

SECURITIES AND EXCHANGE COMMISSION

FORM 8-A12B

Form for the registration/listing of a class of securities on a national securities exchange pursuant to
Section 12(b)

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FILER

LOMAS FINANCIAL CORP

CIK: **60150** | IRS No.: **751043392** | State of Incorporation: **DE** | Fiscal Year End: **0630**
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-A

FOR REGISTRATION OF CERTAIN CLASSES
OF SECURITIES PURSUANT TO SECTION
12(b) OR 12(g) OF THE
SECURITIES EXCHANGE ACT OF 1934

Lomas Financial Corporation
(Exact name of registrant as specified in its charter)

Delaware ----- (State of incorporation or organization)	75-1043392 ----- (I.R.S. employer identification no.)
1600 Viceroy Drive Dallas, Texas ----- (Address of principal executive office)	75235 ----- (Zip Code)

Securities to be registered pursuant to Section 12(b) of the Act:

Title of each class to be registered -----	Name of each exchange on which each class is to be registered -----
9% Senior Convertible Notes Due 2003	New York Stock Exchange, Inc.

Securities to be registered pursuant to Section 12(g) of the Act:

None

Item 1. Description of Registrant's Securities to be Registered.

9% Senior Convertible Notes Due 2003

The following discussion summarizes certain provisions of the 9% Senior Convertible Notes Due 2003 (the "Lomas Senior Convertible Notes") issued by Lomas Financial Corporation, a Delaware Corporation ("Lomas"). The following summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, all the provisions of the Indenture dated as November 1, 1991 (the "Lomas Senior Convertible Note Indenture") under which such securities are issued, which is attached as Exhibit 1 to this registration statement and which is incorporated herein by reference. Capitalized terms used herein and not defined herein shall have the meanings set forth in the Lomas Senior Convertible Note Indenture.

The Lomas Senior Convertible Notes are issued pursuant to the Lomas Senior Convertible Note Indenture between Lomas and Texas Commerce Bank National Association (the "Lomas Senior Convertible Note Trustee"), as trustee. An aggregate of \$140,000,000 in principal amount of the Lomas Senior Convertible Notes were initially issued to creditors and claimants of Lomas on or about January 31, 1992, pursuant to Lomas' Plan of Reorganization in connection with Lomas' recent reorganization under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code").

The Lomas Senior Convertible Notes are issued only in registered form, without coupons, in denominations of \$1,000 and any integral multiple of \$1,000. The principal of, premium, if any, and interest on the Lomas Senior Convertible Notes are payable at the office of the Lomas Senior Convertible Note Trustee in New York, New York or at other offices or agencies maintained for that purpose. At the option of Lomas, payment of interest may be made by check mailed to the address of the person entitled thereto as shown on the register.

Registration of Lomas Senior Convertible Notes will be transferable at an office or agency of the registrar, upon surrender of such Lomas Senior Convertible Notes duly endorsed or accompanied by a written instrument of transfer in form satisfactory to Lomas duly executed by the holder thereof or his attorney duly authorized in writing. No service charge will be made for any such registration of transfer or exchange, but Lomas may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. The registrar will not be required to exchange or register transfers of Lomas Senior Convertible Notes or portions thereof called for redemption.

Lomas has appointed the corporate trust office of the Lomas Senior Convertible Note Trustee in New York, New York as paying

agent and registrar and as the office at which Lomas Senior Convertible Notes may be presented and surrendered. So long as any of the Lomas Senior Convertible Notes remain outstanding, however, Lomas is required to maintain offices or agencies where Lomas Senior Convertible Notes may be presented for payment and transfer.

Certain Terms of the Lomas Senior Convertible Notes

The Lomas Senior Convertible Notes are unsecured obligations of Lomas and limited to \$140.0 million in aggregate principal amount. The Lomas Senior Convertible Notes will mature on October 31, 2003.

Interest. The Lomas Senior Convertible Notes bear interest from November 1, 1991, at 9 percent per annum. Interest is payable semi-annually on April 30 and October 31 in each year to holders of record at the close of business on April 15 or October 15, as the case may be. Lomas is required to pay interest on overdue principal and, to the extent permitted by law, overdue interest at the rate borne by the Lomas Senior Convertible Notes.

Optional Redemption. The Lomas Senior Convertible Notes may be redeemed in whole or in part at the option of Lomas, subject to the limitations set forth in the Lomas Senior Convertible Note Indenture, at any time, at the following redemption prices expressed as a percentage of the principal amount plus accrued interest to the date fixed for redemption:

If redeemed during the 12-month period beginning October 31,

Year	Percentage
----	-----
1994.	106.3%
1995.	105.4%
1996.	104.5%
1997.	103.6%
1998.	102.7%
1999.	101.8%
2000.	100.9%

The redemption price shall be 100 percent if redeemed on or after October 31, 2001.

From and after notice has been given as provided in the Lomas Senior Convertible Note Indenture, if funds for the redemption of any Lomas Senior Convertible Notes called for redemption shall have been made available on such redemption date, such Lomas Senior Convertible Notes will cease to bear interest and the only right of the holders will be to receive payment of the redemption price and all interest unpaid to the date fixed for such redemption specified in such notice.

Notice of any optional redemption of any Lomas Senior Convertible Notes will be given to holders at their addresses, as shown in the register, not more than 60 nor less than 30 days prior to the date fixed for redemption. The notice of redemption will specify, among other items, the date fixed for redemption, and the principal amount of Lomas Senior Convertible Notes held by a holder to be redeemed.

Sinking Fund. The Lomas Senior Convertible Note Indenture requires Lomas to provide through the operation of a mandatory sinking fund for the retirement, on October 31 in each of the years 1997 to and including 2002, of \$10.0 million principal amount of Lomas Senior Convertible Notes at a redemption price equal to the principal amount of the Lomas Senior Convertible Notes so retired with accrued interest to the date of redemption. Lomas may, at its option, receive credit against mandatory sinking fund payments for an amount not in excess of the sum of the principal amount of Lomas Senior Convertible Notes acquired (including converted Lomas Senior Convertible Notes, Lomas Senior Convertible Notes delivered in connection with the exercise of warrants ("Warrants") to purchase common stock, par value \$1.00 per share, of Lomas (the "Common Stock") and Lomas Senior Convertible Notes redeemed by Lomas pursuant to the provisions described below under "Event Risk/Asset Sale Puts") or redeemed by Lomas otherwise than through the operation of the sinking fund. The amount of any sinking fund payment in any year shall automatically be reduced by an amount equal to the aggregate principal amount of any Lomas Senior Convertible Notes called for redemption through operation of the sinking fund and converted into Common Stock on or before the sinking fund redemption date. No sinking fund redemption need be made in any year if the cash in the sinking fund shall not exceed \$50,000. All or any part of the cash in the sinking fund not required by the Lomas Senior Convertible Note Trustee for the redemption of Lomas Senior Convertible Notes through the operation of the sinking fund shall be retained in the sinking fund to be added to the next cash sinking fund payment and applied to the redemption of Lomas Senior Convertible Notes. Monies in the sinking fund may not be used to redeem Lomas Senior Convertible Notes during the continuance of certain defaults under the Lomas Senior Convertible Note Indenture. Lomas Senior Convertible Notes to be redeemed pursuant to the operation of the sinking fund shall be selected by the Lomas Senior Convertible Note Trustee by lot.

Event Risk/Asset Sale Puts. In the event that a Redemption Event (defined as a Designated Event combined with a Rating Decline) or an Asset Sale Event, or both, shall have occurred, then subject to the terms and conditions of Article Thirteen of the Lomas Senior Convertible Note Indenture, each holder of a Lomas Senior Convertible Note ("Security Holder") shall have the right, at the Security Holder's option, to require Lomas to redeem all or

any portion of the principle amount thereof that is an integral multiple of \$1,000 of the Security Holder's securities for cash at a redemption price of 101% of the principal amount together in each case with accrued interest thereon to the Redemption Date; provided that, in the case of an Asset Sale Event, (i) the aggregate amount of funds applied by Lomas to redeem the Lomas Senior Convertible Notes pursuant to Article Thirteen of the Lomas Senior Convertible Note Indenture shall not exceed the aggregate cash proceeds of such Asset Sale Event less, in the case of an Asset Sale Event with respect to Lomas Information Systems, a wholly-owned subsidiary of Lomas ("LIS"), any amount that Lomas is required to reinvest in LIS pursuant to the agreements governing or related to such Asset Sale Event and (ii) in the event that Lomas receives elections to require Lomas to redeem the Lomas Senior Convertible Notes at an aggregate redemption price in excess of the aggregate amount of funds to be applied by Lomas to redeem the Lomas Senior Convertible Notes in accordance with clause (i), Lomas will redeem a ratable principal amount of each electing Security Holder's Lomas Senior Convertible Notes.

The "Redemption Date" shall be the sixty-fifth day after the date on which a Redemption Event or Asset Sale Event shall have occurred.

Conversion of Lomas Senior Convertible Notes. The holders of the Lomas Senior Convertible Notes will be entitled at any time until and including, but not after the close of business on October 31, 2003, subject to prior redemption, to convert the Lomas Senior Convertible Notes or portions thereof (which are in integral multiples of \$1,000 principal amount) into Common Stock, at the conversion price of \$17.50 per share, subject to adjustment in the manner set forth below. Except as described below, no adjustment will be made on conversion of any Lomas Senior Convertible Notes for interest accrued thereon or for dividends or distributions on any Common Stock issued upon conversion of any Lomas Senior Convertible Notes. If any Lomas Senior Convertible Note (other than a Lomas Senior Convertible Note called for redemption) is converted between the close of business on April 15 or October 15 in any year and the opening of business on the following April 30 or October 31, such Lomas Senior Convertible Note must be accompanied by payment of an amount equal to the interest payable to the registered holder on such April 30 or October 31, as the case may be, on the principal amount so converted. Lomas is not required to issue fractional interests of Common Stock upon conversion of Lomas Senior Convertible Notes and, in lieu thereof, will pay a cash adjustment based upon the current market price of the Common Stock on the last business day prior to the date of conversion. In the case of Lomas Senior Convertible Notes called for redemption, conversion rights will expire at the close of business on the date fixed for redemption.

The conversion price is subject to adjustment as set forth in the Lomas Senior Convertible Note Indenture in certain events, including: the issuance of Common Stock as a dividend or distribution on the common stock, and subdivisions and combinations of Common Stock; the issuance to all holders of Common Stock of certain rights, options or warrants entitling them, for a period not exceeding 45 days from the date of such issuance, to subscribe for Common Stock at less than the then current market price (as determined as set forth in the Lomas Senior Convertible Note Indenture); and the distribution to substantially all holders of Common Stock of evidences of indebtedness of Lomas, equity securities other than Common Stock or of assets (excluding cash dividends) or subscription rights or warrants (other than those described above). No adjustment in the conversion price will be required unless such adjustment would require an increase or decrease of at least 1 percent of the conversion price as adjusted from time to time; provided, however, that any adjustment that would otherwise be required to be made, shall be carried forward and taken into account in any subsequent adjustment. Lomas may from time to time voluntarily reduce the conversion price by any amount (provided that the conversion price is not less than the par value) for a period of time. Lomas reserves the right to make such reduction in the conversion price in addition to the adjustments described above as Lomas in its discretion shall determine to be advisable in order that certain stock-related distributions hereafter made by Lomas to its stockholders shall not be taxable. Except as stated in the Lomas Senior Convertible Note Indenture, the conversion price will not be adjusted for the issuance of Common Stock or any securities convertible into or exchangeable for Common Stock, or carrying the right to purchase any of the foregoing, in exchange for cash, property or services.

In case of any reclassification or change of outstanding Common Stock (with certain exceptions) or in case of any consolidation or merger of Lomas to which Lomas is a party or in case of any sale or conveyance of substantially all of the property of Lomas as entirety, the surviving corporation shall be required by the terms of the Lomas Senior Convertible Note Indenture to execute and deliver a supplemental indenture providing that the holders of each Lomas Senior Convertible Note then outstanding would have the right thereafter to convert such Lomas Senior Convertible Note into the kind and amount of securities or property or cash receivable upon the reclassification, change, consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock of Lomas into which such Lomas Senior Convertible Note could have been converted immediately prior thereto.

In the event of a taxable distribution to holders of Common Stock which results in an adjustment of the conversion price, the holders of the Lomas Senior Convertible Notes may, in certain

circumstances, be deemed to have received a distribution subject to United States income tax as a dividend: in certain other circumstances, the absence of such an adjustment may result in a taxable dividend to the holders of Common Stock.

Definitions. For purposes of this description of the Lomas Senior Convertible Notes, the following terms shall have the meanings set forth below.

"Adjusted Consolidated Debt" of any Person means at any date the Consolidated Debt of such Person and its Consolidated Subsidiaries, less (i) Mortgage Warehouse Debt, (ii) Debt Incurred to finance the carrying of Foreclosure Claims Receivables with respect to which GNMA, FNMA, FHMLC or any similar governmental or quasi-governmental agency is obligor, (iii) Debt outstanding pursuant to GNMA Lines or similar lines of credit required to be maintained by GNMA or other similar governmental or another quasi-governmental agency, (iv) Debt incurred for working capital purposes in an aggregate principal amount not to exceed .15 percent of the aggregate principal amount of the mortgage servicing portfolio of Lomas Mortgage USA, Inc. ("LMUSA") a wholly owned subsidiary of Lomas, and Lomas' principal operating subsidiary, (v) Debt evidenced by mortgaged-backed securities issued by LMUSA or any of its Subsidiaries in the ordinary course of business, (vi) Investment Line Debt and (vii) contingent obligations of the type specified in clause (iii) of the definition of Debt, to the extent that they support obligations that do not constitute Debt and (viii) Guarantees of Debt of the type specified in the foregoing clauses (i) through (vii), in each case as of the date of determination.

"Applicable Percentage" means (a) in the case of each distribution referred to in clause (v) of the definition of "Designated Event", the percentage determined as of the Calculation Date of each such distribution by dividing the aggregate fair market value (as determined in good faith by the Board of Directors of Lomas, whose determination shall be conclusive) of such distribution, by the fair market value (based on the Current Market Price) or all of the shares of capital stock outstanding on the day immediately prior to such Calculation Date, and (b) in the case of each purchase or acquisition referred to therein, the percentage determined as of the Calculation Date of each such purchase or acquisition by dividing all amounts expended by Lomas and its Subsidiaries (the amount expended, if other than in cash, to be determined in good faith by the Board of Directors, whose determination shall be conclusive) in connection with the purchase or acquisition of any shares of any class of capital stock, by the fair market value (based on the Current Market Price) of all of the shares of capital stock outstanding on the day immediately prior to such Calculation Date. The term "Current Market Price" means the average of the daily closing prices (or, if none, the average of

the last daily bid and asked prices) of the applicable class of capital stock as reported for composite transactions on the securities exchanges on which such stock is traded, or, if none, the primary inter-dealer quotation system which reports quotations for such stock, for the trading days during the period of 90 consecutive calendar days ending on the day immediately preceding the Calculation Date.

"Asset Sale Event" means the sale by Lomas to any Person other than a Consolidated Subsidiary of Lomas in any transaction of (i) a number of shares of common stock of LMUSA which together with all previous sales by Lomas to Persons other than Consolidated Subsidiaries of Lomas, is greater than 25 percent of the largest number of such shares (adjusted to give effect to any stock splits, stock dividends or subdivisions or combinations of such stock) owned by Lomas at any time prior to such sale or (ii) a number of shares of common stock of LIS which together with all previous sales by Lomas to Persons other than Consolidated Subsidiaries of Lomas, is greater than 25 percent of the largest number of such shares (adjusted to give effect to any stock splits, stock dividends or subdivisions or combinations of such stock) owned by the Issuer at any time prior to such sale.

"Authorized Officer" means (i) the chairman of the Board of Directors, the chief financial officer or the chief accounting officer of Lomas, (ii) any officer succeeding to or performing the responsibilities of any of the officers listed in clause (i) or (iii) any other officer of Lomas whose responsibilities require knowledge of any of the material provisions or requirements of the Lomas Senior Convertible Indenture.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations and other equivalents (however designated) of such Person's capital stock whether now outstanding or issued after the date of the Lomas Senior Convertible Note Indenture.

"Capitalized Lease" means, as applied to any Person, any lease of any Property (whether real, personal or mixed) under which, in conformity with generally accepted accounting principles, the discounted present value of the rental obligations of such Person as lessee is required to be capitalized on the balance sheet of that Person.

"Common Stock" means the Common Stock of Lomas as the same exists at the date of execution and delivery of the Lomas Senior Convertible Note Indenture or as such stock may be reconstituted from time to time.

"Consolidated Debt" means the Debt of any Person and its Consolidated Subsidiaries determined on a consolidated basis in

accordance with generally accepted accounting principles.

"Consolidated Net Income" of any Person for any period means the Net Income of such Person and its Consolidated Subsidiaries for such period, determined on a consolidated basis in accordance with generally accepted accounting principles; provided that there shall be excluded (i) the Net Income of any Person other than a Consolidated Subsidiary in which such Person or any of its Consolidated Subsidiaries has a joint interest with a third party except to the extent of the amount of dividends as distributions actually paid to such Person or a Consolidated Subsidiary during such period and (ii) except to the extent includible pursuant to the foregoing clause (i) the Net Income of any Person accrued prior to the date it becomes a Subsidiary of such Person or is merged into or consolidated with such Person or any of its Subsidiaries or that Person's assets are acquired by such Person or any of its Subsidiaries.

"Consolidated Subsidiary" of any Person means a Subsidiary which for financial reporting purposes is or, in accordance with generally accepted accounting principles, should be, accounted for by such Person as a consolidated subsidiary.

"Consolidated Tangible Net Worth" of any Person means at any date the consolidated stockholders equity of such Person and its Consolidated Subsidiaries less their consolidated Intangible Assets, all determined as of such date. For purposes of this definition "Intangible Assets" means the amount (to the extent reflected in determining such consolidated stockholders equity) of all unamortized debt discount and expense, unamortized deferred charges goodwill, reorganization value in excess of amounts allocable to identifiable assets, patents, trademarks, service marks, trade names, copyrights, organization or developmental expenses and other intangible assets; provided that Intangible Assets shall not include purchased future mortgage servicing income rights or other similar income producing rights customarily purchased by leading participants in the mortgage finance industry to the extent reflected in determining consolidated stockholders' equity.

