurer, the Depositor, the Servicer, the Grantor Trustee or the Registrar (a) to the extent the Certificate Insurer makes payments, directly or indirectly, on account of interest on any Certificates to the Owners of such Certificates, the Certificate Insurer will be fully subrogated to the rights of such Owners to receive such interest together with any interest thereon of the applicable Pass-Through Rate from the Trust and (b) the Certificate Insurer shall be paid such interest only from the sources and in the manner provided herein for the payment of such interest.

It is understood and agreed that the intention of the parties is that the Certificate Insurer shall not be entitled to reimbursement on any Payment Date for amounts previously paid by it unless on such Payment Date the Owners of the Certificates shall also have received the full amount of the Class A-2 Floating Distribution Amount for such Payment Date.

The Grantor Trustee or Paying Agent shall (i) receive as attorney-in-fact of each Owner of Certificates any Insured Payment from the Certificate Insurer and (ii) disburse the same to the Owners of the related Certificates as set forth in Section 7.03(b). Insured Payments disbursed by the Grantor Trustee or Paying Agent from proceeds of a Certificate Insurance Policy shall not be considered payment by the Trust, nor shall such payments discharge the obligation of the Trust with respect to such Certificates and the Certificate Insurer shall be entitled to receive the related Reimbursement Amount pursuant to the Pooling and Servicing Agreement.

The rights of the Owners to receive distributions from the proceeds of the Trust Estate and all ownership interests of the Owners in such distributions, shall be as set forth in this Agreement.

Section 7.04 [RESERVED]

Section 7.05 INVESTMENT OF ACCOUNTS.

(a) Consistent with any requirements of the Code, all or a portion of any Account held by the Grantor Trustee for the benefit of the Owners and the Certificate Insurer shall be invested and reinvested by the Grantor Trustee in the name of the Grantor Trustee for the benefit of the Owners and the Certificate Insurer, as directed in writing by the Depositor, in one or more Eligible Investments bearing interest or sold at a discount. The bank serving as Grantor Trustee or any affiliate thereof may be the obligor on any investment which otherwise qualifies as an Eligible Investment. No investment in any Account shall mature later than the Business Day immediately preceding the next Payment Date.

(b) If any amounts are needed for disbursement from any Account held by the Grantor Trustee and sufficient uninvested funds are not available to make such disbursement, the Grantor Trustee shall cause to be sold or otherwise converted to cash a sufficient amount of the investments in such Account. No investments will be liquidated prior to maturity unless the proceeds thereof are needed for disbursement.

(c) Subject to Section 10.01 hereof, the Grantor Trustee shall not in any way be held liable by reason of any insufficiency in any Account held by the Grantor Trustee resulting from any loss on any Eligible Investment included therein (except to the extent that the bank serving as Grantor Trustee is the obligor thereon).

(d) The Grantor Trustee shall invest and reinvest funds in the Accounts held by the Grantor Trustee, in accordance with the written instructions delivered to the Grantor Trustee on the Startup Day, but only in one or more Eligible Investments bearing interest or sold at a discount.

If the Depositor shall have failed to give investment directions to the Grantor Trustee then the Grantor Trustee shall invest in money market funds described in Section 7.07(g); to be redeemable without penalty no later than the Business Day immediately preceding the next Payment Date.

(e) All income or other gain from investments in any Account held by the Grantor Trustee shall be for the account of the Servicer and shall be distributed to the Servicer immediately prior to any distribution under Section 7.03 hereof on any Payment Date, and any loss resulting from such investments shall be for the account of the Servicer and promptly upon the realization of such loss the Servicer contribute funds in an amount equal to such loss to such Account.

#### Section 7.06 PAYMENT OF TRUST EXPENSES.

(a) The Grantor Trustee shall make demand on ContiMortgage to pay the amount of the expenses of the Trust (other than payments of premiums to the Certificate Insurer and the Grantor Trustee's Fees) and ContiMortgage shall promptly pay such expenses directly to the Persons to whom such amounts are due.

(b) The Depositor shall pay directly the reasonable fees and expenses of counsel to the Grantor Trustee.

#### Section 7.07 ELIGIBLE INVESTMENTS.

The following are Eligible Investments:

(a) direct general obligations of, or obligations fully and unconditionally guaranteed as to the timely payment of principal and interest by, the United States or any agency or instrumentality thereof, provided such obligations are backed by the full faith and credit of the United States;

(b) Federal Housing Administration debentures; FHLMC senior debt obligations, and FannieMae senior debt obligations, but excluding any of such securities whose terms do not provide for payment of a fixed dollar amount upon maturity or call for redemption; and consolidated senior debt obligations of any Federal Home Loan Banks; provided, that any such investment shall be rated in one of the two highest ratings categories by each Rating Agency;

(c) Federal funds, certificates of deposit, time deposits, and bankers'

acceptances (having original maturities of not more than 365 days) of any domestic bank, the short-term debt obligations of which have been rated F-1+ or better by Fitch, A-1+ or better by Standard & Poor's and P-1 by Moody's;

(d) Deposits of any bank or savings and loan association (the long-term deposit rating of which is Baa3 or better by Moody's and BBB by each of Standard & Poor's and Fitch) which has combined capital, surplus and undivided profits of at least \$50,000,000 which deposits are insured by the FDIC and held up to the limits insured by the FDIC;

(e) Investment agreements approved by the Certificate Insurer, provided:

1. The agreement is with a bank or insurance company which has unsecured, uninsured and unguaranteed senior debt obligations rated Aa2 or better by Moody's and AA or better by each of Standard & Poor's and Fitch, and
2. Moneys invested thereunder may be withdrawn without any penalty, premium or charge upon not more than one day's notice (provided such notice may be amended or canceled at any time prior to the withdrawal date), and
3. The agreement is not subordinated to any other obligations of such insurance company or bank, and
4. The same guaranteed interest rate will be paid on any future deposits made pursuant to such agreement, and
5. The Grantor Trustee receives an opinion of counsel that such agreement is an enforceable obligation of such insurance company or bank;

(f) Repurchase agreements collateralized by securities described in (a) above with any registered broker/dealer subject to the Securities Investors Protection Corporation's jurisdiction and subject to applicable limits therein promulgated by Securities Investors Protection Corporation or any commercial bank, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed short-term or long-term obligation rated P-1 or Aa2, respectively, or better by Moody's A-1+ or AA, respectively or better by Standard & Poor's and F- 1+ or AA, respectively, or better by Fitch, provided:

- a. A master repurchase agreement or specific written repurchase agreement governs the transaction, and
- b. The securities are held free and clear of any lien by the Grantor Trustee or an independent third party acting solely as agent for the Grantor Trustee, and such third party is (a) a Federal Reserve Bank or (b) a bank which is a member of the FDIC and which has combined

capital, surplus and undivided profits of not less than \$125 million, or (c) a bank approved in writing for such purpose by the Certificate Insurer and the Grantor Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Grantor Trustee, and

- c. A perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 CFR 306.1 et seq. or 31 CFR 350.0 et seq., in such securities is created for the benefit of the Grantor Trustee, and
- d. The repurchase agreement has a term of thirty days or less and the Grantor Trustee will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation, and
- e. The fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 106% and such collateral securities must be valued weekly and market-to-market at current market price plus accrued interest.

(f) Commercial paper (having original maturities of not more than 270 days) rated in the highest short-term rating categories of each Rating Agency; and

(g) Investments in no load money market funds registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act and rated AAAM or AAAM-G by Standard & Poor's, Aaa by Moody's, and AAA, if rated by Fitch;

provided that no instrument described above shall evidence either the right to receive (a) only interest with respect to the obligations underlying such instrument or (b) both principal and interest payments derived from obligations underlying such instrument and the interest and principal payments with respect to such instrument provided a yield to maturity at par greater than 120% of the yield to maturity at par of the underlying obligations; and provided, further, that all instruments described hereunder shall mature at par on or prior to the next succeeding Payment Date unless otherwise provided in this Agreement and that no instrument described hereunder may be purchased at a price greater than par if such instrument may be prepaid or called at a price less than its purchase price prior to stated maturity.

(a) (i) The Grantor Trustee shall determine whether an Insured Payment will be required to be made by the Certificate Insurer on the following Payment Date and if so then no later than 12:00 noon on the second Business Day immediately preceding the related Payment Date the Grantor Trustee shall furnish the Certificate Insurer and the Depositor with a completed Notice in the form set forth as Exhibit A to the Certificate Insurance Policy. The Notice shall specify the amount of Insured Payment and shall constitute a claim for an Insured Payment pursuant to the Certificate Insurance Policy.