"Debt" of any Person means at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (iii) all obligations of such Person in respect of letters of credit or bankers' acceptances or similar obligations (or reimbursement obligations with respect thereto), (iv) all obligations of such Person as lessee under Capitalized Leases (v) all Debt of others secured by a Lien on any assets of such Person, whether or not such Debt is assumed by such Person, (vi) all Debt of others Guaranteed by such Person other than Guarantees of obligations of utility districts or municipalities

and Guarantees of development obligations of others, in each case in effect on the date of the Lomas Senior Convertible Note Indenture, (vii) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except trade payables and accrued expenses incurred in the ordinary course of business and (viii) Redeemable Stock of such Person valued at the highest of the mandatory redemption price payable at the option of the holder, the liquidation preference thereof or the face amount of Debt issuable upon conversion thereof.

"Designated Event" means any one or more of the following events which shall occur:

(i) (a) Lomas shall convey, transfer or lease all or substantially all of its assets to any Person or (b) Lomas shall consolidate with or merge into any other Person or any other Person shall consolidate with or merge into Lomas, in either event pursuant to a merger or consolidation in which any common stock of Lomas outstanding immediately prior to the effectiveness thereof is cancelled or changed into or exchanged for cash, securities or other property; provided that such transactions between Lomas and its Subsidiaries or between Subsidiaries shall be excluded from the operation of this clause (i);

(ii) any Person, including a "group" (within the meaning of Section 13(d) and 14(d)(2) of the Securities Exchange Act of 1934 (the "Exchange Act")), which includes such Person, shall purchase or otherwise acquire, directly or indirectly beneficial ownership of securities of Lomas and, as a result of such purchase or acquisition, any Person (together with its associates and affiliates), other than Lomas or any Subsidiary, shall directly or indirectly beneficially own in the aggregate (a) 30 percent or more of the common stock of Lomas, or (b) securities representing 30 percent or more of the combined voting power of Lomas' voting securities, in each case under clause (a) or (b) outstanding on the date immediately prior to the date of such purchase or acquisition (or, if there be more than one, the last such purchase or acquisition);

(iii) Lomas or any Subsidiary shall purchase or otherwise acquire, directly or indirectly, beneficial ownership of capital stock of Lomas if, after giving effect to such purchase or acquisition, the Issuer (together with all Subsidiaries) shall have acquired, during any period of 12 consecutive months, beneficial ownership of an aggregate of 30 percent or more of the capital stock of Lomas outstanding on the date immediately prior to the first such purchase or acquisition during such period (taking into account any stock splits, stock dividends or similar transactions effected

during such period);

(iv) during any period of two consecutive years, individuals who at the beginning of such period constitute Lomas' Board of Directors (together with any new Director whose election by Lomas Board of Directors or whose nomination for election by Lomas stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Directors then in office: or

(v) on any date (a "Calculation Date") (a) (1) Lomas shall make any distribution or distributions of cash, securities or other properties (other than regular, periodic cash dividends at a rate which is substantially consistent with past practice, including past practice with respect to increases in dividends, and other than distributions of common stock or rights to acquire common stock or preferred stock substantially equivalent to Common Stock of Lomas) to holders of capital stock of Lomas, whether by means of dividend, reclassification, recapitalization or otherwise, or (2) Lomas or any Subsidiary shall purchase or otherwise acquire, directly or indirectly, beneficial ownership of capital stock of Lomas, and (b) the sum of the Applicable Percentages of all such distributions purchases and acquisitions which have occurred on the Calculation Date and during the 365-day period immediately preceding the Calculation Date shall exceed 30 percent.

"Foreclosure Claims Receivable" means, at any date, payments due to any of Lomas Subsidiaries in respect of advances of principal, interest, fees, expenses or similar disbursements arising in connection with foreclosure proceedings on properties securing mortgages in such Subsidiary's servicing portfolio.

"Full Rating Category" means (a) with respect to Standard & Poor's, any of the following categories in descending order: AAA, AA, A, BBB, BB, B, CCC, CC and C, (b) with respect to Moody's, any of the following categories in descending order: Aaa, Aa, A, Baa, Ba, B, Caa, Ca and C and (c) with respect to any other rating agency, the equivalent of any category of Standard & Poor's or Moody's used by the other rating agency in determining whether the rating of the Securities has decreased by the equivalent of one Full Rating Category, gradation within Full Rating Categories (+ and - for Standard & Poor's; 1, 2, and 3 for Moody's; or the equivalent gradation for another rating agency) shall be taken into account (e.g. with respect to Standard & Poor's a decline in rating from BB- to B- will constitute a decrease of one Full Rating Category, and a decline in rating from BB- to B will constitute a

decrease of less than one Full Rating Category).

"GNMA" means Government National Mortgage Association and its successors.

"GNMA Lines" means one or more lines of credit or similar arrangements entered into by Lomas or any of its Subsidiaries for the purpose of assuring timely payment of the GNMA guaranty fee and of amounts due holders of GNMA securities.

"Guarantee" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such other Person (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligations of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part): provided that the term Guarantee shall not include endorsements for deposit or collection in the ordinary course of business. The term "Guarantee" used as verb has a correlative meaning.

"Incurrence" means the incurrence, creation, assumption or in any other manner becoming liable with respect to, or becoming responsible for the payment of, or the extension of the maturity of, any Debt. The term "Incur" shall have a correlative meaning.

"Investment Grade" means a rating of not less than Baa3, in the case of a rating by Moody's, or a rating of not less than BBB-, in the case of a rating by Standard & Poor's, or the equivalent of such ratings by Standard & Poor's or Moody's by any other rating agency.

"Investment Line Debt" means Debt of Lomas or any of its Subsidiaries secured by (i) cash, (ii) United States Treasury securities, (iii) certificates of deposit of any bank with capital, surplus and undivided profits aggregating at least \$100,000,000 and having a Thompson BankWatch, Inc. peer group rating of at least C or a Standard & Poor's long-term debt rating of at least BBB or a Moody's long-term debt rating of at least Baa, (iv) mortgage-backed securities Guaranteed by GNMA, FNMA or FHMLC or (v) commercial paper rated at least A-2 or P-2 by Standard & Poor's or Moody's; but in each case only that portion of such Debt that is secured by collateral with a value equal to or greater than the Debt.

"Lien" means, with respect to any asset any mortgage lien, pledge, charge, security, interest or encumbrance of any kind in respect of such asset or any interest therein. For the purposes of the Lomas Senior Convertible Note Indenture, Lomas shall be deemed to own, subject to a Lien, any Property which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capitalized Lease or other title retention arrangement relating to such Property.

"LIS Subcommittee" means a committee or subcommittee of the Board of Directors, a majority of the members of which committee or subcommittee will at all times be directors who are not employees or officers of Lomas.

"LIS Technical Advisory Board" means a group of at least three persons who are not employees or officers of Lomas, designated by the LIS Subcommittee as soon as practicable after the Consummation Date to advise it with respect to all matters pertaining to LIS's Excelis-MLS mortgage loan servicing system, including the planning, implementation and rollout of the system to its existing customers. The LIS Technical Advisory Board will focus without limitation, on costs, schedules, quality, operations, organizational effectiveness, requirements and business rationale, in all cases from both a system management and a quality assurance perspective. The LIS Technical Advisory Board will remain active for as long as the LIS Subcommittee deems appropriate, but at least as long as required to assure compliance by Lomas with Section 3.12 of the Lomas Senior Convertible Note Indenture.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Mortgage Warehouse Debt" means, at any date, Debt of any Person secured by mortgage loans, mortgage notes, mortgage-backed securities or any combination thereof owned by such Person.

"Net Income" of any Person for any period means the net income or loss of such Person for such period plus any tax expense recorded on the books of the Issuer for such period which will never be required to be paid in cash and which has arisen solely from the application of the consolidated tax group of which Lomas was the common parent for taxable years ending on or before the January 31, 1992, determined in accordance with generally accepted accounting principles, except that extraordinary and non-recurring gains or losses, as determined in accordance with generally accepted accounting principles shall be excluded.

"Non-Recourse Debt" means Debt or that portion of Debt (i) as to which neither Lomas nor any of its Subsidiaries (other than a Non-Recourse Subsidiary) (a) provides credit support (including any undertaking agreement or instrument which would constitute Debt),

(b) is directly or indirectly liable or (c) constitutes the lender and (ii) no default with respect to which (including any rights which the holders thereof may have to take enforcement action against a Non-Recourse Subsidiary) would permit (upon notice, lapse of time or both) any holder of any other Debt of Lomas or any Subsidiary (other than a Non-Recourse Subsidiary) to declare a default on such other Debt or cause the payment thereof to be accelerated or payable prior to its stated maturity.

"Non-Recourse Subsidiary" means a Subsidiary which has no Debt other than Non-Recourse Debt.

"Permitted Liens" means, (i) Liens existing as of the date of the Lomas Senior Convertible Note Indenture, as set forth in Schedule I of the Lomas Senior Convertible Note Indenture; (ii) rights of banks to set-off deposits against debts owed to said bank; (iii) Liens securing Debt incurred to purchase Property or improvements thereon so long as (a) such Liens apply only to the Property or improvements purchased with the proceeds of such Debt, and accessions to, improvements on or proceeds of such Property or improvements and (b) such Liens attach within 180 days after the acquisition of such Property or completion of such improvements and (iv) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (i) through (iii); provided that any such extension, renewal or replacement shall not extend to any other Property of Lomas other than such item of Property originally covered by such Lien or any improvements thereof, or additions or accessions thereto.

"Permitted Payment" means (i) any dividend on shares of Lomas' Capital Stock payable solely in shares of Lomas Capital Stock or in options, warrants or other rights to purchase Lomas Capital Stock and (ii) the repurchase or other acquisition or retirement for value of any shares of Lomas Capital Stock, with additional shares of, or out of the proceeds of a substantially contemporaneous issuance of, Lomas Capital Stock.

"Property" any Person means all types of real, personal, tangible, intangible or mixed property owned by such Person whether or not included in the most recent consolidated balance sheet of such person under generally accepted accounting principles.

"Public Notice" means any filing or report made in accordance with the requirements of the Commission or any press release or public announcement made by the Issuer.

"Rating Agency" means Standard & Poor's and Moody's or, if Standard & Poor's or Moody's or both shall not make a rating on the Securities publicly available, a nationally recognized securities rating agency or agencies, as the case may be, selected by Lomas, and reasonably acceptable to the Lomas Senior Convertible Note

Trustee, which shall be substituted for Standard & Poor's or Moody's or both, as the case may be.

"Rating Date" means the date that is 121 days prior to Public Notice of the occurrence of a Designated Event.

"Rating Decline" shall be deemed to occur if on any date within the 90-day period following Public Notice of the occurrence of a Designated Event (which period shall be extended so long as the rating of the Securities is under publicly announced consideration for possible downgrade by a Rating Agency) (a) in the event the Securities are rated by any Rating Agency as Investment Grade, the rating on the Securities by such Rating Agency shall be below Investment Grade, or (b) in the event the Securities are rated by any Rating Agency on the Rating Date as below Investment Grade, the rating on the Securities by such Rating Agency shall be at least one Full Rating Category below the rating of the Securities by such Rating Agency on the Rating Date.

"Redeemable Stock" means any class or series of Capital Stock of any Person that by its terms or otherwise is (i) required to be redeemed prior to the stated maturity of the Securities, (ii) redeemable at the option of the holder thereof at any time prior to the stated maturity of the Securities or (iii) convertible into or exchangeable for Debt or Capital Stock referred to in clause (i) or (ii) having a scheduled maturity prior to the stated maturity of the Securities; provided that any Capital Stock which would not constitute Redeemable Stock but for provisions thereof giving holders thereof the right to require Lomas to repurchase or redeem such Capital Stock upon the occurrence of a change of control occurring prior to the final maturity of the Securities shall not constitute Redeemable Stock if the change of control provision applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provision contained in Section 13.1 of the Lomas Senior Convertible Note Indenture and such Capital Stock specifically provides that Lomas will not repurchase or redeem any such stock pursuant to such provisions prior to Lomas' redemption of such Securities as are required to be redeemed pursuant to the provisions of Section 13.1 of the Lomas Senior Convertible Note Indenture.

"Redemption Event" means the occurrence of both a Designated Event and a Rating Decline.

"Restricted Payment" means (i) any dividend or other distribution on any shares of Lomas Capital Stock or (ii) any payment on account of the purchase, redemption, retirement or other acquisition of (a) any shares of Lomas Capital Stock or (b) any option, warrant or other right to acquire shares of Lomas Capital Stock (excluding debt securities convertible into Lomas Capital Stock). Notwithstanding the foregoing, "Restricted Payment" shall

not include any Permitted Payment.

"Standard & Poor's" means Standard & Poor's Corporation and its successors.

"Subsidiary" means, with respect to any Person, any corporation or other entity of which a majority of the capital stock or other ownership interests having ordinary voting power to elect a majority of the Board of Directors or other Persons performing similar functions are at the time directly or indirectly owned by such Person.

"Wholly-Owned Subsidiary" means with respect to any Person a Subsidiary the voting stock of which is more than 90 percent owned by such Person.

Restrictive Covenants

Limitation on Restricted Payments. The Lomas Senior Convertible Note Indenture provides that Lomas will not, and will not permit any of its Subsidiaries to, directly or indirectly, make any Restricted Payment, if:

(a) at the time of such Restricted Payment or after giving effect thereto, an Event of Default, or an event that through the passage of time or the giving of notice, or both, would become an Event of Default, shall have occurred and be continuing; or

(b) after giving effect thereto the aggregate amount of all Restricted Payments made by Lomas and its subsidiaries (the amount expended or distributed for such purposes, if other than in cash, to be valued at its fair market value as determined in good faith by the Board of Directors, whose determination shall be conclusive and evidenced by a resolution of the Board of Directors delivered to the Lomas Senior Convertible Note Trustee), from and after the date of the Lomas Senior Convertible Note Indenture shall exceed the sum (without duplication) of:

(i) 50 percent of Consolidated Net Income (or in the event Consolidated Net Income is a deficit, then 100 percent of such deficit) of Lomas and its Consolidated Subsidiaries accrued for the period (taken as one accounting period) commencing on January 1, 1992 to and including the last day of the fiscal quarter ended immediately prior to the date of such calculation; plus

(ii) the aggregate net proceeds including the fair market value of property other than cash (as determined

in good faith by the Board of Directors, whose determination shall be conclusive and evidenced by a resolution of the Board of Directors delivered to the Lomas Senior Convertible Note Trustee) received by Lomas from and after the date of the Lomas Senior Convertible Note Indenture from the issuance or sale (other than to a Subsidiary of Lomas) of its Capital Stock and warrants, options and rights to purchase any such Capital Stock, but excluding the net proceeds from the issuance sale, exchange, conversion or other disposition of its Capital Stock convertible into or exchangeable for any security other than its Capital Stock; at the option of the holder thereof or upon the happening of any event; provided that the foregoing clause (b) shall not prevent the payment of any dividend within 60 days after the date of its declaration if such dividend could have been paid on the date of its declaration without violation of the provisions described this covenant.

Debt Limitation. The Lomas Senior Convertible Note Indenture provides that Lomas will not Incur any Debt if, after giving effect to such Debt and the receipt and application of the net proceeds thereof, the aggregate amount of Lomas Adjusted Consolidated Debt shall exceed 230 percent of Lomas Consolidated Tangible Net Worth; provided that the foregoing limitation shall not apply to the Incurrence of obligations of the type specified in clause (iii) of the definition of Debt or Guarantees thereof, to the extent that they do not support obligations that constitute Debt. Notwithstanding the foregoing, Lomas may at any time Incur Debt if, after giving effect to such Debt and the receipt and application of the net proceeds thereof, Debt of Lomas outstanding pursuant to this sentence does not exceed \$35.0 million; provided that no Debt may be Incurred pursuant to this sentence that would not be permitted by the next preceding sentence at any time after the amount of Debt Incurred or that could be Incurred after the Consummation Date under the next preceding sentence exceeds \$45.0 million at the end of two consecutive fiscal quarters.

Limitation on Liens. The Lomas Senior Convertible Note Indenture provides that Lomas will not Incur any Debt which is secured, directly or indirectly, by a Lien (other than a Permitted Lien on any Property, assets or income or profit therefrom, of Lomas unless the Lomas Senior Convertible Notes are equally and ratably secured by such Lien for so long as such other Debt is secured; provided that this restriction shall not apply to the Incurrence of such Debt if after giving effect to such Incurrence the aggregate principal amount of all such Debt then outstanding shall not exceed 5 percent of Lomas Consolidated Tangible Net Worth as of the last day of the preceding fiscal quarter.

Certain LIS Expenditures. Lomas does not permit LIS to expend

an aggregate of more than \$25.0 million in connection with the development, completion and rollout of the Excelis-MLS system (the "System") the conversion of LIS's service bureau customers to the System and the cost of simultaneous operation and shutdown of LIS's UNISYS-based mortgage servicing system, unless all such expenditures in excess of \$25.0 million are approved by the LIS Subcommittee after the LIS Subcommittee has received the advice of the LIS Technical Advisory Board concerning such expenditures.

LMUSA Debt. Lomas will not permit LMUSA or any of LMUSA's Subsidiaries to Incur any Debt (other than Debt of a Wholly-Owned Subsidiary of LMUSA to LMUSA or another Wholly-Owned Subsidiary of LMUSA) if, after giving effect to such Debt and the receipt and application of the net proceeds thereof, the aggregate amount of LMUSA's Adjusted Consolidated Debt shall exceed 200 percent of its Consolidated Tangible Net Worth as of the last day of the preceding fiscal quarter; provided that the foregoing limitation shall not apply to the incurrence of obligations of the type specified in clause (iii) of the definition of Debt or Guarantees thereof, to the extent that they do not support obligations that constitute Debt.

Acquisition of Vista Capital Stock. Lomas will not, and will not permit any of its Subsidiaries to, acquire any additional shares of the capital stock of Vista Properties, Inc. ("Vista"), a company in which, as a result of Lomas' recent reorganization under the Bankruptcy Code, Lomas now holds an approximately 19 percent equity interest, except that Lomas may acquire (i) shares issued pursuant to any stock split, stock dividend or similar transaction and (ii) shares acquired in connection with any offering of such shares (or rights to purchase such shares) to the extent that the percentage of outstanding shares of capital stock of Vista owned by Lomas and its Subsidiaries after giving effect to such acquisition would not exceed the approximately 19 percentage of outstanding shares of capital stock of Vista owned by Lomas on January 30, 1992, the consummation date of Lomas' reorganization.

Reports to Holders. The Lomas Senior Convertible Note Indenture provides that (i) Lomas will furnish the Lomas Senior Convertible Note Trustee with a copy of any reports or information which it is required to file with the Securities and Exchange Commission (the "Commission") pursuant to Section 13 or 15(d) of the Exchange Act within 15 days of making such filing with the Commission, and, (ii) if during any period of time Lomas is not subject to the information and reporting requirements of Section 13 of the Exchange Act, during such period Lomas will deliver to the Lomas Senior Convertible Note Trustee (x) within 90 days following the end of each fiscal year an annual report of Lomas containing audited consolidated financial statements and an opinion thereon by an independent public accounting firm and (y) within 45 days following the end of each of the first three fiscal quarters in

each fiscal year of Lomas, quarterly Reports of Lomas containing unaudited consolidated financial statements.

Certificate to the Trustee. Lomas will furnish to the Trustee within 15 days after each May 15 and November 15 in each year an Officers' Certificate executed by the principal executive, financial or accounting officer of Lomas stating whether to the signor's knowledge after due inquiry there has been any breach of the conditions or covenants under the Lomas Senior Convertible Note Indenture or any Default or Event of Default or event which after notice or the lapse of time or both, would become an Event of Default which occurred during the prior two fiscal quarters, and describing such breach, Event of Default or event and (b) within five days after an Authorized Officer of Lomas obtains knowledge of any breach of any covenants or any Event of Default or event which after notice or the lapse of time, or both, would become an Event of Default or event is then continuing, an Officers' Certificate setting forth the details thereof and the action Lomas is taking or proposes to take with respect thereto.

Events of Default. The following events constitute Events of Default under the Lomas Senior Convertible Note Indenture: (i) failure to pay interest on the Lomas Senior Convertible Notes for 30 days after becoming due, (ii) failure to pay all or any part of the principal of or premium, if any, on the Lomas Senior Convertible Notes when they become due and payable, either at maturity, upon any redemption, by declaration, or otherwise, (iii) default in the deposit of any sinking fund payment when and as due by the terms of any Lomas Senior Convertible Note or the Lomas Senior Convertible Note Indenture, (iv) default for 30 days after notice in the observance or performance of any other covenant in the Lomas Senior Note Convertible Indenture, (v) certain events of bankruptcy, insolvency or reorganization of Lomas, (vi) failure of Lomas to pay when due at maturity indebtedness for borrowed money in excess of \$5.0 million or if an event of default under any other indenture or instrument evidencing or under which Lomas has outstanding more than \$5.0 million aggregate principal amount of indebtedness for borrowed money, shall happen and be continuing and such indebtedness shall have been accelerated so that the same shall become due and payable prior to the date on which the same would otherwise have become due and payable and (vii) default by Lomas or any of its Subsidiaries (other than ST Lending, Inc. ("STL"), a subsidiary 51 percent of which is owned by Lomas and 49 percent of which is owned by LMUSA, or any Non-Recourse Subsidiary) in the making of any payment exceeding \$5.0 million pursuant to any indenture or instrument evidencing or under which Lomas or such Subsidiary has outstanding indebtedness for borrowed money, and such default shall not have been cured within ten days after notice thereof shall have been given to Lomas by the Lomas Senior Convertible Note Trustee or Lomas and the Lomas Senior Convertible Note Trustee by the holders of at least 50 percent in aggregate

principal amount of Lomas Senior Convertible Notes at the time outstanding.

The Lomas Senior Convertible Note Indenture provides that, if an Event of Default shall have occurred and be continuing, the Lomas Senior Convertible Note Trustee or the holders of not less than 25 percent in aggregate principal amount of the Lomas Senior Convertible Notes then outstanding may declare the entire principal and interest accrued on all Lomas Senior Convertible Notes to be due and payable immediately, but if Lomas shall cure all defaults (except the nonpayment of the principal of and interest on any Lomas Senior Convertible Notes which shall have become due by acceleration) and certain other conditions are met, such declaration may be annulled and past defaults may be waived by the holders of a majority in principal amount of Lomas Senior Convertible Notes then outstanding.

In certain cases, the holders of a majority in principal amount of the outstanding Lomas Senior Convertible Notes may, on behalf of the holders of all Lomas Senior Convertible Notes waive any past default or Event of Default except, unless theretofore cured, a default in the payment of the principal of or premium, if any, or interest on any of the Lomas Senior Convertible Notes or in respect of a covenant or provision which cannot be modified or amended without the consent of the holders of each Lomas Senior Convertible Note.

Modification of Indenture

The Lomas Senior Convertible Note Indenture contains provisions permitting Lomas and the Lomas Senior Convertible Note Trustee, with the consent of the holders of not less than a majority in aggregate principal amount of the Lomas Senior Convertible Notes at the time outstanding, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Lomas Senior Convertible Note Indenture or any supplementary indenture or modifying in any manner the rights of the holders of the Lomas Senior Convertible Notes; provided, that no such supplemental indenture shall (a) extend the maturity of any Lomas Senior Convertible Note, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any amount payable on redemption thereof, or alter Lomas' obligation to make any mandatory sinking fund payment, or impair or affect the right of any holder to institute suit for the payment or conversion thereof, or impair the right of any holder to require Lomas to redeem any Lomas Senior Convertible Note pursuant to the Lomas Senior Convertible Note Indenture or materially and adversely affect the right to convert the Lomas Senior Convertible Notes in accordance with the Lomas Senior Convertible Note Indenture, without the consent of the holder of each Lomas Senior Convertible Note so

affected, or (b) reduce the aforesaid percentage of Lomas Senior Convertible Notes, the consent of the holders of which is required for any supplemental indenture, without the consent of the holders of all Lomas Senior Convertible Notes then outstanding.

Listing on an Exchange

It is anticipated that the Lomas Senior Convertible Notes will be listed for trading on the New York Stock Exchange (the "NYSE"). The Common Stock currently trades on the NYSE under the symbol "LFC".

Item 2. Exhibits

List below all exhibits filed as a part of this registration statement:

1. Indenture dated as of November 1, 1991 between the Registrant and Texas Commerce Bank National Association.

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereto duly authorized.

LOMAS FINANCIAL CORPORATION

By: /s/ Gary White

Senior Vice President
and Controller

April 11, 1994

EXHIBIT INDEX

Exhibit -----	Description -----	Page ----
1	Indenture dated as of November 1, 1991 between Lomas Financial Corporation and Texas Commerce Bank	23

National Association as Trustee.

=====
LOMAS FINANCIAL CORPORATION

And

TEXAS COMMERCE BANK NATIONAL ASSOCIATION,
Trustee

Indenture

Dated as of November 1, 1991

\$140,000,000

9% Senior Convertible Notes Due 2003

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TABLE OF CONTENTS*

	Page
PARTIES.	1
RECITALS	1
Authorization of Indenture.	1
Form of Face of Security.	1

Form of Trustee's Certificate of Authentication	2
Form of Reverse of Security	2
Form of Conversion Notice	4
Compliance with Legal Requirements.	5
Purpose of and Consideration for Indenture.	5

ARTICLE ONE

DEFINITIONS

SECTION 1.1	Certain Terms Defined	30
	Adjusted Consolidated Debt.	31
	Applicable Percentage	31
	Asset Sale Event.	32
	Authorized Officer.	32
	Board of Directors.	32
	Capital Stock	32
	Capitalized Lease	32
	Commission.	32
	Common Stock.	32
	Consolidated Debt	32
	Consolidated Net Income	32
	Consolidated Subsidiary	33
	Consolidated Tangible Net Worth	33
	Consummation Date	33
	Corporate Trust Office.	33
	Debt.	33
	Designated Event.	34
	Event of Default.	35
	FHLMC	35
	FNMA.	35
	Foreclosure Claims Receivables.	35
	Full Rating Category.	35
	GNMA.	35
	GNMA Lines.	35
	Guarantee	36
	Holder, holder of Securities, Securityholders .	36
	Incurrence.	36
	Indenture	36
	Investment Grade.	36
	Investment Line Debt.	36
	Issuer.	36
	Lien.	36
	Liquidity Support Trust Note.	37
	LIS	37
	LIS Subcommittee.	37
	LIS Technical Advisory Board.	37
	LMUSA	37
	Moody's	37

*The Table of Contents is not part of this Indenture.

	Page

Mortgage Warehouse Debt	37
Net Income.	37
Non-Recourse Debt	38
Non-Recourse Subsidiary	38
1934 Act.	38
Officers' Certificate	38
Opinion of Counsel.	38
Outstanding	38
Permitted Liens	39
Permitted Payment	39
Person.	39
Plan.	39
Property.	39
Public Notice	39
Rating Agency	39
Rating Date	40
Rating Decline.	40
Redeemable Stock.	40
Redemption Event.	40
Responsible Officer	40
Restricted Payment.	40
Security or Securities.	41
Standard & Poor's	41
Subsidiary.	41
Trading Day	41
Trustee	41
Trust Indenture Act of 1939	41
Vista Properties.	41
Wholly-Owned Subsidiary	41

ARTICLE TWO

ISSUE, EXECUTION, FORM AND REGISTRATION OF SECURITIES

SECTION 2.1	Authentication and Delivery of Securities	41
SECTION 2.2	Execution of Securities	42
SECTION 2.3	Certificate of Authentication	42
SECTION 2.4	Form, Denomination and Date of Securities; Payments of Interest.	42
SECTION 2.5	Registration, Transfer and Exchange	43
SECTION 2.6	Mutilated, Defaced, Destroyed, Lost and Stolen Securities	44
SECTION 2.7	Cancellation of Securities; Destruction Thereof	45
SECTION 2.8	Temporary Securities.	45
SECTION 2.9	Computation of Interest	46

ARTICLE THREE

COVENANTS OF THE ISSUER AND THE TRUSTEE

SECTION 3.1	Payment of Principal and Interest	46
SECTION 3.2	Offices for Payments, etc..	46
SECTION 3.3	Appointment to Fill a Vacancy in Office of Trustee.	46
SECTION 3.4	Paying Agents	46
SECTION 3.5	Certificate to Trustee.	47
		Page

SECTION 3.6	Securityholders' Lists.	48
SECTION 3.7	Reports by the Issuer	48
SECTION 3.8	Reports by the Trustee.	48
SECTION 3.9	Limitation on Restricted Payments	48
SECTION 3.10	Debt Limitation	49
SECTION 3.11	Limitation on Liens	50
SECTION 3.12	Certain LIS Expenditures.	50
SECTION 3.13	LMUSA Debt.	50
SECTION 3.14	Stay, Extension and Usury Laws.	50
SECTION 3.15	Corporate Existence; Compliance with Laws . . .	50
SECTION 3.16	Acquisitions of Vista Properties Capital Stock	51

ARTICLE FOUR

REMEDIES OF THE TRUSTEE AND SECURITYHOLDERS
ON EVENT OF DEFAULT

SECTION 4.1	Event of Default Defined; Acceleration of Maturity; Waiver of Default	51
SECTION 4.2	Collection of Indebtedness by Trustee; Trustee May Prove Debt.	53
SECTION 4.3	Application of Proceeds	55
SECTION 4.4	Suits for Enforcement	56
SECTION 4.5	Restoration of Rights on Abandonment of Proceedings	56
SECTION 4.6	Limitations on Suits by Securityholders	57
SECTION 4.7	Powers and Remedies Cumulative; Delay or Omission Not Waiver of Default	57
SECTION 4.8	Control by Securityholders.	58
SECTION 4.9	Waiver of Past Defaults	58

ARTICLE FIVE

CONCERNING THE TRUSTEE

SECTION 5.1	Duties and Responsibilities of the Trustee; During Default; Prior to Default.	59
SECTION 5.2	Certain Rights of the Trustee	60

SECTION 5.3	Trustee Not Responsible for Recitals, Disposition of Securities or Application of Proceeds Thereof	61
SECTION 5.4	Trustee and Agents May Hold Securities; Collections, etc.	61
SECTION 5.5	Moneys Held by Trustee.	62
SECTION 5.6	Compensation and Indemnification of Trustee and Its Prior Claim	62
SECTION 5.7	Right of Trustee to Rely on Officers' Certificate, etc.	62
SECTION 5.8	Persons Eligible for Appointment as Trustee . .	63
SECTION 5.9	Resignation and Removal; Appointment of Successor Trustee	63
SECTION 5.10	Acceptance of Appointment by Successor Trustee	64
SECTION 5.11	Merger, Conversion, Consolidation or Succession to Business of Trustee	65

ARTICLE SIX

CONCERNING THE SECURITYHOLDERS

		Page

SECTION 6.1	Evidence of Action Taken by Securityholders	65
SECTION 6.2	Proof of Execution of Instruments and of Holding of Securities; Record Date.	65
SECTION 6.3	Holder to be Treated as Owner	66
SECTION 6.4	Securities Owned by Issuer Deemed Not Outstanding	66
SECTION 6.5	Right of Revocation of Action Taken	67

ARTICLE SEVEN

SUPPLEMENTAL DEBENTURES

SECTION 7.1	Supplemental Indentures Without Consent of Securityholders.	67
SECTION 7.2	Supplemental Indentures With Consent of Securityholders	68
SECTION 7.3	Effect of Supplemental Indenture.	69
SECTION 7.4	Documents to Be Given to Trustee.	69
SECTION 7.5	Notation on Securities in Respect of Supplemental Indentures	69

ARTICLE EIGHT

CONSOLIDATION, MERGER, SALE OR CONVEYANCE

SECTION 8.1	Covenant Not to Merge, Consolidate, Sell or	
-------------	---	--

	Convey Property Except Under Certain Conditions	70
SECTION 8.2	Successor Corporation Substituted	70
SECTION 8.3	Opinion of Counsel to Trustee	71

ARTICLE NINE

SATISFACTION AND DISCHARGE OF INDENTURE,
UNCLAIMED MONEYS

SECTION 9.1	Satisfaction and Discharge of Indenture	71
SECTION 9.2	Application by Trustee of Funds Deposited for Payment of Securities	72
SECTION 9.3	Repayment of Moneys Held by Paying Agent.	72
SECTION 9.4	Return of Moneys Held by Trustee and Paying Agent Unclaimed for Three Years.	72

ARTICLE TEN

MISCELLANEOUS PROVISIONS

SECTION 10.1	Incorporators, Stockholders, Officers and Directors of Issuer Exempt from Individual Liability	72
SECTION 10.2	Provisions of Indenture for the Sole Benefit of Parties and Securityholders.	73

Page

SECTION 10.3	Successors and Assigns of Issuer Bound by Indenture	73
SECTION 10.4	Notices and Demands on Issuer, Trustee and Securityholders	73
SECTION 10.5	Officers' Certificates and Opinions of Counsel; Statements to be Contained Therein	73
SECTION 10.6	Payments Due on Saturdays, Sundays and Holidays.	74
SECTION 10.7	Conflict of Any Provision of Indenture with Trust Indenture Act of 1939	75
SECTION 10.8	NEW YORK LAW TO GOVERN.	75
SECTION 10.9	Counterparts.	75
SECTION 10.10	Effect of Headings.	75
SECTION 10.11	Usury Savings Clause.	75

ARTICLE ELEVEN

REDEMPTION OF SECURITIES AT ISSUER'S OPTION;
SINKING FUND

SECTION 11.1	Right of Optional Redemption; Prices.	76
--------------	---	----

SECTION 11.2	Notice of Redemption; Partial Redemptions . . .	76
SECTION 11.3	Payment of Securities Called for Redemption . .	77
SECTION 11.4	Exclusion of Certain Securities from Eligibility for Selection for Redemption. . .	78
SECTION 11.5	Mandatory Sinking Fund.	78

ARTICLE TWELVE

CONVERSION OF SECURITIES

SECTION 12.1	Conversion Privilege.	81
SECTION 12.2	Exercise of Conversion Privilege.	81
SECTION 12.3	Fractional Interests.	82
SECTION 12.4	Conversion Price.	82
SECTION 12.5	Adjustment of Conversion Price.	82
SECTION 12.6	Continuation of Conversion Privilege in Case of Reclassification, Change, Merger, Consolidation or Sale of Assets	85
SECTION 12.7	Notice of Certain Events.	86
SECTION 12.8	Taxes on Conversion	87
SECTION 12.9	Issuer to Provide Stock	87
SECTION 12.10	Disclaimer of Responsibility for Certain Matters	88
SECTION 12.11	Return of Funds Deposited for Redemption of Converted Securities.	88

ARTICLE THIRTEEN

REDEMPTION OF SECURITIES AT HOLDER'S OPTION

SECTION 13.1	Right to Redemption	88
SECTION 13.2	Applicability of Article.	89
SECTION 13.3	Notice of Redemption Event and Asset Sale Event	89
SECTION 13.4	Notice of Election.	90

Page

SECTION 13.5	Deposit of Funds.	90
SECTION 13.6	Securities Payable on Redemption Date	90

TESTIMONIUM.	91
----------------------	----

SIGNATURES	91
----------------------	----

ACKNOWLEDGMENTS.	91
--------------------------	----

SCHEDULE I--Liens Existing as of the Date of this Indenture.A-1
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THIS INDENTURE, dated as of November 1, 1991 between Lomas Financial Corporation, a Delaware corporation (the "Issuer"), and Texas Commerce Bank National Association, a national banking association (the "Trustee").

W I T N E S S E T H :

WHEREAS, the Issuer has duly authorized the issue of its 9% Senior Convertible Notes Due 2003 (the "Securities") and, to provide, among other things, for the authentication, delivery and administration thereof, the Issuer has duly authorized the execution and delivery of this Indenture; and

WHEREAS, the Securities and the Trustee's certificate of authentication shall be in substantially the following form:

[FORM OF FACE OF SECURITY]

THIS SECURITY MAY NOT BE SOLD, ASSIGNED, PLEDGED OR OTHERWISE TRANSFERRED PRIOR TO THE DAY AFTER TEN "TRADING DAYS" (AS DEFINED IN PROPOSED TREASURY REGULATION SECTION 1.1273-2(c)(1)) FOLLOWING THE CONSUMMATION DATE AS DEFINED IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF, EXCEPT AS PROVIDED IN SUCH INDENTURE.