(ii) The Grantor Trustee shall determine (a) the payment due to the Grantor Trustee under the Swap Agreement (which shall equal Current Interest for the related Payment Date on the Class A-2 Floating Certificates) and (b) the payment due to the Swap Counterparty under the Swap Agreement (which shall equal interest to be received on the related Payment Date on the Class A-2 Fixed Certificates) not later than 12:00 noon on the fourth Business Day immediately preceding the related Payment Date and the Grantor Trustee shall notify the Swap Counterparty and the Certificate Insurer of such amounts to be received and to be paid under the Swap Agreement.

(b) By 12:00 noon New York time, on the Business Day preceding each Payment Date (or such earlier period as shall be agreed by the Depositor and the Grantor Trustee), the Grantor Trustee shall notify (subject to the terms of Section 10.03(j) hereof, based solely on information provided to the Grantor Trustee by the Servicer) the Depositor, the Certificate Insurer and each Owner of the following information with respect to the next Payment Date (which notification may be given by facsimile or by telephone promptly confirmed in writing):

- (1) The aggregate amount then on deposit in the Grantor Trust Account;
- (2) The Class A-2 Floating Distribution Amount, with respect to the Class A-2 Floating Certificates, on the next Payment Date;
- (3) The amount of any Insured Payment to be made by the Certificate Insurer on such Payment Date;
- (4) The application of the amounts described in clause (1) preceding to the allocation and distribution of the related Class A-2 Floating Distribution Amount, on such Payment Date in accordance with Section 7.03 hereof;
- (5) The Certificate Principal Balance of the Certificates, the aggregate amount of the principal of each Class of Certificates to be paid on such Payment Date and the remaining Certificate Principal Balance of the Class A-2 Floating Certificates following any such payment;
- (6) The amount of any Swap Payment due to the Grantor Trustee on

the related Swap Payment Date; and

- (7) The amount of any Swap Payment received by the Grantor Trustee on the related Swap Payment Date.

Section 7.09 REPORTS BY GRANTOR TRUSTEE TO OWNERS AND THE CERTIFICATE INSURER.

(a) On each Payment Date the Grantor Trustee shall report in writing to the Depositor, each Owner, the Certificate Insurer, the Underwriters and the Rating Agencies:

(i) the amount of the distribution with respect to such Owners' Certificates (based on a Certificate in the original principal amount of \$1,000);

(ii) the amount of such Owner's distributions allocable to principal;

(iii) the amount of such Owner's distributions allocable to interest (based on a Certificate in the original principal amount of \$1,000);

(iv) the Interest Carry Forward Amount;

(v) the principal amount of the Certificates (based on a Certificate in the original principal amount of \$1,000 which will be Outstanding after giving effect to any payment of principal on such Payment Date;

(vi) based upon information furnished by the Depositor, such information as may be required by Section 6049(d)(7)(C) of the Code and the regulations promulgated thereunder to assist the Owners in computing their market discount;

(vii) the amount of any Insured Payment included in the distribution to Owners of Certificates;

(viii) the amount of the Swap Payment received from the Swap Counterparty and the amount of the Swap Payment paid by the Grantor Trustee to the Swap Counterparty on the applicable Swap Payment Date;

(ix) all information received by the Grantor Trust Owner of the Class A-2 Fixed Certificate; and

(x) the Class A-2 Floating Pass-Through Rate.

The Servicer shall provide to the Grantor Trustee the information described in Section 8.08(d)(iii) and in clause (b) below to enable the Grantor Trustee to perform its reporting obligations under this Section, and such obligations of the Grantor Trustee under this Section are conditioned upon such

information being received and the information provided in clauses (ix) shall be based solely upon information contained in the monthly servicing report provided by the Servicer to the Grantor Trustee pursuant to Section 8.01 hereof.

(b) The Servicer shall furnish to the Grantor Trustee and to the Certificate Insurer during the term of this Agreement, such periodic, special, or other reports or information not specifically provided for herein, as may be necessary, reasonable, or appropriate with respect to the Grantor Trustee or the Certificate Insurer, as the case may be, or otherwise with respect to the purposes of this Agreement, all such reports or information to be provided by and in accordance with such applicable instructions and directions as the Grantor Trustee or the Certificate Insurer may reasonably require; provided, that the Servicer shall be entitled to be reimbursed by the requesting party for the fees and actual expenses associated with providing such reports, if such reports are not generally produced in the ordinary course of business.

#### Section 7.10 REPORTS BY GRANTOR TRUSTEE.

(a) The Grantor Trustee shall report to the Depositor, each of the Sellers, the Underwriters, the Certificate Insurer and each Owner, with respect to the amount on deposit in the Grantor Trust Account and the identity of the investments included therein, as the Depositor or the Certificate Insurer may from time to time request. Without limiting the generality of the foregoing, the Grantor Trustee shall, at the request of the Depositor or the Certificate Insurer transmit promptly to the Depositor and the Certificate Insurer copies of all accounting of receipts in respect of the Class A-2 Fixed Certificates furnished to it by the Servicer and shall notify the Certificate Insurer if any Monthly Remittance Amount has not been received by the Grantor Trustee when due.

(b) The Grantor Trustee shall report to the Certificate Insurer and each Owner with respect to any written notices it may from time to time receive which provide an Authorized Officer with actual knowledge that any of the statements set forth in Section 3.04(b) hereof are inaccurate.

#### Section 7.11 PREFERENCE PAYMENTS.

The Certificate Insurer will pay any Insured Payment that is a Preference Amount on the Business Day following receipt on a Business Day by the Fiscal Agent of (i) a certified copy of the order requiring the return of such Preference Amount, (ii) an opinion of counsel satisfactory to the Certificate Insurer that such order is final and not subject to appeal, (iii) an assignment in such form as is reasonably required by the Certificate Insurer, irrevocably assigning to the Certificate Insurer all rights and claims of the Owners relating to or arising under the Class A-2 Floating Certificates against the debtor which made such preference payment or otherwise with respect to such preference payment and (iv) appropriate instruments to effect the appointment of the Certificate Insurer as agent for such Owner in any legal proceeding related to such preference payment, such instruments being in a form satisfactory to the Certificate Insurer, provided that if such documents are received after 12:00 noon New York City time on such Business Day, they will be deemed to be received on the following Business Day. Such payment shall be disbursed to the receiver

or trustee in bankruptcy named in the final court order of the court exercising jurisdiction on behalf of the Owner and not to any Owner directly unless such Owner has returned principal or interest paid on the Class A-2 Floating Certificates to such receiver or trustee in bankruptcy in which case payment will be disbursed to the Owner.

Each Owner by its purchase of Class A-2 Floating Certificates, the Servicer and the Grantor Trustee hereby agree that the Certificate Insurer may at any time during the continuation of any proceeding relating to a preference claim direct all matters relating to such preference claim, including, without limitation, the direction of any appeal of any order relating to such preference claim and the posting of any surety or performance bond pending any such appeal. In addition and without limitation of the foregoing, the Certificate Insurer shall be subrogated to the rights of the Servicer, the Grantor Trustee and the Owners of each Certificate in the conduct of any such preference claim, including, without limitation, all rights of any party to an adversary proceeding action with respect to any court order issued in connection with any such preference claim.

END OF ARTICLE VII

#### ARTICLE VIII

##### SERVICING AND ADMINISTRATION OF ASSETS

Section 8.01 SERVICER.

The Servicer shall give prompt notice to the Grantor Trustee and the Certificate Insurer of any action, of which the Servicer has actual knowledge, to (i) assert a claim against the Trust or (ii) assert jurisdiction over the Trust.

Section 8.02 RESERVED.

Section 8.03 RESERVED.

Section 8.04 RESERVED.

Section 8.05 INDEMNIFICATION.

(a) RESERVED

(b) The Servicer (except Manufacturers and Traders Trust Company if it is required to succeed the Servicer hereunder) agrees to indemnify and hold the Grantor Trustee, the Certificate Insurer and each Owner harmless against any and all claims, losses, penalties, fines, forfeitures, legal fees and related costs, judgments, and any other costs, fees and expenses that the Grantor Trustee, the Certificate Insurer and any Owner may sustain in any way related to the failure

of the Servicer to perform its duties and service the Class A-2 Fixed Certificates in compliance with the terms of this Agreement. The Servicer shall immediately notify the Grantor Trustee, the Certificate Insurer and each Owner if a claim is made by a third party with respect to this Agreement, and the Servicer shall assume (with the consent of the Grantor Trustee and the Certificate Insurer) the defense of any such claim and pay all expenses in connection therewith, including reasonable counsel fees, and promptly pay, discharge and satisfy any judgment or decree which may be entered against the Servicer, the Grantor Trustee, the Certificate Insurer and/or Owner in respect of such claim. The provisions of this Section 8.05 shall survive the termination of this Agreement and the payment of the outstanding Certificates.

Section 8.06 [RESERVED]

Section 8.07 [RESERVED]

Section 8.08 GRANTOR TRUST ACCOUNT.