No. §

Lomas Financial Corporation
9% Senior Convertible Note Due 2003

Lomas Financial Corporation, a Delaware corporation (the "Issuer"), for value received hereby promises to pay to _____ or registered assigns the principal sum of _____ Dollars at the Issuer's office or agency for said purpose in The City of New York on October 31, 2003, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest, semi-annually on April 30 and October 31 of each year, on said principal sum in like coin or currency at the rate per annum set forth above at said office or agency from the April 30 or the October 31, as the case may be, next preceding the date of this Security to which interest on the Securities has been paid or duly provided for, unless the date hereof is a date to which interest on the Securities has been paid or duly provided for, in which case from the date of this Security, or unless no interest has been paid or duly provided for on the Securities, in which case from November 1, 1991, until payment of said principal sum has been made or duly provided for. Notwithstanding the foregoing, if the date hereof is after April 15 or October 15, as the case may be, and before the following April 30 or October 31, this Security shall bear interest from such April 30 or October 31; provided, that if the Issuer shall default in the payment of interest due on such April 30 or

October 31, then this Security shall bear interest from the next preceding April 30 or October 31 to which interest on the Securities has been paid or duly provided for, or, if no interest has been paid or duly provided for on the Securities since the original issue date of the Securities, from November 1, 1991. The interest so payable on any April 30 or October 31 will, except as otherwise provided in the Indenture referred to on the reverse hereof, be paid to the person in whose name this Security is registered at the close of business on the April 15 or October 15 preceding such April 30 or October 31, whether or not such day is a business day; provided that interest may be paid, at the option of the Issuer, by mailing a check therefor payable to the registered holder entitled thereto at his last address as it appears on the Security register.

Reference is made to the further provisions set forth on the reverse hereof and provisions giving the holder hereof the right to convert this Security into Common Stock of the Issuer on the terms and subject to the conditions and limitations referred to on the reverse hereof, as more fully specified in said Indenture.

Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Security shall not be valid or obligatory until the certificate of authentication hereon shall have been duly signed by the Trustee acting under the Indenture.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed under its corporate seal.

Dated:

[SEAL]

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Securities referred to in the within-mentioned indenture.

Texas Commerce Bank National Association,
as Trustee

Authorized Signatory

[FORM OF REVERSE OF SECURITY]

Lomas Financial Corporation

9% Senior Convertible Note Due 2003

This Security is one of a duly authorized issue of debt securities of the Issuer, limited to the aggregate principal amount of \$140,000,000 (except as otherwise provided in the Indenture mentioned below), issued or to be issued pursuant to an indenture dated as of November 1, 1991 (the "Indenture"), duly executed and delivered by the Issuer to Texas Commerce Bank National Association, Trustee (herein called the "Trustee"). Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Issuer and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Securities.

In case an Event of Default, as defined in the Indenture, shall have occurred and be continuing, the principal of all the Securities may be declared due and payable, in the manner and with the effect, and subject to the conditions, provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be waived by the holders of a majority in aggregate principal amount of the Securities then outstanding and that, prior to any such declaration, such holders may waive any past default under the Indenture and its consequences except a default in the payment of principal of or premium, if any, or interest on any of the Securities. Any such consent or waiver by the holder of this Security (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder and upon all future holders and owners of this Security and any Security which may be issued in exchange or substitution therefor, whether or not any notation thereof is made upon this Security or such other Securities.

The Indenture permits the Issuer and the Trustee, with the consent of the holders of not less than a majority in aggregate principal amount of the Securities at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or modifying in any manner the rights of the holders of the Securities; provided that no such supplemental indenture shall (a) extend the maturity of any Security, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any amount payable on the redemption thereof, or alter the Issuer's obligation to make any

mandatory sinking fund payment, or impair or affect the rights of any Securityholder to institute suit for the payment or conversion thereof, or impair the right of any Securityholder to require the Issuer to redeem any Security pursuant to Article 13 of the Indenture or materially and adversely affect the right to convert the Securities into Common Stock of the Issuer without the consent of the holder of each Security so affected; or (b) reduce the aforesaid percentage of Securities, the consent of the holders of which is required for any such supplemental indenture, without the consent of the holders of all Securities then outstanding.

Subject to the provisions of the Indenture, the holder of this Security has the right, at his option, at any time until and including, but not after the close of business on, October 31, 2003 (except that, in case this Security or a portion hereof shall be called for redemption and the Issuer shall not thereafter default in making due provision for the payment of the redemption price, such right shall terminate with respect to this Security or such portion hereof at the close of business on the date fixed for redemption), to convert the principal of this Security, or any portion thereof which is \$1,000 or an integral multiple of \$1,000, into fully paid and non-assessable shares of Common Stock of the Issuer, as said shares shall be constituted at the date of conversion, at the conversion price of \$17.50 in principal amount of Securities for each share of such Common Stock, or at the adjusted conversion price in effect at the date of conversion if an adjustment has been made, determined as provided in the Indenture, upon surrender of this Security to the Issuer at the office or agency of the Issuer maintained for the purpose in The City of New York, together with a fully executed notice substantially in the form set forth at the foot hereof which notice states that the holder elects so to convert this Security (or any portion hereof which is an integral multiple of \$1,000) and, if this Security is surrendered for conversion during the period between the close of business on April 15 or October 15 in any year and the opening of business on the following April 30 or October 31 and has not been called for redemption on a redemption date within such period (or on such April 30 or October 31), accompanied by payment of an amount equal to the interest payable on such April 30 or October 31 on the principal amount of the Security being surrendered for conversion. Except as provided in the preceding sentence or as otherwise expressly provided in the Indenture, no payment or adjustment shall be made on account of interest accrued on this Security (or portion thereof) so converted or on account of any dividend or distribution on any such Common Stock issued upon conversion. If so required by the Issuer or the Trustee, this Security, upon surrender for conversion as aforesaid, shall be duly endorsed by, or be accompanied by instruments of transfer, in form satisfactory to the Issuer, duly executed by, the holder or by his duly authorized attorney. The conversion price from time to time in effect is subject to adjustment as provided in the Indenture. No

fractions of shares will be issued on conversion, but an adjustment in cash will be made for any fractional interest as provided in the Indenture.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and premium, if any, and interest on this Security at the place, times, and rate, and in the currency, herein prescribed.

The Securities are issuable only as registered Securities without coupons in denominations of \$1,000 and any integral multiple of \$1,000.

Upon due presentment for registration of transfer of this Security at the above-mentioned office or agency of the Issuer, a new Security or Securities of authorized denominations, for a like aggregate principal amount, will be issued to the transferee as provided in the Indenture. No service charge shall be made for any such transfer, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

The Securities may be redeemed at the option of the Issuer as a whole, or from time to time in part, on any date on or after October 31, 1993, upon mailing a notice of such redemption not less than 30 nor more than 60 days prior to the date fixed for redemption to the holders of Securities to be redeemed, all as provided in the Indenture, at the following redemption prices (expressed as percentages of the principal amount) together in each case with accrued and unpaid interest to the date fixed for redemption:

If redeemed during the twelve-month period beginning October 31,

Year ----	Percentage -----
1993	107.2%
1994	106.3%
1995	105.4%
1996	104.5%
1997	103.6%
1998	102.7%
1999	101.8%
2000	100.9%

and at 100% if redeemed on or after October 31, 2001; provided that if the date fixed for redemption is an April 30 or October 31, then the interest payable on such date shall be paid to the holder of record on the next preceding April 15 or October 15.

Upon the occurrence of a Redemption Event (as defined in the Indenture), the holder of this Security may require the Issuer to redeem this Security or any portion hereof that is an integral multiple of \$1,000 principal amount at 101% of the principal amount hereof plus accrued and unpaid interest to the date of redemption, as set forth in the Indenture.

Subject to payment by the Issuer of a sum sufficient to pay the amount due on redemption, interest on this Security (or portion hereof if this Security is redeemed in part) shall cease to accrue upon the date duly fixed for redemption of this Security (or portion hereof if this Security is redeemed in part).

The Securities are also subject to redemption through the operation of the sinking fund provided for in the Indenture, on October 31, 1997, and on each October 31, thereafter to and including October 31, 2002, on notice as set forth above and at 100% of the principal amount thereof, the sinking fund redemption price, together with accrued interest to the date fixed for redemption.

The Issuer, the Trustee, and any authorized agent of the Issuer or the Trustee, may deem and treat the registered holder hereof as the absolute owner of this Security (whether or not this Security shall be overdue and notwithstanding any notation of ownership or other writing hereon made by anyone other than the Issuer or the Trustee or any authorized agent of the Issuer or the Trustee), for the purpose of receiving payment of, or on account of, the principal hereof and premium, if any, and, subject to the provisions on the face hereof, interest hereon and for all other purposes, and neither the Issuer nor the Trustee nor any authorized agent of the Issuer or the Trustee shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or premium, if any, or the interest on this Security, for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture or any indenture supplemental thereto, against any incorporator, shareholder, officer or director, as such, past, present or future, of the Issuer or of any successor corporation, either directly or through the Issuer or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

[FORM OF CONVERSION NOTICE]

To: Lomas Financial Corporation

The undersigned owner of this Security hereby: (i) irrevocably exercises the option to convert this Security, or the portion hereof below designated, for shares of Common Stock (\$1.00 par value per share) of Lomas Financial Corporation in accordance with the terms of the Indenture referred to in this Security and (ii) directs that such shares of Common Stock deliverable upon the conversion, together with any check in payment for fractional shares and any Security(ies) representing any unconverted principal amount hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If shares are to be delivered registered in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto. Any amount required to be paid by the undersigned on account of interest accompanies this Security.

Dated

Signature

Fill in for registration of shares if to be delivered, and of Securities if to be issued, otherwise than to and in the name of the registered holder.

Social Security or Other
Taxpayer Identifying Number

(Name)

(Street Address)

(City, State and Zip Code)
(Please print name and address)

Principal Amount to be Converted:
(if less than all)

AND WHEREAS, all things necessary to make the Securities, when executed by the Issuer and authenticated and delivered by the Trustee as in this Indenture provided, the valid, binding and legal obligations of the Issuer, and to constitute these presents a valid indenture and agreement according to its terms, have been done;

NOW, THEREFORE:

In consideration of the premises, the Issuer and the Trustee mutually covenant and agree for the equal and proportionate benefit of the respective holders from time to time of the Securities as follows:

ARTICLE ONE

DEFINITIONS

SECTION 1.1 Certain Terms Defined. The following terms (except as otherwise expressly provided or unless the context otherwise clearly requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section. All other terms used in this Indenture which are defined in the Trust Indenture Act of 1939 or the definitions of which in the Securities Act of 1933 are referred to in the Trust Indenture Act of 1939 (except as herein otherwise expressly provided or unless the context otherwise clearly requires), shall have the meanings assigned to such terms in said Trust Indenture Act and in said Securities Act as in force at the date of this Indenture. All accounting terms used herein and not expressly defined shall have the meanings given to them in accordance with generally accepted accounting principles, and the term "generally accepted accounting principles" shall mean such accounting principles which are generally accepted at the date or time of any computation. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision. The terms defined in this Article include the plural as well as the singular.

"Adjusted Consolidated Debt" of any Person means at any date the Consolidated Debt of such Person and its Consolidated Subsidiaries, less (i) Mortgage Warehouse Debt, (ii) Debt incurred to finance the carrying of Foreclosure Claims Receivables with respect to which GNMA, FNMA, FHMLC or any similar governmental or quasi-governmental agency is obligor, (iii) Debt outstanding pursuant to GNMA Lines or similar lines of credit required to be maintained by GNMA or other similar governmental or another quasi-governmental agency, (iv) Debt incurred for working capital purposes in an

aggregate principal amount not to exceed .15% of the aggregate unpaid principal amount of LMUSA's mortgage servicing portfolio, (v) Debt evidenced by mortgage-backed securities issued by LMUSA or any of its subsidiaries in the ordinary course of business, (vi) Investment Line Debt, (vii) contingent obligations of the type specified in clause (iii) of the definition of Debt, to the extent that they support obligations that do not constitute Debt and (viii) Guarantees of Debt of the type specified in the foregoing clauses (i) through (vii), in each case as of the date of determination.

"Applicable Percentage" means (i) in the case of each distribution referred to in clause (v) of the definition of "Designated Event," the percentage determined as of the Calculation Date of each such distribution by dividing the aggregate fair market value (as determined in good faith by the Board of Directors of the Issuer, whose determination shall be conclusive) of such distribution, by the fair market value (based on the Current Market Price) of all of the shares of capital stock outstanding on the day immediately prior to such Calculation Date, and (ii) in the case of each purchase or acquisition referred to therein, the percentage determined as of the Calculation Date of each such purchase or acquisition by dividing all amounts expended by the Issuer and its Subsidiaries (the amount expended, if other than in cash, to be determined in good faith by the Board of Directors, whose determination shall be conclusive) in connection with the purchase or acquisition of any shares of any class of capital stock, by the fair market value (based on the Current Market Price) of all of the shares of capital stock outstanding on the day immediately prior to such Calculation Date. The term "Current Market Price" means the average of the daily closing prices (or, if none, the average of the last daily bid and asked prices) of the applicable class of capital stock as reported for composite transactions on the securities exchanges on which such stock is traded, or, if none, the primary inter-dealer quotation system which reports quotations for such stock, for the trading days during the period of 90 consecutive calendar days ending on the day immediately preceding the Calculation Date.

"Asset Sale Event" means the sale by the Issuer to any Person other than a Consolidated Subsidiary of the Issuer in any transaction of (i) a number of shares of common stock of LMUSA which together with all previous sales by the Issuer to Persons other than Consolidated Subsidiaries of the Issuer, is greater than 25% of the largest number of such shares (adjusted to give effect to any stock splits, stock dividends or subdivisions or combinations of such stock) owned by the Issuer at any time prior to such sale or (ii) a number of shares of common stock of LIS which together with all previous sales by the Issuer to Persons other than Consolidated Subsidiaries of the Issuer, is greater than 25% of the largest number of such shares (adjusted to give effect to any stock

splits, stock dividends or subdivisions or combinations of such stock) owned by the Issuer at any time prior to such sale.

"Authorized Officer" means (i) the chairman of the Board of Directors, the chief financial officer or the chief accounting officer of the Issuer, (ii) any officer succeeding to or performing the responsibilities of any of the officers listed in clause (i) or (iii) any other officer of the Issuer whose responsibilities require knowledge of any of the material provisions or requirements of this Indenture.

"Board of Directors" means either the Board of Directors of the Issuer or any committee of such Board duly authorized to act hereunder.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations and other equivalents (however designated) of such Person's capital stock whether now outstanding or issued after the date of this Indenture.

"Capitalized Lease" means, as applied to any Person, any lease of any Property (whether real, personal or mixed) under which, in conformity with generally accepted accounting principles, the discounted present value of the rental obligations of such Person as lessee, is required to be capitalized on the balance sheet of that Person.

"Commission" means the Securities and Exchange Commission, or if at any time after the date of this Indenture such Commission is not existing and performing the duties now assigned to it under the 1934 Act, then the body performing such duties at such time.

"Common Stock" means the Common Stock of the Issuer as the same exists at the date of execution and delivery of this Indenture or as such stock may be reconstituted from time to time.

"Consolidated Debt" means the Debt of any Person and its Consolidated Subsidiaries determined on a consolidated basis in accordance with generally accepted accounting principles.

"Consolidated Net Income" of any Person for any period means the Net Income of such Person and its Consolidated Subsidiaries for such period, determined on a consolidated basis in accordance with generally accepted accounting principles; provided that there shall be excluded (i) the Net Income of any Person other than a Consolidated Subsidiary in which such Person or any of its Consolidated Subsidiaries has a joint interest with a third party except to the extent of the amount of dividends and distributions actually paid to such Person or a Consolidated Subsidiary during such period and (ii) except to the extent includible pursuant to the foregoing clause (i), the Net Income of any Person accrued prior to the date

it becomes a Subsidiary of such Person or is merged into or consolidated with such Person or any of its Subsidiaries or that Person's assets are acquired by such Person or any of its Subsidiaries.

"Consolidated Subsidiary" of any Person means a Subsidiary which for financial reporting purposes is or, in accordance with generally accepted accounting principles, should be, accounted for by such Person as a consolidated subsidiary.

"Consolidated Tangible Net Worth" of any Person means at any date the consolidated stockholders' equity of such Person and its Consolidated Subsidiaries less their consolidated Intangible Assets, all determined as of such date. For purposes of this definition "Intangible Assets" means the amount (to the extent reflected in determining such consolidated stockholders' equity) of all unamortized debt discount and expense, unamortized deferred charges, goodwill, reorganization value in excess of amounts allocable to identifiable assets, patents, trademarks, service marks, trade names, copyrights, organization or developmental expenses and other intangible assets; provided that Intangible Assets shall not include purchased future mortgage servicing income rights or other similar income producing rights customarily purchased by leading participants in the mortgage finance industry to the extent reflected in determining consolidated stockholders' equity.

"Consummation Date" means the date on which the Securities are first issued. This date may be obtained from the Trustee.

"Corporate Trust Office" means the office of the Trustee at which the corporate trust business of the Trustee shall, at any particular time, be principally administered, which office is, at the date as of which this Indenture is dated, located at 601 Travis, 8th Floor, Houston, Texas 77002 8TCT39.

"Debt" of any Person means, at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (iii) all obligations of such Person in respect of letters of credit or bankers' acceptances or similar obligations (or reimbursement obligations with respect thereto), (iv) all obligations of such Person as lessee under Capitalized Leases, (v) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person, (vi) all Debt of others Guaranteed by such Person other than Guarantees of obligations of utility districts or municipalities and Guarantees of development obligations of others, in each case in effect on the date of this Indenture, (vii) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except trade payables and accrued expenses

incurred in the ordinary course of business and (viii) Redeemable Stock of such Person valued at the highest of the mandatory redemption price payable at the option of the holder, the liquidation preference thereof or the face amount of Debt issuable upon conversion thereof.

"Designated Event" means any one or more of the following events which shall occur:

(i) (a) the Issuer shall convey, transfer or lease all or substantially all of its assets to any Person or (b) the Issuer shall consolidate with or merge into any other Person or any other Person shall consolidate with or merge into the Issuer in either event pursuant to a merger or consolidation in which any common stock of the Issuer outstanding immediately prior to the effectiveness thereof is cancelled or changed into or exchange for cash, securities or other property, provided that such transaction between the Issuer and its Subsidiaries shall be excluded from the operation of this clause (i);

(ii) any Person, including a "group" (within the meaning of Section 13(d) and 14(d)(2) of the 1934 Act), which includes such Person, shall purchase or otherwise acquire, directly or indirectly, beneficial ownership of securities of the Issuer and, as a result of such purchase or acquisition, any Person (together with its associates and affiliates), other than the Issuer or any Subsidiary, shall directly or indirectly beneficially own in the aggregate (a) 30% or more of the common stock of the Issuer, or (b) securities representing 30% or more of the combined voting power of the Issuer's voting securities, in each case under clause (a) or (b) outstanding on the date immediately prior to the date of such purchase or acquisition (or, if there be more than one, the last such purchase or acquisition);

(iii) the Issuer or any Subsidiary shall purchase or otherwise acquire, directly or indirectly, beneficial ownership of capital stock of the Issuer if, after giving effect to such purchase or acquisition, the Issuer (together with all Subsidiaries) shall have acquired, during any period of 12 consecutive months, beneficial ownership of an aggregate of 30% or more of the capital stock of the Issuer outstanding on the date immediately prior to the first such purchase or acquisition during such period (taking into account any stock splits, stock dividends or similar transactions effected during such period);

(iv) during any period of two consecutive years, individuals who at the beginning of such period constitute the Issuer's Board of Directors (together with any new Director

whose election by the Issuer's Board of Directors or whose nomination for election by the Issuer's stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Directors then in office; or

(v) on any date (a "Calculation Date") (i) (a) the Issuer shall make distribution or distributions of cash, securities or other properties (other than regular periodic cash dividends at a rate which is substantially consistent with past practice, including past practice with respect to increases in dividends, and other than distributions of common stock or rights to acquire common stock or preferred stock substantially equivalent to common stock of the Issuer) to holders of capital stock of the Issuer, whether by means of dividend, reclassification, recapitalization or otherwise, or (b) the Issuer or any Subsidiary shall purchase or otherwise acquire, directly or indirectly, beneficial ownership of capital stock of the Issuer, and (ii) the sum of the Applicable Percentages of all such distributions, purchases and acquisitions which have occurred on the Calculation Date and during the 365-day period immediately preceding the Calculation Date shall exceed 30%.

"Event of Default" means any event or condition specified as such in Section 4.1 which shall have continued for the period of time, if any, therein designated.

"FHLMC" means Federal Home Loan Mortgage Corporation and its successors.

"FNMA" means Federal National Mortgage Association and its successors.

"Foreclosure Claims Receivables" means, at any date, payments due to any of the Issuer's Subsidiaries in respect of advances of principal, interest, fees, expenses or similar disbursements arising in connection with foreclosure proceedings on properties securing mortgages in such Subsidiary's servicing portfolio.

"Full Rating Category" means (i) with respect to Standard & Poor's, any of the following categories in descending order: AAA, AA, A, BBB, BB, B, CCC, CC and C, (ii) with respect to Moody's, any of the following categories in descending order: Aaa, Aa, A, Baa, Ba, B, Caa, Ca and C and (iii) with respect to any other rating agency, the equivalent of any category of Standard & Poor's or Moody's used by the other rating agency. In determining whether the rating of the Securities has decreased by the equivalent of one Full Rating Category, gradation within Full Range Categories (+ and

- - for Standard & Poor's; 1, 2, and 3 for Moody's; or the equivalent gradation for another rating agency) shall be taken into account (e.g. with respect to Standard & Poor's a decline in rating from BB- to B- will constitute a decrease of one Full Rating Category, and a decline in rating from BB- to B will constitute a decrease of less than one Full Rating Category).

"GNMA" means Government National Mortgage Association and its successors.

"GNMA Lines" means one or more lines of credit or similar arrangements entered into by the Issuer or any of its Subsidiaries for the purpose of assuring timely payment of the GNMA guaranty fee and of amounts due holders of GNMA securities.

"Guarantee" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such other Person (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligations of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term Guarantee shall not include endorsements for deposit or collection in the ordinary course of business. The term "Guarantee" used as verb has a correlative meaning.

"Holder", "holder of Securities", "Securityholder" or other similar terms means the registered holder of any Security.

"Incurrence" means the incurrence, creation, assumption or in any other manner becoming liable with respect to or becoming responsible for the payment of, or the extension of the maturity of, any Debt. The term "Incur" has a correlative meaning.

"Indenture" means this instrument as originally executed and delivered or, if amended or supplemented as herein provided, as so amended or supplemented.

"Investment Grade" means a rating of not less than Baa3, in the case of a rating by Moody's or a rating of not less than BBB-, in the case of a rating by Standard & Poor's, or the equivalent of such ratings by Standard & Poor's or Moody's or by any other rating agency.

"Investment Line Debt" means Debt of the Issuer or any of its Subsidiaries secured by (i) cash, (ii) United States Treasury securities, (iii) certificates of deposit of any bank with capital, surplus and undivided profits aggregating at least \$100,000,000, and having a Thompson Bank Watch, Inc. peer group rating of at least C or a Standard & Poor's long-term debt rating of at least BBB or a Moody's long-term debt rating of at least Baa, (iv) mortgage-backed securities Guaranteed by GNMA, FNMA or FHLMC or (v) commercial paper rated at least A-2 or P-2 by Standard & Poor's or Moody's; but in each case only that portion of such Debt that is secured by collateral with a value equal to or greater than the Debt.

"Issuer" means (except as otherwise provided in Article Five) Lomas Financial Corporation, a Delaware corporation, and, subject to Article Eight, its successors and assigns.

"Lien" means, with respect to any Property, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such Property or any interest therein. For the purposes of this Indenture, the Issuer shall be deemed to own subject to a Lien any Property which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capitalized Lease or other title retention arrangement relating to such Property.

"Liquidity Support Trust Note" means a promissory note substantially in the form of Exhibit N to the Plan payable by the Issuer to the trustee and its successors in such capacity under the Liquidity Support Trust Agreement dated as of November 1, 1991 among the Issuer, ST Lending, Inc. and J.P. Morgan Delaware, Trustee.

"LIS" means Lomas Information Systems, Inc., a Nevada corporation.

"LIS Subcommittee" means a committee or subcommittee of the Board of Directors, a majority of the members of which committee or subcommittee will at all times be directors who are not employees or officers of the Issuer.

"LIS Technical Advisory Board" means a group of at least three persons who are not employees or officers of the Issuer, designated by the LIS Subcommittee as soon as practicable after the Consummation Date to advise it with respect to all matters pertaining to LIS' Excelis-MLS mortgage loan servicing system, including the planning, implementation and rollout of the system to its existing customers. The LIS Technical Advisory Board will focus, without limitation, on costs, schedules, quality, operations, organizational effectiveness, requirements and business rationale, in all cases from both a system management and a quality assurance perspective.

The LIS Technical Advisory Board will remain active for as long as the LIS Subcommittee deems appropriate, but at least as long as required to assure compliance by the Issuer with Section 3.12.

"LMUSA" means Lomas Mortgage USA, Inc., a Connecticut corporation.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Mortgage Warehouse Debt" means, at any date, Debt of any Person secured by mortgage loans, mortgage notes, mortgage-backed securities or any combination thereof owned by such Person.

"Net Income" of any Person for any period means the net income or loss of such Person for such period plus any tax expense recorded on the books of such Person for such period which will never be required to be paid in cash and which has arisen solely from the application of net operating loss carryforwards of the consolidated tax group of which the Issuer was the common parent for taxable years ending on or before the Consummation Date, determined in accordance with generally accepted accounting principles, except that extraordinary and non-recurring gains and losses, as determined in accordance with generally accepted accounting principles, shall be excluded.

"Non-Recourse Debt" means Debt or that portion of Debt (i) as to which neither the Issuer nor any of its Subsidiaries (other than a Non-Recourse Subsidiary) (a) provides credit support (including any undertaking, agreement or instrument which would constitute Debt), (b) is directly or indirectly liable or (c) constitutes the lender and (ii) no default with respect to which (including any rights which the holders thereof may have to take enforcement action against a Non-Recourse Subsidiary) would permit (upon notice, lapse of time or both) any holder of any other Debt of the Issuer or any Subsidiary (other than a Non-Recourse Subsidiary) to declare a default on such other Debt or cause the payment thereof to be accelerated or payable prior to its stated maturity.

"Non-Recourse Subsidiary" means a Subsidiary which has no Debt other than Non-Recourse Debt.

"1934 Act" means the Securities Exchange Act of 1934, as amended.

"Officers' Certificate" means a certificate signed by the Chairman of the Board of Directors or the President or any Vice President (whether or not designated by a number or numbers or a word or words added before or after the title "Vice President") and by the Treasurer or the Secretary or any Assistant Secretary of the Issuer and delivered to the Trustee. Each such certificate shall

comply with Section 314 of the Trust Indenture Act of 1939 and include the statements provided for in Section 10.5.

"Opinion of Counsel" means, in the case of the opinion of counsel required to be delivered pursuant to Section 8.1 herein, an opinion in writing signed by regular outside legal counsel, and, in all other cases, an opinion in writing signed by regular outside legal counsel to, or the general counsel of, the Issuer or by other counsel satisfactory to the Trustee. Each such opinion shall comply with Section 314 of the Trust Indenture Act and include the statements provided for in Section 10.5, if and to the extent required hereby.

"Outstanding", when used with reference to Securities, subject to the provisions of Section 6.4, means, as of any particular time, all Securities authenticated and delivered by the Trustee under this Indenture, except

(a) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Securities, or portions thereof, for the payment or redemption of which moneys in the necessary amount shall have been deposited in trust with the Trustee or with any paying agent (other than the Issuer) or shall have been set aside, segregated and held in trust by the Issuer (if the Issuer shall act as its own paying agent), provided that if such Securities are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as herein provided, or provision satisfactory to the Trustee shall have been made for giving such notice; and

(c) Securities in substitution for which other Securities shall have been authenticated and delivered, or which shall have been paid, pursuant to the terms of Section 2.6 (unless proof satisfactory to the Trustee is presented that any of such Securities is held by a person in whose hands such Security is a legal, valid and binding obligation of the Issuer), Securities converted into Common Stock pursuant hereto and Securities not deemed outstanding pursuant to Section 11.2.

"Permitted Liens" means, (i) Liens existing as of the date of this Indenture, as set forth in Schedule I hereto; (ii) rights of banks to set off deposits against debts owed to said bank; (iii) Liens securing Debt Incurred to purchase Property or improvements thereon so long as (a) such Liens apply only to the Property or improvements purchased with the proceeds of such Debt, and accessions to, improvements on or proceeds of such Property or improvements and (b) such Liens attach within 180 days after the acquisition of such Property or completion of such improvements and (iv) any extension, renewal or replacement, in whole or in part, of

any Lien described in the foregoing clauses (i) through (iii), provided that any such extension, renewal or replacement shall not extend to any other Property of the Issuer other than such item of Property originally covered by such Lien or any improvements thereof, or additions or accessions thereto.

"Permitted Payment" means (i) any dividend on shares of the Issuer's Capital Stock payable solely in shares of the Issuer's Capital Stock or in options, warrants or other rights to purchase the Issuer's Capital Stock and (ii) the repurchase or other acquisition or retirement for value of any shares of the Issuer's Capital Stock, with additional shares of, or out of the proceeds of a substantially contemporaneous issuance of, the Issuer's Capital Stock.

"Person" means an individual or, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Plan" means the Joint Plan of Reorganization in In Re Lomas Financial Corporation, et al. (Case Nos. 89 B 12471 through 89 B 12478 inclusive) confirmed by the United States Bankruptcy Court for the Southern District of New York.

"Property" of any Person means all types of real, personal, tangible, intangible or mixed property owned by such Person whether or not included in the most recent consolidated balance sheet of such Person under generally accepted accounting principles.

"Public Notice" means any filing or report made in accordance with the requirements of the Commission or any press release or public announcement made by the Issuer.

"Rating Agency" shall mean Standard & Poor's and Moody's, or, if Standard & Poor's or Moody's or both shall not make a rating on the Securities publicly available, a nationally recognized securities rating agency or agencies, as the case may be, selected by the Issuer, which shall be substituted for Standard & Poor's or Moody's or both, as the case may be.

"Rating Date" shall mean the date that is 121 days prior to Public Notice of the occurrence of a Designated Event.

"Rating Decline" shall be deemed to occur if on any date within the 90-day period following Public Notice of the occurrence of a Designated Event (which period shall be extended so long as the rating of the Securities is under publicly announced consideration for possible downgrade by a Rating Agency) (i) in the event the Securities are rated by any Rating Agency on the Rating Date as Investment Grade, the rating on the Securities by such Rating

Agency shall be below Investment Grade, or (ii) in the event the Securities are rated by any Rating Agency on the Rating Date below Investment Grade, the rating on the Securities by such Rating Agency shall be at least one Full Rating Category below the rating of the Securities by such Rating Agency on the Rating Date.

"Redeemable Stock" means any class or series of Capital Stock of any Person that by its terms or otherwise is (i) required to be redeemed prior to the stated maturity of the Securities, (ii) redeemable at the option of the holder thereof at any time prior to the stated maturity of the Securities or (iii) convertible into or exchangeable for Debt or Capital Stock referred to in clause (i) or (ii) having a scheduled maturity prior to the stated maturity of the Securities; provided that any Capital Stock which would not constitute Redeemable Stock but for provisions thereof giving holders thereof the right to require the Issuer to repurchase or redeem such Capital Stock upon the occurrence of a change of control occurring prior to the final maturity of the Securities shall not constitute Redeemable Stock if the change of control provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in Section 13.1 and such Capital Stock specifically provides that the Issuer will not repurchase or redeem any such stock pursuant to such provisions prior to the Issuer's redemption of such Securities as are required to be redeemed pursuant to the provisions of Section 13.1.

"Redemption Event" means the occurrence of both a Designated Event and a Rating Decline.

"Responsible Officer" means, when used with respect to the Trustee, the chairman of the board of directors, any vice chairman of the board of directors, the chairman of the trust committee, the chairman of the executive committee, any vice chairman of the executive committee, the president, any vice president (whether or not designated by numbers or words added before or after the title "vice president"), any trust officer, any assistant trust officer, any assistant vice president, or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Payment" means (i) any dividend or other distribution on any shares of the Issuer's Capital Stock or (ii) any payment on account of the purchase, redemption, retirement or other acquisition of (a) any shares of the Issuer's Capital Stock or (b) any option, warrant or other right to acquire shares of the Issuer's Capital Stock (excluding debt securities convertible into the Issuer's Capital Stock). Notwithstanding the foregoing,

"Restricted Payment" shall not include any Permitted Payment.

"Security" or "Securities" means any Note or Notes, as the case may be, authenticated and delivered under this Indenture.

"Standard & Poor's" means Standard & Poor's Corporation and its successors.

"Subsidiary" means, with respect to any Person, any corporation or other entity of which a majority of the Capital Stock or other ownership interests having ordinary voting power to elect a majority of the Board of Directors or other Persons performing similar functions are at the time directly or indirectly owned by such Person.

"Trading Day" has the meaning set forth in Section 12.5(h).

"Trustee" means the entity identified as "Trustee" in the first paragraph hereof and, subject to the provisions of Article Five, shall also include any successor trustee.

"Trust Indenture Act of 1939" (except as otherwise provided in Sections 7.1, 7.2 and 12.6) means the Trust Indenture Act of 1939 as in force at the date as of which this Indenture was originally executed.

"Vista Properties" means Vista Properties, Inc., a Nevada corporation, and its successors.

"Wholly-Owned Subsidiary" means with respect to any Person a Subsidiary the voting stock of which is more than 90% owned by such Person.

ARTICLE TWO

ISSUE, EXECUTION, FORM AND REGISTRATION OF SECURITIES

SECTION 2.1 Authentication and Delivery of Securities.

Upon the execution and delivery of this Indenture, or from time to time thereafter, Securities in an aggregate principal amount not in excess of the amount specified in the form of Security hereinabove recited (except as otherwise provided in Section 2.6 and in respect of distributions made pursuant to Paragraph 4.12 of the Plan) may be executed by the Issuer and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Securities to or upon the written order of the Issuer, signed by both (a) its Chairman of the Board of Directors, or any Vice Chairman of the Board of Directors, or its President or any Vice President (whether or not designated by a number or numbers or a word or words added before or after the title "Vice President")

and (b) by its Treasurer or any Assistant Treasurer without any further action by the Issuer.

SECTION 2.2 Execution of Securities. The Securities shall be signed on behalf of the Issuer by both (a) its Chairman of the Board of Directors or any Vice Chairman of the Board of Directors or its President or any Vice President (whether or not designated by a number or numbers or a word or words added before or after the title "Vice President") and (b) by its Treasurer or any Assistant Treasurer or its Secretary or any Assistant Secretary, under its corporate seal which may, but need not, be attested. Such signatures may be the manual or facsimile signatures of the present or any future such officers. The seal of the Issuer may be in the form of a facsimile thereof and may be impressed, affixed, imprinted or otherwise reproduced on the Securities. Typographical and other minor errors or defects in any such reproduction of the seal or any such signature shall not affect the validity or enforceability of any Security which has been duly authenticated and delivered by the Trustee.

In case any officer of the Issuer who shall have signed any of the Securities shall cease to be such officer before the Security so signed shall be authenticated and delivered by the Trustee or disposed of by the Issuer, such Security nevertheless may be authenticated and delivered or disposed of as though the person who signed such Security had not ceased to be such officer of the Issuer; and any Security may be signed on behalf of the Issuer by such persons as, at the actual date of the execution of such Security, shall be the proper officers of the Issuer, although at the date of the execution and delivery of this Indenture any such person was not such officer.

SECTION 2.3 Certificate of Authentication. Only such Securities as shall bear thereon a certificate of authentication substantially in the form hereinbefore recited, executed by the Trustee by manual signature of one of its authorized officers, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee upon any Security executed by the Issuer shall be conclusive evidence that the Security so authenticated has been duly authenticated and delivered hereunder and that the holder is entitled to the benefits of this Indenture.

SECTION 2.4 Form, Denomination and Date of Securities; Payments of Interest. The Securities and the Trustee's certificates of authentication shall be substantially in the form recited above. The Securities shall be issuable as registered securities without coupons and in denominations provided for in the form of Security above recited. The Securities shall be numbered, lettered, or otherwise distinguished in such manner or in accordance with such plans as the officers of the Issuer executing the same may

determine with the approval of the Trustee.

Any of the Securities may be issued with appropriate insertions, omissions, substitutions and variations, and may have imprinted or otherwise reproduced thereon such legend or legends, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto, or with the rules of any securities market in which the Securities are admitted to trading, or to conform to general usage.

Each Security shall be dated the date of its authentication, shall bear interest from the applicable date and shall be payable on the dates specified on the face of the form of Security recited above.

The person in whose name any Security is registered at the close of business on any record date with respect to any interest payment date shall be entitled to receive the interest, if any, payable on such interest payment date notwithstanding any transfer or exchange of such Security subsequent to the record date and prior to such interest payment date, or, subject, in the case of conversion of such Security during such period, to Section 12.2, except if and to the extent the Issuer shall default in the payment of the interest due on such interest payment date, in which case such defaulted interest shall be paid to the persons in whose names outstanding Securities are registered at the close of business on a subsequent record date (which shall be not less than five business days prior to the date of payment of such defaulted interest) established by notice given by mail by or on behalf of the Issuer to the holders of Securities not less than 15 days preceding such subsequent record date. The term "record date" as used with respect to any interest payment date (except a date for payment of defaulted interest) shall mean the April 15 or October 15, as the case may be, next preceding such interest payment date, whether or not such record date is a business day.