(a) The Grantor Trustee shall establish and maintain at one or more Designated Depository Institutions selected by the Servicer the Grantor Trust Account to be held as a trust account. The Grantor Trust Account shall be identified on the records of the Designated Depository Institution as follows: "Manufacturers and Traders Trust Company, as Grantor Trustee under the Grantor Trust Agreement dated as of December 1, 1997". If the institution at any time holding the Grantor Trust Account ceases to be eligible as a Designated Depository Institution hereunder, then the Servicer shall, within 30 days, be required to name a successor institution meeting the requirements for a Designated Depository Institution hereunder and notify the Grantor Trustee thereof. If the Servicer fails to name such a successor institution, then the Grantor Trust Account shall thenceforth be held as a trust account with a qualifying Designated Depository Institution selected by the Grantor Trustee. The Grantor Trustee shall notify the Certificate Insurer and the Owners if there is a change in the name, account number or institution holding the Grantor Trust Account.

(b) All funds in the Grantor Trust Account shall be held (i) uninvested (up to the limits insured by the FDIC) or (ii) invested in Eligible Investments. Any investments of funds in the Grantor Trust Account shall mature or be withdrawable at par on or prior to the immediately succeeding Payment Date. The Grantor Trust Account shall be held in trust in the name of the Grantor Trustee for the benefit of the Owners and the Certificate Insurer. Any investment earnings net of investment losses (which losses have not previously been contributed by the Servicer) on funds held in the Grantor Trust Account shall be for the account of the Servicer and shall be disbursed by the Grantor Trustee from the Grantor Trust Account by the Servicer immediately prior to the distributions under Section 7.03 hereof on any Payment Date. Any investment losses on funds held in the Grantor Trust Account shall be for the account of the Servicer and promptly upon the realization of such loss shall be contributed by the Servicer to the Grantor Trust Account. Any references herein to amounts on deposit in the Grantor Trust Account shall refer to amounts net of such investment earnings.

(c) RESERVED.

(d) (i) The Trustee may make withdrawals for its own account from the amounts on deposit in the Grantor Trust Account, with respect to the Class A-2 Fixed Certificates, for the following purposes:

(A) to make a disbursement to the Servicer on each Payment Date immediately prior to the disbursements under Section 7.03 hereof of investment earnings (net of investment losses) on amounts on deposit in the Grantor Trust Account;

(B) RESERVED;

(C) to withdraw amounts that have been deposited to the Grantor Trust Account in error; and

(D) to clear and terminate the Grantor Trust Account following the termination of the Trust pursuant to Article IX.

(ii) On the Business Day preceding each Payment Date, the Servicer shall deliver to the Grantor Trustee and the Certificate Insurer, a monthly servicing report with respect to the Class A-2 Fixed Certificates, containing the following information: principal and interest to be received on the related Payment Date with respect to the Class A-2 Fixed Certificates, any Swap Payments to be received by the Grantor Trustee or to be made by the Grantor Trustee under the Swap Agreement on the applicable Swap Payment Date, the Class A-2 Floating Pass-Through Rate, principal and interest to be paid on the related Payment Date to the Owners of the Class A-2 Floating Certificates, the amount of the Insured Payment, if any, to be received by the Grantor Trustee with respect to the related Payment Date and other similar information concerning the Trust Estate.

(iii) The Servicer shall provide to the Grantor Trustee the information described in Section 8.08(d)(ii) and in Section 7.09(a) to enable the Grantor Trustee to perform its reporting requirements under Section 7.09 and the Grantor Trustee shall forward such information to the Underwriters within five Business Days of receipt thereof.

Section 8.09 RESERVED.

#### Section 8.10 SERVICING COMPENSATION.

The fee payable to the Servicer under the Pooling and Servicing Agreement shall be, in part, compensation for the activities of the Servicer hereunder and the Servicer shall not be entitled to any further compensation other than earnings (net of losses) on investments in the Grantor Trust Account.

#### Section 8.11 ANNUAL STATEMENT AS TO COMPLIANCE.

The Servicer, at its own expense, will deliver to the Grantor Trustee, the Depositor, the Certificate Insurer and the Rating Agencies, on or before March 31 of each year, commencing in 1998, an Officer's Certificate stating, as to each signer thereof, that (i) a review of the activities of the Servicer during such preceding calendar year and of performance under this Agreement has been made under such officers' supervision, and (ii) to the best of such officers' knowledge, based on such review, the Servicer has fulfilled all its obligations under this Agreement for such year, or, if there has been a default in the fulfillment of all such obligations, specifying each such default known to such officers and the nature and status thereof including the steps being taken by the Servicer to remedy such default.

#### Section 8.12 RESERVED

#### Section 8.13 ACCESS TO CERTAIN DOCUMENTATION AND INFORMATION REGARDING THE CLASS A-2 FIXED CERTIFICATES.

The Grantor Trustee shall provide to the Certificate Insurer, the FDIC and the supervisory agents and examiners of each of the foregoing (which, in the case of supervisory agents and examiners, may be required by applicable state and federal regulations) access to the documentation regarding the Class A-2 Fixed Certificates, such access being afforded without charge but only upon reasonable request and during normal business hours at the offices of the Grantor Trustee designated by it.

#### Section 8.14 ASSIGNMENT OF AGREEMENT.

The Servicer may not assign its obligations under this Agreement, in whole or in part, unless it shall have first obtained the written consent of the Grantor Trustee and the Certificate Insurer, which consent shall not be unreasonably withheld; provided, however, that any assignee must meet the eligibility requirements set forth in Section 8.20(i) of the Pooling and Servicing Agreement for a successor servicer.

#### Section 8.15. REMOVAL OF SERVICER; RESIGNATION OF Servicer.

(a) The removal or resignation pursuant to the Pooling and Servicing Agreement of the Servicer as defined in the Pooling and Servicing Agreement shall also constitute a removal or resignation of the Servicer hereunder. The Certificate Insurer shall have the same rights concerning removal or resignation of the Servicer hereunder as it does in the Pooling and Servicing Agreement.

(b) The successor servicer appointed pursuant to the Pooling and Servicing Agreement shall become the successor servicer hereunder.

(c) No removal or resignation of the Servicer shall become effective hereunder until the Trustee under the Pooling and Servicing Agreement or a successor servicer shall have assumed the Servicer's responsibilities and obligations in accordance with the Pooling and Servicing Agreement.

(d) The Servicer shall not resign from the obligations and duties hereby imposed on it, except upon determination that its duties hereunder are no longer permissible under applicable law or are in material conflict by reason of applicable law with any other activities carried on by it, the other activities of the Servicer so causing such a conflict being of a type and nature carried on by the Servicer at the date of this Agreement. Any such determination permitting the resignation of the Servicer shall be evidenced by an opinion of counsel to such effect which shall be delivered to the Grantor Trustee and the Certificate Insurer, which opinion shall be at the Servicer's expense.

(e) RESERVED.

(f) RESERVED.

(g) Upon removal or resignation of the Servicer, the Servicer at its own expense also shall promptly deliver or cause to be delivered to a successor servicer or the Grantor Trustee all the books and records (including, without limitation, records kept in electronic form) that the Servicer has maintained for the Class A-2 Fixed Certificates, including all tax bills, assessment notices, insurance premium notices and all other documents as well as all original documents then in the Servicer's possession.

(h) Any collections then being held by the Servicer prior to its removal and any collections received by the Servicer after removal or resignation shall be endorsed by it to the Grantor Trustee and remitted directly and immediately to the Grantor Trustee or the successor Servicer.

(i) RESERVED

(j) RESERVED

(k) The Grantor Trustee and such successor shall take such action, consistent with this Agreement, as shall be necessary to effectuate any such succession. The Servicer agrees to cooperate with the Grantor Trustee and any successor Servicer in effecting the termination of the Servicer's servicing responsibilities and rights hereunder and shall promptly provide the Grantor Trustee or such successor Servicer, as applicable, all documents and records reasonably requested by it to enable it to assume the Servicer's functions hereunder and shall promptly also transfer to the Grantor Trustee or such successor Servicer, as applicable, all amounts which then have been or should have been deposited in the Principal and Interest Account by the Servicer or which are thereafter received with respect to the Class A-2. Neither the Grantor

Trustee nor any other successor Servicer shall be held liable by reason of any failure to make, or any delay in making, any distribution hereunder or any portion thereof caused by (i) the failure of the Servicer to deliver, or any delay in delivering, cash, documents or records to it, or (ii) restrictions imposed by any regulatory authority having jurisdiction over the Servicer. If the Servicer resigns or is replaced hereunder, the Servicer agrees to reimburse the Trust, the Certificate Insurer and the Owners for the costs and expenses associated with the transfer of servicing to the replacement Servicer.

(l) The Servicer which is being removed or is resigning shall give notice to the, the Certificate Insurer and the Rating Agencies of the transfer of the servicing to the successor Servicer.

(m) The Grantor Trustee shall give notice to the Owners, the Grantor Trustee, the Certificate Insurer and the Rating Agencies of the occurrence of any event described in paragraphs (a) or (b) above of which the Grantor Trustee is aware.

#### Section 8.16 INSPECTIONS BY CERTIFICATE INSURER; ERRORS AND OMISSIONS INSURANCE.

(a) At any reasonable time and from time to time upon reasonable notice, the Grantor Trustee, the Certificate Insurer or any agents thereof may inspect the Servicer's servicing operations and discuss the servicing operations of the Servicer during the Servicer's normal business hours with any of its officers or directors; provided, however, that the costs and expenses incurred by the Servicer or its agents or representatives in connection with any such examinations or discussions shall be paid by the Servicer;

(b) The Servicer agrees to maintain errors and omissions coverage and a fidelity bond, each at least to the extent required by Section 305 of Part I of the FannieMae Guide or any successor provision thereof; provided, however, that if the Grantor Trustee shall become the Servicer, any customary insurance coverage that the Grantor Trustee maintains shall be deemed sufficient hereunder; provided, further, that in the event that the fidelity bond or the errors and omissions coverage is no longer in effect, the Grantor Trustee shall promptly give such notice to the Certificate Insurer and the Owners. Upon the request of the Grantor Trustee or the Certificate Insurer, the Servicer shall cause to be delivered to such requesting Person a certified true copy of such fidelity bond or errors and omission policy.

END OF ARTICLE VIII

#### ARTICLE IX

#### TERMINATION OF TRUST

#### Section 9.01 TERMINATION OF TRUST.

The Trust created hereunder and all obligations created by this Agreement will terminate upon the payment to the Owners of all Certificates, from amounts other than those available under the Certificate Insurance Policy, of all amounts held by the Grantor Trustee and required to be paid to such Owners pursuant to this Agreement upon the latest to occur of (a) the final payment or other liquidation (or any advance made with respect thereto) of the Class A-2 Fixed Certificates in the Trust Estate and (b) the final payment to the Certificate Insurer of all amounts then owing to it. In no event, however, will the Trust created by this Agreement continue beyond the expiration of twenty-one (21) years from the death of the last survivor of the descendants of Joseph P. Kennedy, the late Ambassador of the United States to the Court of Saint James, living on the date hereof. The Grantor Trustee shall give written notice of termination of the Agreement to each Owner in the manner set forth in Section 11.05.

Section 9.02 [RESERVED]

Section 9.03 [RESERVED].

Section 9.04 DISPOSITION OF PROCEEDS.

The Grantor Trustee shall, upon receipt thereof, deposit the proceeds of any liquidation of the Trust Estate pursuant to this Article IX to the Certificate Account.

END OF ARTICLE IX

## ARTICLE X

### THE GRANTOR TRUSTEE

Section 10.01. CERTAIN DUTIES AND RESPONSIBILITIES.

(a) The Grantor Trustee (i) (A) undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Grantor Trustee and (B) the banking institution that is the Grantor Trustee shall serve as the Grantor Trustee at all times under this Agreement, and (ii) in the absence of bad faith on its part, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished pursuant to and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Grantor Trustee, shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement.

(b) Notwithstanding the appointment of the Servicer hereunder, the Grantor Trustee is hereby empowered to perform the duties of the Servicer it being expressly understood, however, that the foregoing describes a power and

not an obligation of the Grantor Trustee, and that all parties hereto agree that, prior to any termination of the Servicer, the Servicer and, thereafter, the Grantor Trustee or any other successor servicer shall perform such duties.

(c) No provision of this Agreement shall be construed to relieve the Grantor Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

- (1) this subsection shall not be construed to limit the effect of subsection (a) of this Section;
- (2) the Grantor Trustee shall not be personally liable for any error of judgment made in good faith by an Authorized Officer, unless it shall be proved that the Grantor Trustee was negligent in ascertaining the pertinent facts; and
- (3) the Grantor 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 direction of the Certificate Insurer or the Owners of a majority in Percentage Interest of the Certificates of the affected Class or Classes and the Certificate Insurer relating to the time, method and place of conducting any proceeding for any remedy available to the Grantor Trustee, or exercising any trust or power conferred upon the Grantor Trustee, under this Agreement relating to such Certificates.

(d) Whether or not therein expressly so provided, every provision of this Agreement relating to the conduct or affecting the liability of or affording protection to the Grantor Trustee shall be subject to the provisions of this Section.

(e) No provision of this Agreement shall require the Grantor Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. None of the provisions contained in this Agreement shall in any event require the Grantor Trustee to perform, or be responsible for the manner of performance of, any of the obligations of the Servicer under this Agreement, except during such time, if any, as the Grantor Trustee shall be the successor to, and be vested with the rights, duties, powers and privileges of, the Servicer in accordance with the terms of this Agreement.

(f) The permissive right of the Grantor Trustee to take actions enumerated in this Agreement shall not be construed as a duty and the Grantor Trustee shall not be answerable for other than its own negligence or willful misconduct.

(g) The Grantor Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under this Agreement, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements and against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct, in connection with any action so taken.

Section 10.02. REMOVAL OF GRANTOR TRUSTEE FOR CAUSE.

(a) The Grantor Trustee may be removed pursuant to paragraph (b) hereof upon the occurrence of any of the following events (whatever the reason for such event 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):

- (1) the Grantor Trustee shall fail to distribute to the Owners entitled hereto on any Payment Date amounts available for distribution in accordance with the terms hereof; (provided, however, that any such failure which is due to circumstances beyond the control of the Grantor Trustee shall not be a cause for removal hereunder); or
- (2) the Grantor Trustee shall fail in the performance of, or breach, any covenant or agreement of the Grantor Trustee in this Agreement, or if any representation or warranty of the Grantor Trustee made in this Agreement or in any certificate or other writing delivered pursuant hereto or in connection herewith shall prove to be incorrect in any material respect as of the time when the same shall have been made, and such failure or breach shall continue or not be cured for a period of 30 days after there shall have been given, by registered or certified mail, to the Grantor Trustee by the Depositor, the Certificate Insurer or by the Owners of at least 25% of the aggregate Percentage Interests in the Trust Estate represented by the Certificates then Outstanding, a written notice specifying such failure or breach and requiring it to be remedied; or
- (3) a decree or order of a court or agency or supervisory authority having jurisdiction for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or

similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Grantor Trustee, and such decree or order shall have remained in force undischarged or unstayed for a period of 75 days; or

- (4) a conservator or receiver or liquidator or sequestrator or custodian of the property of the Grantor Trustee is appointed in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings of or relating to the Grantor Trustee or relating to all or substantially all of its property; or
- (5) the Grantor Trustee shall become insolvent (however insolvency is evidenced), generally fail to pay its debts as they come due, file or consent to the filing of a petition to take advantage of any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, voluntarily suspend payment of its obligations, or take corporate action for the purpose of any of the foregoing.

The Depositor shall give notice to the Certificate Insurer and the Rating Agencies of the occurrence of any such event of which the Depositor is aware.

(b) if any event described in paragraph (a) occurs and is continuing, then and in every such case (i) the Certificate Insurer or (ii) with the prior written consent (which shall not be unreasonably withheld) of the Certificate Insurer, the Depositor and the Owners of a majority of the Percentage Interests represented by the Offered Certificates or if there are no Offered Certificates then outstanding by such majority of the Percentage Interests represented by the Retained Certificates, may, whether or not the Grantor Trustee resigns pursuant to Section 10.09(b) hereof, immediately, concurrently with the giving of notice to the Grantor Trustee, and without delaying the 30 days required for notice therein, appoint a successor Grantor Trustee pursuant to the terms of Section 10.09 hereof.

(c) The Servicer shall not be liable for any costs relating to the removal of the Grantor Trustee or the appointment of a new Grantor Trustee.