SECTION 2.5 Registration, Transfer and Exchange. The Issuer will keep or cause to be kept at each office or agency to be maintained for the purpose as provided in Section 3.2 a register or registers in which, subject to such reasonable regulations as it may prescribe, it will register, and will register the transfer of, Securities as in this Article provided. Such register shall be in written form in the English language or in any other form capable of being converted into such form within a reasonable time. At all reasonable times such register or registers shall be open for inspection by the Trustee. Notwithstanding the foregoing, the Issuer will not register the transfer of any Security presented prior to the day after ten "trading days" (as defined in Proposed Treasury Regulation Section 1.1273-2(c)(1)) following the Consummation Date, other than any transfer by a Distribution Agent (as

defined in the Plan) in respect of distributions of Securities pursuant to the Plan.

Upon due presentation for registration of transfer of any Security at each such office or agency, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Security or Securities in authorized denominations for a like aggregate principal amount.

Any Security or Securities may be exchanged for a Security or Securities in other authorized denominations, in an equal aggregate principal amount. Securities to be exchanged shall be surrendered at each office or agency to be maintained by the Issuer for the purpose as provided in Section 3.2, and the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor the Security or Securities which the Securityholder making the exchange shall be entitled to receive, bearing numbers not contemporaneously outstanding.

All Securities presented for registration of transfer, exchange, redemption or payment shall (if so required by the Issuer or the Trustee) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Issuer and the Trustee duly executed by, the holder or his attorney duly authorized in writing.

The Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge that may be imposed in connection with any exchange or registration of transfer of Securities (other than any such transfer tax or similar governmental charge payable upon exchanges pursuant to Sections 2.8, 7.5 and 11.3). No service charge shall be made for any such transaction.

The Issuer shall not be required to exchange or register a transfer of (a) any Securities for a period of 15 days next preceding the first mailing of notice of redemption of Securities to be redeemed, or (b) any Securities selected, called or being called for redemption except, in the case of any Security where public notice has been given that such Security is to be redeemed in part, the portion thereof not so to be redeemed.

All Securities issued upon any transfer or exchange of Securities shall be valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such transfer or exchange.

SECTION 2.6 Mutilated, Defaced, Destroyed, Lost and Stolen Securities. If (i) any mutilated Security is surrendered to the Trustee or if there shall be delivered to the Issuer and to the Trustee evidence to their satisfaction of the destruction, loss or

theft of any Security and (ii) there shall be delivered to the Issuer and to the Trustee such security and indemnity as may be required by them to indemnify and defend and to save each of them and any agent of either harmless, then, in the absence of notice to the Issuer or the Trustee that such Security has been acquired by a bona fide purchaser, the Issuer shall execute and upon its request the Trustee shall authenticate and deliver, in lieu of any such mutilated, destroyed, lost or stolen Security, a new Security of like tenor and principal amount and bearing a number not contemporaneously outstanding.

Upon the issuance of any substitute Security, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith. In case any Security which has matured or is about to mature, or has been called for redemption in full, or is being surrendered for conversion in full shall become mutilated or defaced or be apparently destroyed, lost or stolen, the Issuer may, instead of issuing a substitute Security, with the holder's consent, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated or defaced Security), if the applicant for such payment shall furnish to the Issuer and to the Trustee and any agent of the Issuer or the Trustee such security or indemnity as any of them may require to save each of them harmless from all risks, however remote, and, in every case of apparent destruction, loss or theft, the applicant shall also furnish to the Issuer and the Trustee and any agent of the Issuer or the Trustee evidence to their satisfaction of the apparent destruction, loss or theft of such Security and of the ownership thereof.

Every substitute Security issued pursuant to the provisions of this Section by virtue of the fact that any Security is apparently destroyed, lost or stolen shall constitute an additional contractual obligation of the Issuer, whether or not the apparently destroyed, lost or stolen Security shall be at any time enforceable by anyone and shall be entitled to all the benefits of (but shall be subject to all the limitations of rights set forth in) this Indenture equally and proportionately with any and all other Securities duly authenticated and delivered hereunder. All Securities shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing provisions are exclusive with respect to the replacement or payment or conversion of mutilated, defaced, or apparently destroyed, lost or stolen Securities and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

SECTION 2.7 Cancellation of Securities; Destruction

Thereof. All Securities surrendered for payment, redemption, registration of transfer or exchange, or conversion if surrendered to the Issuer or any agent of the Issuer or the Trustee, shall be delivered to the Trustee for cancellation or, if surrendered to the Trustee, shall be cancelled by it; and no Securities shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee shall destroy cancelled Securities held by it and deliver a certificate of destruction to the Issuer. If the Issuer shall acquire any of the Securities, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are delivered to the Trustee for cancellation.

SECTION 2.8 Temporary Securities. Pending the preparation of definitive Securities, the Issuer may execute and the Trustee shall authenticate and deliver temporary Securities (printed, lithographed, typewritten or otherwise reproduced, in each case in form satisfactory to the Trustee). Temporary Securities shall be issuable as registered Securities without coupons, of any authorized denomination, and substantially in the form of the definitive Securities but with such omissions, insertions and variations as may be appropriate for temporary Securities, all as may be determined by the Issuer with the concurrence of the Trustee. Temporary Securities may contain such reference to any provision of this Indenture as may be appropriate. Every temporary Security shall be executed by the Issuer and be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Securities. Without unreasonable delay the Issuer shall execute and shall furnish definitive Securities and thereupon temporary Securities may be surrendered in exchange therefor without charge at each office or agency to be maintained by the Issuer for the purpose pursuant to Section 3.2, and the Trustee shall authenticate and deliver in exchange for such temporary Securities a like aggregate principal amount of definitive Securities of authorized denominations. Until so exchanged the temporary Securities shall be entitled to the same benefits under this Indenture as definitive Securities.

SECTION 2.9 Computation of Interest. Interest on the Securities shall be computed on the basis of a 360-day year of twelve 30-day months.

ARTICLE THREE

COVENANTS OF THE ISSUER AND THE TRUSTEE

SECTION 3.1 Payment of Principal and Interest. The Issuer covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and premium, if any, and interest on, each of the Securities at the place or places, at the respective

times and in the manner provided in the Securities. Each installment of interest on the Securities may be paid by mailing checks for such interest payable to or upon the written order of the holders of Securities entitled thereto as they shall appear on the registry books of the Issuer.

SECTION 3.2 Offices for Payments, etc. So long as any of the Securities remain outstanding, the Issuer will maintain in The City of New York, the following: (a) an office or agency where the Securities may be presented for payment, (b) an office or agency where the Securities may be presented for registration of transfer and for exchange and conversion as in this Indenture provided and (c) an office or agency where notices and demands to or upon the Issuer in respect of the Securities or of this Indenture may be served. The Issuer will give to the Trustee prompt written notice of the location of any such office or agency and of any change of location thereof. The Issuer hereby initially designates Texas Commerce Trust Company of New York, 80 Broad Street Suite 400, New York, New York 10004, as the office or agency for each such purpose. In case the Issuer shall fail to maintain any such office or agency or shall fail to give such notice of the location or of any change in the location thereof, presentations and demands may be made and notices may be served at Texas Commerce Trust Company of New York at the address set forth above.

SECTION 3.3 Appointment to Fill a Vacancy in Office of Trustee. The Issuer, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 5.9, a Trustee, so that there shall at all times be a Trustee hereunder.

SECTION 3.4 Paying Agents. Whenever the Issuer shall appoint a paying agent other than the Trustee, it will cause such paying agent to execute and deliver to the Trustee an instrument which such agent shall agree with the Trustee, subject to the provisions of this Section,

(a) that it will hold all sums received by it as such agent for the payment of the principal of and premium, if any, and interest on the Securities (whether such sums have been paid to it by the Issuer or by any other obligor on the Securities) in trust for the benefit of the holders of the Securities or of the Trustee,

(b) that it will give the Trustee notice of any failure by the Issuer (or by any other obligor on the Securities) to make any payment of the principal of and premium, if any, and interest on the Securities when the same shall be due and payable, and

(c) that it will pay any such sums so held in trust by

it to the Trustee upon the Trustee's written request at any time during the continuance of the failure referred to in clause (b) above.

The Issuer will, prior to each due date of the principal of and premium, if any, or interest on the Securities, deposit with the paying agent a sum sufficient to pay such principal and premium, if any, or interest, and (unless such paying agent is the Trustee) the Issuer will promptly notify the Trustee of any failure to take such action.

If the Issuer shall act as its own paying agent, it will, on or before each due date of the principal of and premium, if any, or interest on the Securities, set aside, segregate and hold in trust for the benefit of the holders of the Securities a sum sufficient to pay such principal and premium, if any, or interest so becoming due. The Issuer will promptly notify the Trustee of any failure to take such action.

Anything in this Section to the contrary notwithstanding, the Issuer may at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture or for any other reason, pay or cause to be paid to the Trustee all sums held in trust by the Issuer or any paying agent hereunder, as required by this Section, such sums to be held by the Trustee upon the trusts herein contained.

Anything in this Section to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section are subject to the provisions of Sections 9.3 and 9.4.

SECTION 3.5 Certificate to Trustee. The Issuer will furnish to the Trustee:

(a) within 15 days after each May 15 and November 15 of each year (beginning with May 15, 1992) an Officers' Certificate executed by the principal executive, financial or accounting officer of the Issuer, stating whether the signors, after due inquiry, know of any breach of any of the conditions or covenants under the Indenture or any Event of Default or event which after notice or the lapse of time, or both, would become an Event of Default which occurred during the two fiscal quarters of the Issuer ended immediately prior to the date of such Officers' Certificate. If either of the signors of the Officers' Certificate knows that such a breach, Event of Default or event occurred, the certificate shall describe such breach, Event of Default or event, and its status; and

(b) within five days after an Authorized Officer of the Issuer obtains knowledge of any breach of any of the conditions or covenants under the Indenture or any Event of Default

or event which after notice or the lapse of time, or both, would become an Event of Default, and such breach. Event of Default or event is then continuing, an Officers' Certificate setting forth the details thereof and the action which the Issuer is taking or proposes to take with respect thereto.

SECTION 3.6 Securityholders' Lists. If and so long as the Trustee shall not be the Security registrar, the Issuer will furnish or cause to be furnished to the Trustee a list in such form as the Trustee may reasonably require of the names and addresses of the holders of the Securities pursuant to Section 312 of the Trust Indenture Act of 1939 (a) semi-annually not more than 15 days after each record date for the payment of semi-annual interest on the Securities, as hereinabove specified, as of such record date, and (b) at such other times as the Trustee may request in writing, within 30 days after receipt by the Issuer of any such request as of a date not more than 15 days prior to the time such information is furnished.

SECTION 3.7 Reports by the Issuer. The Issuer will file with the Trustee any reports or information which it is required to file with the Commission pursuant to Section 13 or 15(d) of the 1934 Act within 15 days of making any such filing with the Commission. At any time it is not subject to the information and reporting requirements of Section 13 of the 1934 Act, the Issuer will furnish to the Trustee (i) within 90 days following the end of each fiscal year of the Issuer, an annual report of the Issuer containing audited consolidated financial statements and notes thereto, together with an opinion thereon expressed by an independent public accounting firm of recognized standing, and (ii) within 45 days following the end of each of the first three fiscal quarters in each fiscal year of the Issuer, quarterly reports of the Issuer containing unaudited consolidated financial statements.

SECTION 3.8 Reports by the Trustee. Any Trustee's report required under Section 313(a) of the Trust Indenture Act of 1939 shall be transmitted on or before the first date for the regular payment of semi-annual interest on the Securities next succeeding May 15 in each year, and shall be dated as of a date convenient to the Trustee no more than 60 nor less than 45 days prior thereto (unless such May 15 is less than 45 days prior to such interest payment date, in which case such report shall be (a) so transmitted on or before the second such interest payment date next succeeding such May 15 and (b) as of a date determined as provided above).

SECTION 3.9 Limitation on Restricted Payments. The Issuer will not, and will not permit any of its Subsidiaries to, directly or indirectly, make any Restricted Payment, if:

(a) at the time of such Restricted Payment or after giving effect thereto, an Event of Default or an event that

through the passage of time or the giving of notice, or both, would become an Event of Default, shall have occurred and be continuing; or

(b) after giving effect thereto, the aggregate amount of all Restricted Payments made by the Issuer and its Subsidiaries (the amount expended or distributed for such purposes, if other than in cash, to be valued at its fair market value as determined in good faith by the Board of Directors, whose determination shall be conclusive and evidenced by a resolution of the Board of Directors delivered to the Trustee), from and after the date of this Indenture shall exceed the sum (without duplication) of:

(i) 50% of Consolidated Net Income (or, in the event Consolidated Net Income is a deficit, then 100% of such deficit) of the Issuer and its Consolidated Subsidiaries accrued for the period (taken as one accounting period) commencing on January 1, 1992 to and including the last day of the fiscal quarter ended immediately prior to the date of such calculation; plus

(ii) the aggregate net proceeds, including the fair market value of property other than cash (as determined in good faith by the Board of Directors, whose determination shall be conclusive and evidenced by a resolution of the Board of Directors delivered to the Trustee) received by the Issuer from and after the date of this Indenture from the issuance or sale (other than to a Subsidiary of the Issuer) of its Capital Stock and warrants, options and rights to purchase any such Capital Stock, but excluding the net proceeds from the issuance, sale, exchange, conversion or other disposition of its Capital Stock convertible into or exchangeable for any security other than its Capital Stock at the option of the holder thereof or upon the happening of any event;

provided that the foregoing clause (b) shall not prevent the payment of any dividend within 60 days after the date of its declaration if such dividend could have been paid on the date of its declaration without violation of the provisions of this Section 3.9.

SECTION 3.10 Debt Limitation. The Issuer will not incur any Debt if, after giving effect to such Debt and the receipt and application of the proceeds thereof, the aggregate amount of Adjusted Consolidated Debt of the Issuer shall exceed 230% of the Issuer's Consolidated Tangible Net Worth; provided that the foregoing limitation shall not apply to the incurrence of (i) obligations of the type specified in clause (iii) of the definition of Debt or Guarantees thereof, to the extent that they do not

support obligations that constitute Debt and (ii) indebtedness evidenced by the Liquidity Support Trust Note. Notwithstanding the foregoing, the Issuer may at any time incur Debt if, after giving effect to such Debt and the receipt and application of the net proceeds thereof, Debt of the Issuer outstanding pursuant to this sentence does not exceed \$35,000,000; provided that no Debt may be incurred pursuant to this sentence that would not be permitted by the next preceding sentence at any time after the amount of Debt incurred or that could be incurred after the Consummation Date under the next preceding sentence exceeds \$45,000,000 at the end of two consecutive fiscal quarters.

SECTION 3.11 Limitation on Liens. The Issuer will not incur any Debt which is secured, directly or indirectly, by a Lien (other than a Permitted Lien) on any Property, assets or income or profit therefrom of the Issuer unless the Securities are equally and ratably secured by such Lien for so long as such other Debt is secured; provided that the restriction in this Section 3.11 shall not apply to the Incurrence of such Debt if after giving effect to such Incurrence the aggregate principal amount of all such Debt then outstanding shall not exceed 5% of the Issuer's Consolidated Tangible Net Worth as of the last day of the preceding fiscal quarter.

SECTION 3.12 Certain LIS Expenditures. The Issuer will not permit LIS to expend an aggregate of more than \$25,000,000 after July 1, 1991 in connection with the development, completion and rollout of the Excelis-MLS system (the "System"), conversion of LIS's service bureau customers to the System and the cost of simultaneous operation and shutdown of LIS's UNISYS-based mortgage servicing system, unless all such expenditures in excess of \$25,000,000 are approved by the LIS Subcommittee after the LIS Subcommittee has received the advice of the LIS Technical Advisory Board concerning such expenditures.

SECTION 3.13 LMUSA Debt. The Issuer will not permit LMUSA or any of LMUSA's Subsidiaries to Incur any Debt (other than Debt of a Wholly-Owned Subsidiary of LMUSA to LMUSA or another Wholly-Owned Subsidiary of LMUSA) if, after giving effect to such Debt and the receipt and application of the net proceeds thereof, the aggregate amount of LMUSA's Adjusted Consolidated Debt shall exceed 200% of its Consolidated Tangible Net Worth as of the last day of the preceding fiscal quarter; provided that the foregoing limitation shall not apply to the incurrence of obligations of the type specified in clause (iii) of the definition of Debt or Guarantees thereof, to the extent that they do not support obligations that constitute Debt.

SECTION 3.14 Stay, Extension and Usury Laws. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead or in any manner whatsoever

claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter, in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

SECTION 3.15 Corporate Existence; Compliance with Laws. (a) Subject to Article Eight, the Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises; provided, that the Issuer shall not be required to preserve any right or franchise if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Issuer and that the loss thereof is not disadvantageous in any material respect to the Securityholders.

(b) The Issuer will, and will cause each of its Subsidiaries to, comply in all material aspects with its Certificate of Incorporation and all applicable federal, state and local laws, rules and regulations, except where the failure to so comply would not have a material adverse effect on the business, financial condition or results of operations of the Issuer and its Subsidiaries taken as a whole.

SECTION 3.16 Acquisitions of Vista Properties Capital Stock.

The Issuer will not, and will not permit any of its Subsidiaries to, acquire any additional shares of Capital Stock of Vista Properties except (i) shares issued pursuant to any stock split, stock dividend or similar transaction and (ii) shares acquired in connection with any offering of such shares (or rights to purchase such shares) to the extent that the percentage of outstanding shares of Vista Properties Capital Stock owned by the Issuer and its Subsidiaries after giving effect to such acquisition would not exceed the percentage of outstanding shares of Vista Properties Capital Stock owned by the Issuer on the Consummation Date.

ARTICLE FOUR

REMEDIES OF THE TRUSTEE AND SECURITYHOLDERS ON EVENT OF DEFAULT

SECTION 4.1 Event of Default Defined; Acceleration of Maturity; Waiver of Default. In case one or more of the following Events of Default (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by

operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) shall have occurred and be continuing, that is to say:

(a) default in the payment of any installment of interest upon any of the Securities as and when the same shall become due and payable, and continuance of such default for a period of 30 days; or

(b) default in the payment of all or any part of the principal of or premium, if any, on any of the Securities as and when the same shall become due and payable either at maturity, upon any redemption, by declaration or otherwise; or

(c) default in the deposit of any sinking fund payment, when and as due by the terms of any Security or this Indenture; or

(d) failure on the part of the Issuer duly to observe or perform any other of the covenants or agreements on the part of the Issuer in the Securities or in this Indenture contained for a period of 30 days after the date on which written notice specifying such failure, stating that such notice is a "Notice of Default" hereunder and demanding that the Issuer remedy the same, shall have been given by registered or certified mail, return receipt requested, to the Issuer by the Trustee, or to the Issuer and the Trustee by the holders of at least 25% in aggregate principal amount of the Securities at the time outstanding; or

(e) a court having jurisdiction in the premises shall enter a decree or order (i) for relief in respect of the Issuer in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect; (ii) adjudging the Issuer a bankrupt or insolvent or approving a petition seeking reorganization, arrangement or composition in respect of the Issuer under any applicable bankruptcy, insolvency or other similar law; (iii) appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Issuer or for any substantial part of the property of the Issuer; or (iv) ordering the winding-up or liquidation of the Issuer's affairs; or

(f) the Issuer shall (i) commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or any other case or proceeding to be adjudicated a bankrupt or insolvent; (ii) shall consent to the entry of an order for relief in an involuntary case under any such law; (iii) shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee,

custodian, sequestrator (or similar official) of the Issuer or for any substantial part of the property of the Issuer; or (iv) shall make any general assignment for the benefit of creditors; or

(g) (i) the Issuer shall fail to pay when due at maturity indebtedness for borrowed money having a principal amount in excess of \$5,000,000, or (ii) an event of default, as defined in any indenture or instrument evidencing or under which the Issuer has outstanding more than \$5,000,000 principal amount of indebtedness for borrowed money, shall happen and be continuing and such indebtedness shall have been accelerated so that the same shall be or become due and payable prior to the date on which the same would otherwise have become due and payable; provided that if such event of default under such indenture or instrument shall be remedied or cured by the Issuer or waived by the holders of such indebtedness, then the Event of Default hereunder by reason thereof shall be deemed likewise to have been thereupon remedied, cured or waived without further action upon the part of either the Trustee or any of the Securityholders, and provided further, however, that the Trustee shall not be charged with knowledge of any such default unless written notice thereof shall have been given to the Trustee by the Issuer, by the holder or an agent of the holder of any such indebtedness, by the trustee then acting under any indenture or other instrument under which such default shall have occurred, or by the holders of not less than 25% in aggregate principal amount of the Securities at the time outstanding; or

(h) default to the Issuer or any of its Subsidiaries (other than ST Lending, Inc. or any Non-Recourse Subsidiary) in the making of any payment exceeding \$5,000,000 pursuant to any indenture or instrument evidencing or under which the Issuer or such Subsidiary has at the date of this Indenture or shall hereafter have outstanding indebtedness for borrowed money; and such default shall not have been cured within ten days after notice thereof shall have been given to the Issuer and the Trustee by the holders of at least 50% in aggregate principal amount of the Securities at the time outstanding;

then, and in each and every such case, unless the principal of all of the Securities shall have already become due and payable, either the Trustee or the holders of not less than 25% in aggregate principal amount of the Securities then outstanding hereunder, by notice in writing to the Issuer (and to the Trustee if given by Securityholders), may declare the entire principal of all the Securities and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable. This provision, however, is subject to the condition that if, at any time after the principal of the

Securities shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Issuer shall pay or shall deposit with the Trustee a sum sufficient to pay all matured installments of interest upon all the Securities and the principal and premium, if any, of any and all Securities which shall have become due otherwise than by acceleration (with interest upon such principal and, to the extent that payment of such interest is enforceable under applicable law, on overdue installments of interest, at the same rate as the rate of interest specified in the Securities, to the date of such payment or deposit) and such amount shall be sufficient to cover reasonable compensation to the Trustee and each predecessor Trustee, their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith, and if any and all Events of Default under the Indenture, other than the non-payment of the principal of Securities which shall have become due by acceleration, shall have been cured, waived or otherwise remedied as provided herein--then and in every such case the holders of a majority in aggregate principal amount of the Securities then Outstanding, by written notice to the Issuer and to the Trustee, may waive all defaults and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

SECTION 4.2 Collection of Indebtedness by Trustee; Trustee May Prove Debt. The Issuer covenants that (a) in case default shall be made in the payment of any installment of interest on any of the Securities when such interest shall have become due and payable, and such default shall have continued for a period of 30 days or (b) in case default shall be made in the payment of all or any part of the principal of or premium, if any, on any of the Securities when the same shall have become due and payable, whether upon maturity or upon any redemption or by declaration or otherwise--then upon demand of the Trustee, the Issuer will pay to the Trustee for the benefit of the holders of the Securities the whole amount that then shall have become due and payable on all such Securities for principal, premium, if any, or interest, as the case may be (with interest to the date of such payment upon the overdue principal and premium, if any, and, to the extent that payment of such interest is enforceable under applicable law, on overdue installments of interest at the same rate as the rate of interest specified in the Securities); and in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to the Trustee and each predecessor Trustee, their respective agents, attorneys and counsel, and any expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of its negligence or bad faith.

Until such demand is made by the Trustee, the Issuer may pay the principal of and interest on the Securities to the registered holders, whether or not the Securities be overdue.

In case the Issuer shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the sums so due and unpaid or to enforce the performance of any provision of the Securities or this Indenture, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Issuer or other obligor upon the Securities and collect in the manner provided by law out of the property of the Issuer or other obligor upon the Securities, wherever situated the moneys adjudged or decreed to be payable.

In case there shall be pending proceedings relative to the Issuer or any other obligor upon the Securities under Title 11 of the United States Code or any other applicable Federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Issuer or its property or such other obligor, or in case of any other comparable judicial proceedings relative to the Issuer or other obligor upon the Securities, or to the creditors or property of the Issuer or such other obligor, the Trustee, irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such proceedings or otherwise:

(a) to file and prove a claim or claims for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Securities, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee, except as a result of negligence or bad faith) and of the Securityholders allowed in any judicial proceedings relative to the Issuer or other obligor upon the Securities, or to the creditors or property of the Issuer or such other obligor,

(b) unless prohibited by applicable law and regulations,

to vote on behalf of the holders of the Securities in any election of a trustee or a standby trustee in arrangement, reorganization, liquidation or other bankruptcy or insolvency proceedings or person performing similar functions in comparable proceedings, and

(c) to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of the Securityholders and of the Trustee on their behalf; and any trustee, receiver, or liquidator, custodian or other similar official is hereby authorized by each of the Securityholders to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to the Securityholders, to pay to the Trustee such amounts as shall be sufficient to cover reasonable compensation to the Trustee, each predecessor Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Securityholder any plan or reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Securityholder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar person.

All rights of action and of asserting claims under this Indenture, or under any of the Securities, may be enforced by the Trustee without the possession of any of the Securities or the production thereof on any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Trustee, each predecessor Trustee and their respective agents and attorneys, shall be for the ratable benefit of the holders of the Securities.

In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Securities, and it shall not be necessary to make any holders of the Securities parties to any such proceedings.

SECTION 4.3 Application of Proceeds. Any moneys collected by the Trustee pursuant to this Article shall be applied in the

following order at the date or dates fixed by the Trustee and, in case of the distribution of such moneys on account of principal or premium, if any, or interest, upon presentation of the several Securities and stamping (or otherwise noting) thereon the payment, or issuing Securities in reduced principal amounts in exchange for the presented Securities if only partially paid, or upon surrender thereof if fully paid:

FIRST: To the payment of costs and expenses, including reasonable compensation to the Trustee and each predecessor Trustee and their respective agents and attorneys and of all expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith;

SECOND: A. In case the principal of the Securities shall not have become and be then due and payable, to the payment of interest in default in the order of the maturity of the installments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon the overdue installments of interest at the same rate as the rate of interest specified in the Securities, such payments to be made ratably to the persons entitled thereto, without discrimination or preference; or

B. In case the principal of the Securities shall have become and shall be then due and payable, to the payment of the whole amount then owing and unpaid upon all the Securities for principal and premium, if any, and interest, with interest upon the overdue principal and premium, if any, and (to the extent that such interest has been collected by the Trustee) upon overdue installments of interest at the same rate as the rate of interest specified in the Securities; and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon the Securities, then to the payment of such principal and premium, if any, and interest, without preference or priority of principal and premium, if any, over interest, or of interest over principal and premium, if any, or of any installment of interest over any other installment of interest, or of any Security over any other Security, ratably to the aggregate of such principal and accrued and unpaid interest; and

THIRD: To the payment of the remainder, if any, to the Issuer or any other person lawfully entitled thereto or as a court of competent jurisdiction may direct.

SECTION 4.4 Suits for Enforcement. In case an Event of Default has occurred, has not been waived and is continuing, the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial

proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

SECTION 4.5 Restoration of Rights on Abandonment of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Issuer and the Trustee shall be restored respectively to their former positions and rights hereunder, and all rights, remedies and powers of the Issuer, the Trustee and the Securityholders shall continue as though no such proceedings had been taken.

SECTION 4.6 Limitations on Suits by Securityholders. No holder of any Security shall have any right by virtue or by availing of any provision of this Indenture to institute any action or proceeding at law or in equity or in bankruptcy or otherwise upon or under or with respect to this Indenture, or for the appointment of a trustee, receiver, liquidator, custodian or other similar official or for any other remedy hereunder, unless such holder previously shall have given to the Trustee written notice of default and of the continuance thereof, as herein provided, and unless also the holders of not less than 25% in aggregate principal amount of the Securities then outstanding shall have made written request upon the Trustee to institute such action or proceedings in its own name as trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby and the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such action or proceedings and no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 4.8; it being understood and intended, and being expressly covenanted by the taker and holder of every Security with every other taker and holder and the Trustee, that no one or more holders of Securities shall have any right in any manner whatever by virtue or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other holder of Securities, or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all holders of Securities. The foregoing shall not apply to any suit instituted by any Securityholder for the enforcement of any payment of principal of or premium, if any, or interest on the Securities on or after the respective due dates expressed herein. For the protection and enforcement of the provi-

sions of this Section, each and every Securityholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

SECTION 4.7 Powers and Remedies Cumulative; Delay or Omission Not Waiver of Default. Except as provided in Section 2.6, no right or remedy herein conferred upon or reserved to the Trustee or to the Securityholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

No delay or omission of the Trustee or of any holder of any of the Securities to exercise any right or power accruing upon any Event of Default occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and, subject to Section 4.6, every power and remedy given by this Indenture or by law to the Trustee or to the Securityholders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Securityholders.

SECTION 4.8 Control by Securityholders. The holders of a majority in aggregate principal amount of the Securities at the time outstanding shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee by this Indenture; provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture and provided further that (subject to the provisions of Section 5.1) the Trustee shall have the right to decline to follow any such direction if the Trustee, being advised by counsel, shall determine that the action or proceeding so directed may not lawfully be taken or if the Trustee in good faith by its board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee shall determine that the action or proceedings so directed would involve the Trustee in personal liability or if the Trustee in good faith shall so determine that the actions or forbearances specified in or pursuant to such direction shall be unduly prejudicial to the interests of holders of the Securities not joining in the giving of said direction, it being understood that (subject to Section 5.1) the Trustee shall have no duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such holders.

Nothing in this Indenture shall impair the right of the Trustee in its discretion to take any action deemed proper by the

Trustee and which is not inconsistent with such direction by Securityholders.

SECTION 4.9 Waiver of Past Defaults. Prior to the declaration of the maturity of the Securities as provided in Section 4.1, the holders of a majority in aggregate principal amount of the Securities at the time outstanding may on behalf of the holders of all the Securities waive any past default or Event of Default hereunder and its consequences, except a default (a) in the payment of principal of or premium, if any, or interest on any of the Securities or in respect of conversion of the Securities or (b) in respect of a covenant or provision hereof which cannot be modified or amended without the consent of the holder of each Security affected. In the case of any such waiver, the Issuer, the Trustee and the holders of the Securities shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Upon any such waiver, such default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured, and not to have occurred for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

ARTICLE FIVE

CONCERNING THE TRUSTEE

SECTION 5.1 Duties and Responsibilities of the Trustee; During Default; Prior to Default. The Trustee, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own wilful misconduct, except that

(a) prior to the occurrence of an Event of Default and after the curing or waiving of all such Events of Default which may have occurred:

(i) the duties and obligations of the Trustee shall

be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any statements, certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture and believed by the Trustee to be genuine and to have been signed and presented by the proper party or parties; but in the case of any such statements, certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture;

(b) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or responsible officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(c) 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 holders of not less than a majority in principal amount of the Securities at the time outstanding 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 Indenture.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there shall be reasonable ground for believing that the repayment of such funds or adequate indemnity against such liability is not reasonably assured to it.

This Section 5.1 is in furtherance of and subject to Sections 315 and 316 of the Trust Indenture Act of 1939 and whether or not herein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Section 5.1 and of Section 5.2.

SECTION 5.2 Certain Rights of the Trustee. In furtherance of and subject to the Trust Indenture Act of 1939, and subject to Section 5.1:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, Officers' Certificate or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, note, coupon, security 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, direction, order or demand of the Issuer mentioned herein shall be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of Directors may be evidenced to the Trustee by a copy thereof certified by the secretary or an assistant secretary of the Issuer;

(c) the Trustee may consult with counsel and any advice or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(d) the Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by this Indenture at the request, order or direction of any of the Securityholders pursuant to the provisions of this Indenture, unless such Securityholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred therein or thereby;

(e) the Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion, rights or powers conferred upon it by this Indenture;

(f) prior to the occurrence of an Event of Default hereunder and after the curing or waiving of all Events of Default, 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, consent, order, approval, appraisal, bond, debenture, note, coupon, security, or other paper or document unless requested in writing so to do by the holders of not less than a majority in aggregate principal amount of the Securities then outstanding; provided that, if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such

investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such expenses or liabilities as a condition to proceeding; the reasonable expenses of every such examination shall be paid by the Issuer or, if paid by the Trustee or any predecessor trustee, shall be repaid by the Issuer upon demand;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys not regularly in its employ and the Trustee shall not be responsible for any misconduct or negligence on the part of any such agent or attorney appointed with due care by it hereunder; and

(h) the Trustee shall not be deemed to have notice of any Event of Default, except those specified in Sections 4.1(a)-(d), inclusive, unless there shall have been given to the Trustee written notice specifying this Indenture and the Event of Default delivered to it at its Corporate Trust Office by the Issuer or the percentage of holders of Securities specified in the applicable subsection of Section 4.1, or if no percentage is specified, by any holder of a Security.

Whether or not herein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Section 5.2 and of Section 5.1.

SECTION 5.3 Trustee Not Responsible for Recitals, Disposition of Securities or Application of Proceeds Thereof. The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representation as to the validity or sufficiency of this Indenture or of the Securities. The Trustee shall not be accountable for the use or application by the Issuer of any of the Securities or of the proceeds thereof.

SECTION 5.4 Trustee and Agents May Hold Securities; Collections, etc. The Trustee, any paying agent or any other agent of the Issuer or the Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities with the same rights it would have if it were not the Trustee or such paying agent or other agent and may otherwise deal with the Issuer and receive, collect, hold and retain collections from the Issuer with the same rights it would have if it were not the Trustee or such paying agent or other agent.

SECTION 5.5 Moneys Held by Trustee. Subject to the provisions of Section 9.4 hereof, all moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by mandatory provisions of law. Neither the Trustee nor any agent of the Issuer or the Trustee shall be under any liability for interest on any moneys received by it hereunder.

SECTION 5.6 Compensation and Indemnification of Trustee and Its Prior Claim. The Issuer covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and the Issuer covenants and agrees to pay or reimburse the Trustee and each predecessor Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by or on behalf of it in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all agents and other persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Issuer also covenants to indemnify the Trustee and each predecessor Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder and its duties hereunder, including the costs and expenses of defending itself against or investigating any claim of liability in the premises. The obligations of the Issuer under this Section to compensate and indemnify the Trustee and each predecessor Trustee and to pay or reimburse the Trustee and each predecessor Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of this Indenture. Such additional indebtedness shall be a senior claim to that of the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the holders of particular Securities, and the Securities are hereby subordinated to such senior claim.

SECTION 5.7 Right of Trustee to Rely on Officers' Certificate, etc. Whenever in the administration of the trusts of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate certifying to such matter delivered to the Trustee, and such certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any

action taken, suffered or omitted by it under the provisions of this Indenture upon the faith thereof.

SECTION 5.8 Persons Eligible for Appointment as Trustee. The Trustee hereunder shall at all times be a corporation having a combined capital and surplus of at least \$50,000,000, and which is eligible in accordance with the provisions of Section 310(a) of the Trust Indenture Act of 1939. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of a Federal, State or District of Columbia supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

SECTION 5.9 Resignation and Removal; Appointment of Successor Trustee. (a) The Trustee may at any time resign by giving written notice of resignation to the Issuer and by mailing notice thereof by first-class mail to holders of Securities at their last addresses as they shall appear on the Security register.

Upon receiving such notice of resignation, the Issuer shall promptly appoint a successor trustee by written instrument in duplicate, executed by authority of the Board of Directors, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted appointment within 30 days after the mailing of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Securityholder who has been a bona fide holder of a Security or Securities for at least six months 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 prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(i) the Trustee shall fail to comply with the provisions of Section 310(b) of the Trust Indenture Act of 1939, after written request therefore by the Issuer or by any Securityholder who has been a bona fide holder of a Security or Securities for at least six months; or

(ii) the Trustee shall cease to be eligible in accordance with the provisions of Section 5.8 and shall fail to resign after written request therefor by the Issuer or by any such Securityholder; or

(iii) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver or liquidator of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, the Issuer may remove the Trustee and appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors of the Issuer, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to Section 315(e) of the Trust Indenture Act of 1939, any Securityholder who has been a bona fide holder of a Security or Securities for at least six months may on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The holders of a majority in aggregate principal amount of the Securities at the time outstanding may at any time remove the Trustee and appoint a successor trustee by delivering to the Trustee so removed, to the successor trustee so appointed and to the Issuer the evidence provided for in Section 6.1 of the action in that regard taken by the Securityholders.

(d) Any resignation or removal of the Trustee and any appointment of a successor trustee pursuant to any of the provisions of this Section 5.9 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 5.10.

SECTION 5.10 Acceptance of Appointment by Successor Trustee.

Any successor trustee appointed as provided in Section 5.9 shall execute and deliver to the Issuer and to its predecessor trustee an instrument accepting such appointment 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 rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as trustee herein; but, nevertheless, on the written request of the Issuer or of the successor trustee, upon payment of its charges then unpaid, the trustee ceasing to act shall, subject to Section 9.4, pay over to the successor trustee all moneys at the time held by it hereunder and shall execute and deliver an instrument transferring to such successor trustee all

such rights, powers, duties and obligations. Upon request of any such successor trustee, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a prior claim upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Section 5.6.