#### Section 10.03 CERTAIN RIGHTS OF THE GRANTOR TRUSTEE.

Except as otherwise provided in Section 10.01 hereof:

(a) the Grantor Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or

presented by the proper party or parties;

(b) any request or direction of the Depositor, the Certificate Insurer or the Owners of any Class of Certificates mentioned herein shall be sufficiently evidenced in writing;

(c) whenever in the administration of this Agreement the Grantor Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Grantor 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 Grantor Trustee may consult with counsel, and the written advice of such counsel (selected in good faith by the Grantor Trustee) 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 reasonable reliance thereon;

(e) the Grantor Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Owners pursuant to this Agreement, unless such Owners shall have offered to the Grantor Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Grantor 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, bond, note or other paper or document, but the Grantor Trustee in its discretion may make such further inquiry or investigation into such facts or matters as it may see fit;

(g) the Grantor Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys or custodians;

(h) the Grantor Trustee shall not be liable for any action it takes or omits to take in good faith which it reasonably believes to be authorized by the Authorized Officer of any Person or within its rights or powers under this Agreement other than as to validity and sufficiency of its authentication of the Certificates;

(i) the right of the Grantor Trustee to perform any discretionary act enumerated in this Agreement shall not be construed as a duty, and the Grantor Trustee shall not be answerable for other than its negligence or willful misconduct in the performance of such act;

(j) pursuant to the terms of this Agreement, the Servicer is required to furnish to the Grantor Trustee from time to time certain information and to make various calculations which are relevant to the performance of the Grantor Trustee's duties under this Agreement. The Grantor Trustee shall be entitled to

rely in good faith on any such information and calculations in the performance of its duties hereunder, (i) unless and until an Authorized Officer of the Grantor Trustee has actual knowledge, or is advised by any Owner of a Certificate (either in writing or orally with prompt written or telecopies confirmation), that such information or calculations is or are incorrect, or (ii) unless there is a manifest error in any such information; and

(k) the Grantor Trustee shall not be required to give any bond or surety in respect of the execution of the Trust Estate created hereby or the powers granted hereunder.

#### Section 10.04 NOT RESPONSIBLE FOR RECITALS OR ISSUANCE OF CERTIFICATES.

The recitals and representations contained herein and in the Certificates, except any such recitals and representations relating to the Grantor Trustee, shall be taken as the statements of the Depositor and the Grantor Trustee assumes no responsibility for their correctness. The Grantor Trustee makes no representation as to the validity or sufficiency of this Agreement, of the Certificates, or the Trust Estate or document related thereto other than as to validity and sufficiency of its authentication of the Certificates. The Grantor Trustee shall not be accountable for the use or application by the Depositor of any of the Certificates or of the proceeds of such Certificates, or for the use or application of any funds paid to the Depositor, in respect of the Class A-2 Fixed Certificates deposited into or withdrawn from the Grantor Trust Account by the Servicer and shall have no responsibility for filing any financing or continuation statement in any public office at any time or otherwise to perfect or maintain the perfection of any security interest or lien or to prepare or file any tax returns or Securities and Exchange Commission filings for the Trust or to record this Agreement. The Grantor Trustee shall not be required to take notice or be deemed to have notice or knowledge of any default unless an Authorized Officer of the Grantor Trustee shall have received written notice thereof or an Authorized Officer has actual knowledge thereof. In the absence of receipt of such notice, the Grantor Trustee may conclusively assume that no default has occurred.

#### Section 10.05 MAY HOLD CERTIFICATES.

The Grantor Trustee, any Paying Agent, Registrar or any other agent of the Trust, in its individual or any other capacity, may become an Owner or pledgee of Certificates and may otherwise deal with the Trust with the same rights it would have if it were not Grantor Trustee, any Paying Agent, Registrar or such other agent.

#### Section 10.06 MONEY HELD IN TRUST.

Money held by the Grantor Trustee in trust hereunder need not be segregated from other trust funds except to the extent required herein or required by law, however such money shall be kept in a separate and segregated trust account in accordance with Section 7.02 hereof. The Grantor Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise

agreed with the Seller and except to the extent of income or other gain on investments which are deposits in or certificates of deposit of the Grantor Trustee in its commercial capacity.

Section 10.07 COMPENSATION AND REIMBURSEMENT; NO LIEN FOR FEES.

The Grantor Trustee shall receive compensation for fees and reimbursement for expenses pursuant to Section 2.05 and Section 7.06 hereof. The Grantor Trustee shall have no lien on the Trust Estate for the payment of such fees and expenses.

Section 10.08 CORPORATE GRANTOR TRUSTEE REQUIRED; ELIGIBILITY.

There shall at all times be a Grantor Trustee hereunder which shall be a corporation or association organized and doing business under the laws of the United States of America or of any State authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000 subject to supervision or examination by the United States of America, acceptable to the Certificate Insurer and having a deposit rating of at least A2 by Moody's (or such lower rating as may be acceptable to Moody's), and deposit rating of A- by Standard & Poor's (or such lower rating as may be acceptable to Standard & Poor's) and, if rated by Fitch, having a rating of at least A- from Fitch (or such lower rating as may be acceptable to Fitch). If such Grantor Trustee publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation or association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Grantor Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall, upon the request of ContiMortgage with the consent of the Certificate Insurer (which consent shall not be unreasonably withheld) or of the Certificate Insurer, resign immediately in the manner and with the effect hereinafter specified in this Article X.

Section 10.09 RESIGNATION AND REMOVAL; APPOINTMENT OF SUCCESSOR.

(a) No resignation or removal of the Grantor Trustee and no appointment of a successor Grantor Trustee pursuant to this Article X shall become effective until the acceptance of appointment by the successor Grantor Trustee under Section 10.10 hereof.

(b) The Grantor Trustee, or any Grantor Trustee or Grantor Trustees hereafter appointed, may resign at any time by giving written notice of resignation to the Depositor and by mailing notice of resignation by first-class mail, postage prepaid, to the Certificate Insurer and the Owners at their addresses appearing on the Register; provided, that the Grantor Trustee cannot resign solely for the failure to receive the Grantor Trustee Fee. A copy of such notice shall be sent by the resigning Grantor Trustee to the Rating Agencies. Upon receiving notice of resignation, the Depositor shall promptly appoint a successor Grantor Trustee or Grantor Trustees acceptable to the Certificate Insurer by written instrument, in duplicate, executed on behalf of the Trust by

an Authorized Officer of ContiMortgage, one copy of which instrument shall be delivered to the Grantor Trustee so resigning and one copy to the successor Grantor Trustee or Grantor Trustees. If no successor Grantor Trustee shall have been appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Grantor Trustee may petition any court of competent jurisdiction for the appointment of a successor Grantor Trustee, or any Owner may, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor Grantor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and appropriate, appoint a successor Grantor Trustee.

(c) If at any time the Grantor Trustee shall cease to be eligible under Section 10.08 hereof and shall fail to resign after written request therefor by the Depositor or the Certificate Insurer, the Certificate Insurer or the Depositor with the consent of the Certificate Insurer may remove the Grantor Trustee and appoint a successor Grantor Trustee acceptable to the Certificate Insurer by written instrument, in duplicate, executed on behalf of the Trust by an Authorized Officer of the Depositor, one copy of which instrument shall be delivered to the Grantor Trustee so removed and one copy to the successor Grantor Trustee.

(d) The Owners of a majority of the Percentage Interests represented by the Class A-2 Floating Certificates with the consent of the Certificate Insurer, may at any time remove the Grantor Trustee and appoint a successor Grantor Trustee acceptable to the Certificate Insurer by delivering to the Grantor Trustee to be removed, to the successor Grantor Trustee so appointed, to the Depositor, to the Certificate Insurer and to the Servicer copies of the record of the act taken by the Owners, as provided for in Section 11.03 hereof.

(e) If the Grantor Trustee fails to perform its duties in accordance with the terms of this Agreement, or becomes ineligible pursuant to Section 10.08 to serve as Grantor Trustee, the Certificate Insurer may remove the Grantor Trustee and appoint a successor Grantor Trustee by written instrument, in triplicate, signed by the Certificate Insurer duly authorized, one complete set of which instruments shall be delivered to the Depositor, one complete set to the Grantor Trustee so removed and one complete set to the successor Grantor Trustee so appointed.

(f) If the Grantor Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Grantor Trustee for any cause, ContiMortgage shall promptly appoint a successor Grantor Trustee acceptable to the Certificate Insurer. If within one year after such resignation, removal or incapability or the occurrence of such vacancy, a successor Grantor Trustee shall be appointed by act of the Certificate Insurer or the Owners of a majority of the Percentage Interests represented by the Certificates then Outstanding with the consent of the Certificate Insurer, the successor Grantor Trustee so appointed shall forthwith upon its acceptance of such appointment become the successor Grantor Trustee and supersede the successor Grantor Trustee appointed by the Depositor. If no successor Grantor Trustee shall have been so appointed by the Depositor or the Owners and shall have accepted appointment in the manner hereinafter provided, any Owner may, on

behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Grantor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Grantor Trustee.

(g) The Depositor shall give notice of any removal of the Grantor Trustee by mailing notice of such event by first-class mail, postage prepaid, to the Certificate Insurer, the Rating Agencies and to the Owners as their names and addresses appear in the Register. Each notice shall include the name of the successor Grantor Trustee and the address of its corporate trust office.

#### Section 10.10 ACCEPTANCE OF APPOINTMENT BY SUCCESSOR GRANTOR TRUSTEE.

Every successor Grantor Trustee appointed hereunder shall execute, acknowledge and deliver to the Depositor on behalf of the Trust and to its predecessor Grantor Trustee an instrument accepting such appointment hereunder and stating its eligibility to serve as Grantor Trustee hereunder, and thereupon the resignation or removal of the predecessor Grantor Trustee shall become effective and such successor Grantor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor hereunder; but, on request of the Depositor or the successor Grantor Trustee, such predecessor Grantor Trustee shall, upon payment of its charges then unpaid, execute and deliver an instrument transferring to such successor Grantor Trustee all of the rights, powers and trusts of the Grantor Trustee so ceasing to act, and shall duly assign, transfer and deliver to such successor Grantor Trustee all property and money held by such Grantor Trustee so ceasing to act hereunder. Upon request of any such successor Grantor Trustee, the Depositor on behalf of the Trust shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Grantor Trustee all such rights, powers and trusts.

Upon acceptance of appointment by a successor Grantor Trustee as provided in this Section, the Depositor shall mail notice thereof by first-class mail, postage prepaid, to the Owners at their last addresses appearing upon the Register. The Depositor shall send a copy of such notice to the Rating Agencies. If the Depositor fails to mail such notice within ten days after acceptance of appointment by the successor Grantor Trustee, the successor Grantor Trustee shall cause such notice to be mailed at the expense of the Trust.

No successor Grantor Trustee shall accept its appointment unless at the time of such acceptance such successor shall be qualified and eligible under this Article X.

#### Section 10.11 MERGER, CONVERSION, CONSOLIDATION OR SUCCESSION TO BUSINESS OF THE GRANTOR TRUSTEE.

Any corporation or association into which the Grantor Trustee may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Grantor Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Grantor

Trustee, shall be the successor of the Grantor Trustee hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto; provided, however, that such corporation or association shall be otherwise qualified and eligible under this Article X. In case any Certificates have been executed, but not delivered, by the Grantor Trustee then in office, any successor by merger, conversion or consolidation to such Grantor Trustee may adopt such execution and deliver the Certificates so executed with the same effect as if such successor Grantor Trustee had itself executed such Certificates.

#### Section 10.12 TAX RETURNS AND REPORTS.

(a) The Grantor Trustee, upon request, will furnish the Servicer with all such information as may be reasonably required in connection with the Servicer's preparation of all Tax Returns of the Trust and, upon request within five (5) Business Days after its receipt thereof, shall (i) sign on behalf of the Trust any Tax Return that the Grantor Trustee is required to sign pursuant to applicable federal, state or local tax laws, and (ii) cause such Tax Return to have been returned to the Servicer for filing.

(b) The Servicer shall prepare and file or cause to be filed with the Internal Revenue Service Federal tax information returns with respect to the Trust and the Certificates containing such information and at the times and in the manner as may be required by the Code or applicable Treasury regulations, and shall furnish to each Owner of Certificates at any time during the calendar year for which such returns or reports are made such statements or information at the times and in the manner as may be required thereby. The Grantor Trustee shall sign all tax information returns filed pursuant to this Section and any other returns as may be required by the Code, and in doing so shall rely entirely upon, and shall have no liability for information provided by, or calculations provided by, the Servicer.

#### Section 10.13 LIABILITY OF THE GRANTOR TRUSTEE.

The Grantor Trustee shall be liable in accordance herewith only to the extent of the obligations specifically imposed upon and undertaken by the Grantor Trustee herein. Neither the Grantor Trustee nor any of the directors, officers, employees or agents of the Grantor Trustee shall be under any liability on any Certificate or otherwise to the Depositor, the Servicer, the Certificate Insurer or any Owner for any action taken or for refraining from the taking of any action in good faith pursuant to this Agreement, or for errors in judgment; provided, however, that this provision shall not protect the Grantor Trustee, its directors, officers, employees or agents or any such Person against any liability which would otherwise be imposed by reason of negligent action, negligent failure to act or willful misconduct in the performance of duties or by reason of reckless disregard of obligations and duties hereunder. Subject to the foregoing sentence, the Grantor Trustee shall not be liable for losses on investments of amounts in the Certificate Account (except for any losses on obligations on which the bank serving as Grantor Trustee is the obligor). In addition, the Depositor and Servicer covenant and agree to indemnify the Grantor Trustee, and when the Grantor Trustee is acting as Servicer, the Servicer, from,

and hold it harmless against, any and all losses, liabilities, damages, claims or expenses (including legal fees and expenses) of whatsoever kind arising out of or in connection with the performance of its duties hereunder other than those resulting from the negligence or bad faith of the Grantor Trustee, and the Depositor shall pay all amounts not otherwise paid pursuant to Sections 2.05 and 7.06 hereof. The Grantor Trustee and any director, officer, employee or agent of the Grantor Trustee may rely and shall be protected in acting or refraining from acting in good faith on any certificate, notice or other document of any kind prima facie properly executed and submitted by the Authorized Officer of any Person respecting any matters arising hereunder. The provisions of this Section 10.13 shall survive the termination of this Agreement and the payment of the outstanding Certificates.

#### Section 10.14 APPOINTMENT OF CO-GRANTOR TRUSTEE OR SEPARATE GRANTOR TRUSTEE.

Notwithstanding any other provisions of this Agreement, at any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate or Property may at the time be located, the Servicer and the Grantor Trustee acting jointly shall have the power and shall execute and deliver all instruments to appoint one or more Persons approved by the Grantor Trustee and reasonably acceptable to the Certificate Insurer to act as co-Grantor Trustee or co-Grantor Trustees, jointly with the Grantor Trustee, of all or any part of the Trust Estate or separate Grantor Trustee or separate Grantor Trustees of any part of the Trust Estate, and to vest in such Person or Persons, in such capacity and for the benefit of the Owners, such title to the Trust Estate, or any part thereof, and, subject to the other provisions of this Section 10.14, such powers, duties, obligations, rights and trusts as the Servicer and the Grantor Trustee may consider necessary or desirable. If the Servicer shall not have joined in such appointment within 15 days after the receipt by it of a request so to do, or in the case any event indicated in Section 8.20(a) shall have occurred and be continuing, the Grantor Trustee subject to reasonable approval of the Certificate Insurer alone shall have the power to make such appointment. No co-Grantor Trustee or separate Grantor Trustee hereunder shall be required to meet the terms of eligibility as a successor Grantor Trustee under Section 10.08 and no notice to Owners of the appointment of any co-Grantor Trustee or separate Grantor Trustee shall be required under Section 10.09.

Every separate Grantor Trustee and co-Grantor Trustee shall, to the extent permitted, be appointed and act subject to the following provisions and conditions:

- (i) All rights, powers, duties and obligations conferred or imposed upon the Grantor Trustee shall be conferred or imposed upon and exercised or performed by the Grantor Trustee and such separate Grantor Trustee or co-Grantor Trustee jointly (it being understood that such separate Grantor Trustee or co-Grantor Trustee is not authorized to act separately without the Grantor Trustee joining in such act),

except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed (whether as Grantor Trustee hereunder or as successor to the Servicer hereunder), the Grantor Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Trust Estate or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate Grantor Trustee or co- Grantor Trustee, but solely at the direction of the Grantor Trustee;

- (ii) No co-Grantor Trustee hereunder shall be held personally liable by reason of any act or omission of any other co-Grantor Trustee hereunder; and
- (iii) The Servicer, the Certificate Insurer and the Grantor Trustee acting jointly may at any time accept the resignation of or remove any separate Grantor Trustee or co-Grantor Trustee.

Any notice, request or other writing given to the Grantor Trustee shall be deemed to have been given to each of the then separate Grantor Trustees and co-Grantor Trustees, as effectively as if given to each of them. Every instrument appointing any separate Grantor Trustee or co-Grantor Trustee shall refer to this Agreement and the conditions of this Section 10.14. Each separate Grantor Trustee and co-Grantor Trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Grantor Trustee or separately, as may be provided therein, subject to all the provisions of this Agreement, specifically including every provision of this Agreement relating to the conduct of, affecting the liability of, or affording protection to, the Grantor Trustee. Every such instrument shall be filed with the Grantor Trustee and a copy thereof given to the Servicer.

Any separate Grantor Trustee or co-Grantor Trustee may, at any time, constitute the Grantor Trustee, its agent or attorney-in-fact, with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Agreement on its behalf and in its name. If any separate Grantor Trustee or co- Grantor Trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Grantor Trustee, to the extent permitted by law, without the appointment of a new or successor Grantor Trustee.

END OF ARTICLE X

ARTICLE XI

MISCELLANEOUS

## Section 11.01 COMPLIANCE CERTIFICATES AND OPINIONS.

Upon any application or request by the Depositor, the Certificate Insurer or the Owners to the Grantor Trustee to take any action under any provision of this Agreement, the Depositor, the Certificate Insurer or the Owners, as the case may be, shall furnish to the Grantor Trustee a certificate stating that all conditions precedent, if any, provided for in this Agreement relating to the proposed action have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Agreement relating to such particular application or request, no additional certificate need be furnished.

Except as otherwise specifically provided herein, each certificate or opinion with respect to compliance with a condition or covenant provided for in this Agreement (including one furnished pursuant to specific requirements of this Agreement relating to a particular application or request) shall include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) 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; and

(c) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

## Section 11.02 FORM OF DOCUMENTS DELIVERED TO THE GRANTOR 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 Grantor Trustee may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such Authorized 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 or opinion of an Authorized Officer of the Grantor Trustee or any opinion of counsel may be based, insofar as it relates to factual matters upon a certificate or opinion of, or representations by, one or more Authorized Officers of the Depositor, or the Servicer, stating that the information with respect to such factual matters is in the possession of the Depositor or the Servicer, unless such Authorized Officer or 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. Any opinion of counsel may also be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an Authorized Officer of the Grantor Trustee, stating that the information with respect to such matters is in the possession of the Grantor Trustee, 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. Any opinion of counsel may be based on the written opinion of other counsel, in which event such opinion of counsel shall be accompanied by a copy of such other counsel's opinion and shall include a statement to the effect that such counsel believes that such counsel and the Grantor Trustee may reasonably rely upon the opinion of such other counsel.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Agreement, they may, but need not, be consolidated and form one instrument.

#### Section 11.03 ACTS OF OWNERS.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Agreement to be given or taken by the Owners may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Owners in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Grantor Trustee. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "act" of the Owners 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 Agreement and conclusive in favor of the Grantor Trustee and the Trust, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.

(c) The ownership of Certificates shall be proved by the Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Owner of any Certificate shall bind the Owner of every Certificate issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Grantor Trustee or the Trust in reliance thereon, whether or not notation of such action is made upon such Certificates.

Section 11.04 NOTICES, ETC. TO GRANTOR TRUSTEE.

Any request, demand, authorization, direction, notice, consent, waiver or act of the Owners or other documents provided or permitted by this Agreement to be made upon, given or furnished to, or filed with the Grantor Trustee by any Owner, the Depositor or the Certificate Insurer shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with and received by the Grantor Trustee at the Corporate Trust Office.

Section 11.05 NOTICES AND REPORTS TO OWNERS; WAIVER OF NOTICES.

Where this Agreement provides for notice to Owners of any event or the mailing of any report to Owners, such notice or report shall be sufficiently given (unless otherwise herein expressly provided) if mailed, first-class postage prepaid, to each Owner affected by such event or to whom such report is required to be mailed, at the address of such Owner as it appears on the Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice or the mailing of such report. In any case where a notice or report to Owners is mailed in the manner provided above, neither the failure to mail such notice or report nor any defect in any notice or report so mailed to any particular Owner shall affect the sufficiency of such notice or report with respect to other Owners, and any notice or report which is mailed in the manner herein provided shall be conclusively presumed to have been duly given or provided. Notwithstanding the foregoing, if the Servicer is removed or resigns or the Trust is terminated, notice of any such events shall be made by overnight courier, registered mail or telecopy followed by a telephone call.

Where this Agreement 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 Owners shall be filed with the Grantor Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to Owners when such notice is required to be given pursuant to any provision of this Agreement, then any manner of giving such notice as shall be satisfactory to the Grantor Trustee shall be deemed to be a sufficient giving of such notice.

Where this Agreement provides for notice to any rating agency that rated any Certificates, failure to give such notice shall not affect any other rights or obligations created hereunder.

Section 11.06. RULES BY GRANTOR TRUSTEE.

The Grantor Trustee may make reasonable rules for any meeting of Owners.

Section 11.07. SUCCESSORS AND ASSIGNS.

All covenants and agreements in this Agreement by any party hereto shall bind its successors and assigns, whether so expressed or not.

Section 11.08 SEVERABILITY.

In case any provision in this Agreement or in the Certificates shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11.09 BENEFITS OF AGREEMENT.

Nothing in this Agreement or in the Certificates, expressed or implied, shall give to any Person, other than the Owners, the Certificate Insurer and the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Section 11.10 LEGAL HOLIDAYS.

In any case where the date of any Payment Date, any other date on which any distribution to any Owner is proposed to be paid, or any date on which a notice is required to be sent to any Person pursuant to the terms of this Agreement shall not be a Business Day, then (notwithstanding any other provision of the Certificates or this Agreement) payment or mailing need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made or mailed on the nominal date of any such Payment Date, or such other date for the payment of any distribution to any Owner or the mailing of such notice, as the case may be, and no interest shall accrue for the period from and after any such nominal date, provided such payment is made in full on such next succeeding Business Day.

Section 11.11 GOVERNING LAW; SUBMISSION TO JURISDICTION.

(a) In view of the fact that Owners are expected to reside in many states and outside the United States and the desire to establish with certainty that this Agreement will be governed by and construed and interpreted in accordance with the law of a state having a well-developed body of commercial and financial law relevant to transactions of the type contemplated herein, this Agreement and each Certificate shall be construed in accordance with and governed by the laws of the State of New York applicable to agreements made and to be performed therein, without giving effect to the conflicts of law principles thereof.

(b) The parties hereto hereby irrevocably submit to the jurisdiction of the United States District Court for the Southern District of New York and any court in the State of New York located in the City and County of New York, and any appellate court from any thereof, in any action, suit or proceeding brought against it or in connection with this Agreement or any of the related documents or the transactions contemplated hereunder or for recognition or

enforcement of any judgment, and the parties hereto hereby irrevocably and unconditionally agree that all claims in respect of any such action or proceeding may be heard or determined in such New York State court or, to the extent permitted by law, in such federal court. The parties hereto agree that a final judgment in any such action, suit 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. To the extent permitted by applicable law, the parties hereto hereby waive and agree not to assert by way of motion, as a defense or otherwise in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such courts, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that the related documents or the subject matter thereof may not be litigated in or by such courts.

(c) Each of the Depositor and the Servicer hereby irrevocably appoints and designates the Grantor Trustee as its true and lawful attorney and duly authorized agent for acceptance of service of legal process with respect to any action, suit or proceeding set forth in paragraph (b) hereof. The Servicer agrees that service of such process upon the Grantor Trustee shall constitute personal service of such process upon it.

(d) Nothing contained in this Agreement shall limit or affect the right of the Depositor, the Certificate Insurer or the Servicer or any third-party beneficiary hereunder, as the case may be, to serve process in any other manner permitted by law or to start legal proceedings relating to the Class A-2 Floating Certificate in the courts of any jurisdiction.

#### Section 11.12 COUNTERPARTS.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

#### Section 11.13 USURY.

The amount of interest payable or paid on any Certificate under the terms of this Agreement shall be limited to an amount which shall not exceed the maximum nonusurious rate of interest allowed by the applicable laws of the State of New York or any applicable law of the United States permitting a higher maximum nonusurious rate that preempts such applicable New York laws, which could lawfully be contracted for, charged or received (the "Highest Lawful Rate"). In the event any payment of interest on any Certificate exceeds the Highest Lawful Rate, the Trust stipulates that such excess amount will be deemed to have been paid to the Owner of such Certificate as a result of an error on the part of the Grantor Trustee acting on behalf of the Trust and the Owner receiving such excess payment shall promptly, upon discovery of such error or upon notice thereof from the Grantor Trustee on behalf of the Trust, refund the amount of such excess or, at the option of such Owner, apply the excess to the payment of principal of such Certificate, if any, remaining unpaid. In addition, all sums paid or agreed to be paid to the Grantor Trustee for the benefit of Owners of Certificates for the use, forbearance or detention of money shall, to

the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such Certificates.

#### Section 11.14 AMENDMENT.

(a) The Grantor Trustee, the Depositor, and the Servicer may, at any time and from time to time, and without notice to or the consent of the Owners but with the consent of the Certificate Insurer amend this Agreement, subject to the provisions of Section 11.17 and the Grantor Trustee shall consent to such amendment, for the purpose of (i) curing any ambiguity, correcting or supplementing any provision hereof which may be inconsistent with any other provision hereof, or adding provisions hereto which are not inconsistent with the provisions hereof; (ii) upon receipt of an opinion of counsel experienced in federal income tax matters to the effect that no entity-level tax will be imposed on the Trust, removing the restriction on transfer set forth in Section 5.08(b) hereof or (iii) complying with the requirements of the Code and the regulations proposed or promulgated thereunder or (iv) for any other purpose, provided that in the case of this clause (iv) such amendment shall not adversely affect in any material respect any Owner. Any such amendment shall be deemed not to adversely affect in any material respect any Owner if there is delivered to the Grantor Trustee written notification from each Rating Agency that such amendment will not cause such Rating Agency to reduce its then current rating assigned to the Certificates without regard to the Certificate Insurance Policy. Notwithstanding anything to the contrary herein, no such amendment shall (a) change in any manner the amount of, or change the timing of, payments which are required to be distributed to any Owner without the consent of the Owner of such Certificate, or (b) which affects in any manner the terms or provisions of the Certificate Insurance Policy.

(b) Promptly after the execution of any such amendment, the Grantor Trustee shall furnish written notification of the substance of such amendment to the Certificate Insurer and each Owner in the manner set forth in Section 11.05, and to the Rating Agencies.

(c) The Rating Agencies shall be provided with copies of any amendments to this Agreement, together with copies of any opinions or other documents or instruments executed in connection therewith.

#### Section 11.15 PAYING AGENT; APPOINTMENT AND ACCEPTANCE OF DUTIES.

The Grantor Trustee is hereby appointed Paying Agent. The Depositor may, subject to the eligibility requirements for the Grantor Trustee set forth in Section 10.08 hereof, appoint one or more other Paying Agents or successor Paying Agents.

Each Paying Agent, immediately upon such appointment, shall signify its acceptance of the duties and obligations imposed upon it by this Agreement by written instrument of acceptance deposited with the Grantor Trustee.

Each such Paying Agent other than the Grantor Trustee shall execute and deliver to the Grantor Trustee an instrument in which such Paying Agent

shall agree with the Grantor Trustee, subject to the provisions of Section 6.02, that such Paying Agent will:

(a) allocate all sums received for distribution to the Owners of Certificates of each Class for which it is acting as Paying Agent on each Payment Date among such Owners in the proportion specified by the Grantor Trustee; and

(b) hold all sums held by it for the distribution of amounts due with respect to the Certificates in trust for the benefit of the Owners entitled thereto until such sums shall be paid to such Owners or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided.

Any Paying Agent other than the Grantor Trustee may at any time resign and be discharged of the duties and obligations created by this Agreement by giving at least sixty (60) days written notice to the Grantor Trustee. Any such Paying Agent may be removed at any time by an instrument filed with such Paying Agent and signed by the Grantor Trustee.

In the event of the resignation or removal of any Paying Agent other than the Grantor Trustee such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Grantor Trustee.

Upon the appointment, removal or notice of resignation of any Paying Agent, the Grantor Trustee shall notify the Certificate Insurer and the Owners by mailing notice thereof at their addresses appearing on the Register.

Section 11.16 [RESERVED]

Section 11.17 ADDITIONAL LIMITATION ON ACTION AND IMPOSITION OF TAX.

Any provision of this Agreement to the contrary notwithstanding, the Grantor Trustee shall not, without having obtained an opinion of counsel experienced in federal income tax matters acceptable to the Certificate Insurer to the effect that such transaction does not result in a tax imposed on the Trust (i) sell any assets in the Trust Estate, (ii) accept any contribution of assets after the Startup Day or (iii) agree to any modification of this Agreement.

Section 11.18 [RESERVED]

Section 11.19 THE CERTIFICATE INSURER.

Any right conferred to the Certificate Insurer hereunder shall be suspended and shall run to the benefit of the Owners during any period in which the Certificate Insurer is in default in its payment obligations under the Certificate Insurance Policy. At such time as the Certificates and any Reimbursement Amounts are no longer Outstanding hereunder, the Certificate Insurer's rights hereunder shall terminate.

Section 11.20. [RESERVED]

Section 11.21. THIRD PARTY RIGHTS.

The Grantor Trustee, the Depositor and the Owners agree that the Certificate Insurer shall be deemed a third-party beneficiary of this Agreement as if it were a party hereto.

Section 11.22. NOTICES.

All notices hereunder shall be given as follows, until any superseding instructions are given to all other Persons listed below:

The Grantor Trustee: Manufacturers and Traders Trust Company One M&T Plaza Buffalo, New York 14203-2399 Tel: (716) 842-5589 Fax: (716) 842-4474 Attention: Corporate Trust Administration

The Depositor: ContiSecurities Asset Funding Corp.  
277 Park Avenue, 38th Floor  
New York, New York 10172  
Attention: Chief Counsel  
Tel: (212) 207-2822  
Fax: (212) 207-5251

The Servicer: ContiMortgage Corporation  
One Conti Park  
338 South Warminster Road  
Hatboro, Pennsylvania 19040-3430  
Attention: Senior Vice President  
and Chief Counsel  
Tel: (215) 347-3000  
Fax:

The Certificate Insurer: MBIA Insurance Corporation  
113 King St.  
Armonk, NY 10504  
Attention: Insured Portfolio  
Management - SF (ContiMortgage  
Grantor Trust 1997-A)  
Tel: (914) 273-4545  
Fax: (914) 765-3810

Moody's: Moody's Investors Service  
99 Church Street  
New York, New York 10007  
Attention: The Home Equity  
Monitoring Department  
Tel: (212) 553-0300  
Fax: (212) 553-4773

Fitch:

Fitch IBCA, Inc.  
One State Street Plaza  
New York, New York 10004  
Tel: (800) 753-4824  
Fax: (212) 376-6964

Standard & Poor's:

Standard & Poor's  
26 Broadway, 15th Floor  
New York, New York 10004  
Tel: (212) 208-8000  
Fax: (212) 412-0224  
Attention: Manager of Structured  
Finance Operations Group

Underwriters:

Greenwich Capital Markets, Inc.  
600 Steamboat Rd.  
Greenwich, CT 06830  
Tel: (203) 622-5693  
Fax: (203) 622-3650

Bear, Stearns & Co.  
245 Park Avenue, 4th Floor  
New York, New York 10167  
Tel: (212) 272-3311  
Fax: (212) 272-7294

ContiFinancial Services Corporation  
277 Park Avenue, 38th Floor  
New York, New York 10172  
Attention: Chief Counsel, Chief  
Financial Officer and Chief  
Operating Officer  
Tel: (212) 207-2822  
Fax: (212) 207-5251

Credit Suisse First Boston  
11 Madison Avenue  
New York, New York 10010  
Attention: Asset Finance  
Tel: (212) 325-2000  
Fax: (212) 325-8261

Merrill Lynch, Pierce, Fenner &  
Smith, Inc.  
26th Floor  
World Financial Center, North Tower  
New York, New York 10281-1326  
Tel: (212) 449-1000  
Fax: (212) 449-9015

Morgan Stanley Dean Witter

1585 Broadway  
New York, New York 10036  
Tel: (212) 761-4000  
Fax: (212) 761-0782

Nomura Securities International, Inc.  
2 World Financial Center Building B  
21st Floor  
New York, New York 10281-1198  
Tel: (212) 667-9087  
Fax: (212) 667-1391  
Attention: Helaine Hebble

Owners: As set forth in the Register.

Others: Any notice to the Depositor or the  
Servicer shall also be furnished  
to:

ContiTrade Services L.L.C.  
Chief Counsel  
277 Park Avenue, 38th Floor  
New York, New York 10172  
Tel: (212) 207-2822  
Fax: (212) 207-5251

END OF ARTICLE XI

IN WITNESS WHEREOF, the Depositor, the Seller, the Servicer and the  
Grantor Trustee have caused this Agreement to be duly executed by their  
respective officers thereunto duly authorized, all as of the day and year first  
above written.

CONTISECURITIES ASSET FUNDING CORP.,  
as Depositor

By: /s/ John A. Banu  
Title: Authorized Signatory

By: /s/ Mary E. Brogdan  
Title: Authorized Signatory

CONTIMORTGAGE CORPORATION, as  
Servicer

By: /s/ Daniel J. Egan  
Title: Senior Vice President

By: /s/ Jerry Schiano  
Title: Senior Vice President

MANUFACTURERS AND TRADERS TRUST  
COMPANY, as Grantor Trustee

By: /s/ Neil B. Witoff  
Title: Assistant Vice President

STATE OF NEW YORK )  
 ) : ss.:  
COUNTY OF NEW YORK )

On the 23rd day of December 1997, before me personally came John A. Banu, to me known, who, being by me duly sworn, did depose and say that he/she resides at 277 Park Avenue, NY, NY; that he/she is an Authorized Signatory of ContiSecurities Asset Funding Corp., a Delaware Corporation; and that he/she signed his/her name thereto by order of the respective Boards of Directors of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

NOTARIAL SEAL

STATE OF NEW YORK )  
 ) : ss.:  
COUNTY OF NEW YORK )

On the 23rd day of December 1997, before me personally came Mary Bogdan, to me known, who, being by me duly sworn, did depose and say that he/she resides at 277 Park Ave NY, NY; that he/she is a Authorized Signatory of ContiSecurities Asset Funding Corp., a Delaware Corporation; and that he/she signed his/her name thereto by order of the respective Boards of Directors of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and a affixed my official seal the day and year in this certificate first above written.

NOTARIAL SEAL

STATE OF PENNSYLVANIA )  
 ) : ss  
COUNTY OF MONTGOMERY )