Upon acceptance of appointment by a successor trustee as provided in this Section 5.10, the Issuer shall mail notice thereof by first-class mail to the holders of Securities at their last addresses as they shall appear in the Security register. If the acceptance of appointment is substantially contemporaneous with the resignation, then the notice called for by the preceding sentence may be combined with the notice called for by Section 5.9. If the Issuer fails to mail such notice within 10 days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Issuer.

SECTION 5.11 Merger, Conversion, Consolidation or Succession to Business of Trustee. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided that such corporation shall be eligible under the provisions of Section 5.8, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture any of the Securities shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor Trustee and deliver such Securities so authenticated; and, in case at that time any of the Securities shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor Trustee; and in all such cases such certificate shall have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have; provided, that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Securities in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

ARTICLE SIX

CONCERNING THE SECURITYHOLDERS

SECTION 6.1 Evidence of Action Taken by Securityholders. Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Securityholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Securityholders in person or by 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. Proof of execution of any instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Article.

SECTION 6.2 Proof of Execution of Instruments and of Holding of Securities; Record Date. The execution of any instrument by a Securityholder or his agent or proxy may be proved in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The holding of Securities shall be proved by the Security register or by a certificate of the registrar thereof.

The Issuer may set a record date for purposes of determining the identity of holders of Securities entitled to vote or consent to any action referred to in Section 6.1, which record date may be set at any time or from time to time by notice to the Trustee, for any date or dates (in the case of any adjournment or resolicitation) not more than 60 days nor less than five days prior to the proposed date of such vote or consent, and thereafter, notwithstanding any other provisions hereof, only holders of Securities of record on such record date shall be entitled to so vote or give such consent or to withdraw such vote or consent.

SECTION 6.3 Holders to be Treated as Owners. The Issuer, the Trustee and any agent of the Issuer or the Trustee may deem and treat the person in whose name any Security shall be registered upon the Security register as the absolute owner of such Security (whether or not such Security shall be overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of or on account of the principal of and premium, if any, and, subject to the provisions of this Indenture, interest on such Security and for all other purposes; and neither the Issuer nor the Trustee nor any agent of the Issuer or the Trustee shall be affected by any notice to the contrary. All such payments so made to any such person, or upon the order of such person, shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Security.

SECTION 6.4 Securities Owned by Issuer Deemed Not Outstanding. In determining whether the holders of the requisite aggregate principal amount of Securities have concurred in any direction, consent, waiver or other action under this Indenture, Securities which are owned by the Issuer or any other obligor on the Securities or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer or any other obligor on the Securities shall be disregarded and deemed not to be outstanding for the purpose of any such determination, except that for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent, waiver or other action only Securities which the Trustee knows are so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as outstanding if the pledgee established to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Issuer or any other obligor upon the Securities or any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer or any other obligor on the Securities. In case of a dispute as to such right, the advice of counsel shall be full protection in respect of any decision made by the Trustee in accordance with such advice. Upon request of the Trustee, the Issuer shall furnish to the Trustee promptly an Officers' Certificate listing and identifying all Securities, if any, known by the Issuer to be owned or held by or for the account of any of the above described persons; and, subject to Sections 5.1 and 5.2, the Trustee shall be entitled to accept such Officers' Certificate as conclusive evidence of the facts therein set forth and of the fact that all Securities not listed therein are outstanding for the purpose of any such determination.

SECTION 6.5 Right of Revocation of Action Taken. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 6.1 of the taking of any action by the holders of the percentage in aggregate principal amount of the Securities specified in this Indenture in connection with such action, any holder of a Security the serial number of which is shown by the evidence to be included among the serial numbers of the Securities the holders of which have consented to such action may, by filing written notice at the Corporate Trust Office and upon proof of holding as provided in this Article, revoke such action so far as concerns such Security. Except as aforesaid any such action taken by the holder of any Security shall be conclusive and binding upon such holder and upon all future holders and owners of such Security and of any Securities issued in exchange or substitution therefor, irrespective of whether or not any notation in regard thereto is made upon any such Security. Any action taken by the holders of the percentage in aggregate principal amount of the Securities specified in this Indenture in connection with such action shall be conclusively binding upon the Issuer, the Trustee and the holders

of all the Securities.

ARTICLE SEVEN

SUPPLEMENTAL INDENTURES

SECTION 7.1 Supplemental Indentures Without Consent of Securityholders. The Issuer, when authorized by a resolution of its Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for one or more of the following purposes:

- (a) to convey, transfer, assign, mortgage or pledge to the Trustee as security for the Securities any property or assets;
- (b) to evidence the succession of another corporation to the Issuer, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the Issuer pursuant to Article Eight;
- (c) to add to the covenants of the Issuer such further covenants, restrictions, conditions or provisions as its Board of Directors shall consider to be for the protection of the holders of Securities, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; provided, that in respect of any such additional covenant, restriction, condition or provision such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such an Event of Default or may limit the remedies available to the Trustee upon such an Event of Default or may limit the right of the holders of a majority in aggregate principal amount of the Securities to waive such an Event of Default;
- (d) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture; or to make such other provisions in regard to matters or questions arising under this Indenture or under any supplemental indenture as the Board of Directors may deem necessary or desirable and which shall not materially and adversely affect the interests of the holders or the Securities; and

(e) to provide for adjustment of conversion rights pursuant to Section 12.6.

The Trustee is hereby authorized to join in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer, assignment, mortgage or pledge of any property thereunder, but the Trustee shall not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section may be executed without the consent of the holders of any of the Securities at the time outstanding, notwithstanding any of the provisions of Section 7.2.

SECTION 7.2 Supplemental Indentures With Consent of Securityholders. With the consent (evidenced as provided in Article Six) of the holders of not less than a majority in aggregate principal amount of the Securities at the time outstanding, the Issuer, when authorized by a resolution of its Board of Directors, and the Trustee may, from time to time and at any time, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the rights of the holders of the Securities; provided, that no such supplemental indenture shall (a) extend the final maturity of any Security, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any amount payable on redemption thereof, or alter the Issuer's obligation to make any mandatory sinking fund payment, or impair or affect the right of any Securityholder to institute suit for the payment or conversion thereof, or impair the right of any Securityholder to require the Issuer to redeem any Security pursuant to Article Thirteen or materially and adversely affect the right to convert the Securities in accordance herewith without the consent of the holder of each Security so affected, provided, no consent of any Holder of any Security shall be necessary under this Section 7.2 to permit the Trustee and the Issuer to execute supplemental indentures pursuant to Section 7.1(e) and Section 12.6 of this Indenture, or (b) reduce the aforesaid percentage of Securities, the consent of the holders of which is required for any such supplemental indenture, without the consent of the holders of all Securities then outstanding.

Upon the request of the Issuer, accompanied by a copy of a resolution of the Board of Directors certified by the Secretary or an Assistant Secretary of the Issuer authorizing the execution of any such supplemental indenture, and upon the filing with the

Trustee of evidence of the consent of Securityholders and other documents, if any, required by Section 6.1, the Trustee shall join with the Issuer in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Securityholders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Issuer and the Trustee of any supplemental indenture pursuant to the provisions of this Section, the Issuer shall mail a notice thereof by first-class mail to the holders of Securities at their addresses as they shall appear on the registry books of the Issuer, setting forth in general terms the substance of such supplemental indenture. Any failure of the Issuer to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 7.3 Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Issuer and the holders of Securities shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 7.4 Documents to Be Given to Trustee. The Trustee may receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any such supplemental indenture complies with the applicable provisions of this Indenture.

SECTION 7.5 Notation on Securities in Respect of Supplemental Indentures. Securities authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article may bear a notation in form approved by the Trustee as to any matter provided for by such supplemental indenture or as to any action taken at any such meeting. If the Issuer or the Trustee shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may be prepared by the Issuer, authenticated by the Trustee and delivered in exchange for the Securities then

outstanding.

ARTICLE EIGHT

CONSOLIDATION, MERGER, SALE OR CONVEYANCE

SECTION 8.1 Covenant Not to Merge, Consolidate, Sell or Convey Property Except Under Certain Conditions. The Issuer shall not consolidate with or into, or sell, lease or convey all or substantially all of its assets in one transaction or a related series of transactions unless (i) the Issuer is the continuing corporation in the case of a merger or the resulting surviving or transferee Person shall be a corporation organized under the laws of the United States of America, any State thereof or the District of Columbia and shall expressly assume by supplemental indenture satisfactory in form to the Trustee the due and punctual payment of the principal of and premium, if any, and interest on all the Securities according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions to be performed or observed by the Issuer, (ii) immediately after giving effect to such transaction no Event of Default or event or circumstance which after notice or lapse of time, or both, would become an Event of Default, shall have occurred and be continuing and (iii) the Issuer shall have delivered to the Trustee an Officers' Certificate and Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and such supplemental indenture, if any, comply with this Article Eight and that all conditions precedent herein provided for relating to such transaction have been complied with.

SECTION 8.2 Successor Corporation Substituted. In case of any such consolidation, merger, sale or conveyance, and following such an assumption by the successor corporation, such successor corporation shall succeed to and be substituted for the Issuer, with the same effect as if it had been named herein.

Such successor corporation may cause to be signed, and may issue either in its own name or in the name of the Issuer prior to such succession any or all of the Securities issuable hereunder which theretofore shall not have been signed by the Issuer and delivered to the Trustee; and, upon the order of such successor corporation, instead of the Issuer, and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Securities which previously shall have been signed and delivered by the officers of the Issuer to the Trustee for authentication, and any Securities which such successor corporation thereafter shall cause to be signed and delivered to the Trustee for that purpose. All of the Securities so issued shall in all respects have the same legal rank and benefit under this Indenture as the Securities theretofore or

thereafter issued in accordance with the terms of this Indenture as though all of such Securities had been issued at the date of the execution hereof.

In case of any such consolidation, merger, sale, lease or conveyance such changes in phraseology and form (but not in substance) may be made in the Securities thereafter to be issued as may be appropriate.

In the event of any such sale or conveyance (other than a conveyance by way of lease) the Issuer or any successor corporation which shall theretofore have become such in the manner described in this Article shall be discharged from all obligations and covenants under this Indenture and the Securities and may be liquidated and dissolved.

SECTION 8.3 Opinion of Counsel to Trustee. The Trustee, subject to the provisions of Sections 5.1 and 5.2, may receive an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale, lease or conveyance, and any such assumption, and any such liquidation or dissolution, complies with the applicable provisions of this Indenture.

ARTICLE NINE

SATISFACTION AND DISCHARGE OF INDENTURE; UNCLAIMED MONEYS

SECTION 9.1 Satisfaction and Discharge of Indenture. If at any time (a) the Issuer shall have paid or caused to be paid the principal of and premium, if any, and interest on all the Securities outstanding hereunder, as and when the same shall have become due and payable, and all other sums due and payable by it under the Securities and this Indenture or (b) the Issuer shall have delivered to the Trustee for cancellation all Securities theretofore authenticated (other than any Securities which shall have been destroyed, lost or stolen and which shall have been replaced or paid as provided in Section 2.6) or (c) the Issuer shall have irrevocably deposited or caused to be deposited with the Trustee as trust funds the entire amount in cash (other than moneys repaid by the Trustee or any paying agent to the Issuer in accordance with Section 9.4) sufficient to pay at maturity (without consideration of any investment of such cash) all such Securities not theretofore delivered to the Trustee for cancellation, including principal and premium, if any, and interest due or to become due to such date of maturity as the case may be, and if, in any such case, the Issuer shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then this Indenture shall cease to be of further effect (except as to (i) rights of registration of transfer, conversion and exchange, and the Issuer's right of optional redemption, (ii) substitution of apparently mutilated, defaced,

destroyed, lost or stolen Securities, (iii) rights of holders to receive payments of principal thereof and premium, if any, and interest thereon, (iv) the rights obligations and immunities of the Trustee hereunder and (v) the rights of the Securityholders as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them), and the Trustee, on demand of the Issuer accompanied by an Officers' Certificate and an Opinion of Counsel stating that all conditions precedent relating to the satisfaction and discharge of the entire indebtedness on all Outstanding Securities as contemplated herein have been complied with and at the cost and expense of the Issuer, shall execute proper instruments acknowledging such satisfaction of and discharging this Indenture. The Issuer agrees to reimburse the Trustee for any costs or expenses thereafter reasonably and properly incurred and to compensate the Trustee for any services thereafter reasonably and properly rendered by the Trustee in connection with this Indenture or the Securities.

SECTION 9.2 Application by Trustee of Funds Deposited for Payment of Securities. Subject to Section 9.4, all moneys deposited with the Trustee pursuant to Section 9.1 shall be held in trust and applied by it to the payment, either directly or through any paying agent (including the Issuer acting as its own paying agent), to the holders of the particular Securities for the payment or redemption of which such moneys have been deposited with the Trustee, of all sums due and to become due thereon for principal and premium, if any, and interest; but such money need not be segregated from other funds except to the extent required by law.

SECTION 9.3 Repayment of Moneys Held by Paying Agent. In connection with the satisfaction and discharge of this Indenture all moneys then held by any paying agent under the provisions of this Indenture shall, upon written demand of the Issuer, be repaid to it or paid to the Trustee and thereupon such paying agent shall be released from all further liability with respect to such moneys.

SECTION 9.4 Return of Moneys Held by Trustee and Paying Agent Unclaimed for Three Years. Any moneys deposited with or paid to the Trustee or any paying agent for the payment of the principal of or premium, if any, or interest on any Security and not applied but remaining unclaimed for three years after the date upon which such principal or premium, if any, or interest shall have become due and payable, shall, upon the written request of the Issuer and unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property law, be repaid to the Issuer by the Trustee or such paying agent, and the holder of such Security shall, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property laws, thereafter look only to the Issuer for any payment which such holder may be entitled to collect, and all liability of the Trustee or any paying agent with respect to such moneys shall thereupon

cease.

ARTICLE TEN

MISCELLANEOUS PROVISIONS

SECTION 10.1 Incorporators, Stockholders, Officers and Directors of Issuer Exempt from Individual Liability. No recourse under or upon any obligation, covenant or agreement contained in this Indenture, or in any Security, or because of any indebtedness evidenced thereby, shall be had against any incorporator, as such or against any past, present or future stockholder, officer or director, as such, of the Issuer or of any successor, either directly or through the Issuer or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of the Securities by the holders thereof and as part of the consideration for the issue of the Securities.

SECTION 10.2 Provisions of Indenture for the Sole Benefit of Parties and Securityholders. Nothing in this Indenture or in the Securities, expressed or implied, shall give or be construed to give to any person, firm or corporation, other than the parties hereto and their permitted successors and the holders of the Securities, any legal or equitable right, remedy or claim under this Indenture or under any covenant or provision herein contained, all such covenants and provisions being for the sole benefit of the parties hereto and their permitted successors and of the holders of the Securities.

SECTION 10.3 Successors and Assigns of Issuer Bound by Indenture. All the covenants, stipulations, promises and agreements in this Indenture contained by or in behalf of the Issuer shall bind its successors and assigns, whether so expressed or not.

SECTION 10.4 Notices and Demands on Issuer, Trustee and Securityholders. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the holders of Securities to or on the Issuer may be given or served by hand or by being deposited postage prepaid, first-class mail (except as otherwise specifically provided herein) addressed (until another address of the Issuer is filed by the Issuer with the Trustee) to Lomas Financial Corporation, 1600 Viceroy Drive, Dallas, Texas 75235. Any notice, direction, request or demand by the Issuer or any Securityholder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or made at the Corporate Trust Office.

Where this Indenture provides for notice to holders, such

notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each holder entitled thereto, at his last address as it appears in the Security register. In any case where notice to holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular holder shall affect the sufficiency of such notice with respect to other holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the 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 holders 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 or irregularities in regular mail service, it shall be impracticable to mail notice to the Issuer and Securityholders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

SECTION 10.5 Officers' Certificates and Opinions of Counsel; Statements to be Contained Therein. Upon any application or demand by the Issuer to the Trustee to take any action under any of the provisions of this Indenture, the Issuer shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent have been complied with, except that in the case of any such application or demand as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or demand, no additional certificate or opinion need be furnished.

Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the person making such certificate or opinion has read such covenant or condition, (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, (c) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with and (d) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

Any certificate, statement or opinion of an officer of the

Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise or reasonable care should know that the same are erroneous. Any certificate, statement or opinion of counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the Issuer, upon the certificate, statement or opinion of or representations by an officer or officers of the Issuer, unless such counsel knows that the certificate, statement or opinion or representations with respect to the matters upon which his certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous.

Any certificate, statement or opinion of an officer of the Issuer or of counsel may be based, insofar as it relates to accounting matters, upon a certificate or opinion of or representations by an accountant or firm of accountants in the employ of the Issuer, unless such officer or counsel, as the case may be, knows that the certificate or opinion or representations with respect to the accounting matters upon which his certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous.

Any certificate or opinion of any independent firm of public accountants filed with the Trustee shall contain a statement that such firm is independent.

SECTION 10.6 Payments Due on Saturdays, Sundays and Holidays. If the date of maturity of interest on or principal of, or premium, if any, on the Securities or the date fixed for redemption of any Security shall not be a business day in New York City or Dallas, then payment of interest or principal or premium, if any, need not be made on such date, but may be made on the next succeeding business day in New York City and Dallas with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

SECTION 10.7 Conflict of Any Provision of Indenture with Trust Indenture Act of 1939. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with another provisions included in this Indenture by operation of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939 (an "incorporated provision"), such incorporated provision shall control.

SECTION 10.8 NEW YORK LAW TO GOVERN. THIS INDENTURE AND EACH SECURITY SHALL BE DEEMED TO BE A CONTRACT UNDER THE INTERNAL

LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES, AND FOR ALL PURPOSES SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH SUCH LAWS OF SAID STATE, EXCEPT AS MAY OTHERWISE BE REQUIRED BY MANDATORY PROVISIONS OF LAW.

SECTION 10.9 Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 10.10 Effect of Headings. The Article and Section Headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 10.11 Usury Savings Clause. All agreements in this Indenture and the Securities are expressly limited so that in no contingency or event whatsoever, whether by reason of advancement or acceleration of maturity of the Securities, or otherwise, shall the amount paid or agreed to be paid under this Indenture and the Securities for the use or forbearance to demand the repayment of money exceed the highest lawful rate permitted under the usury law which a court of competent jurisdiction shall hold applicable thereto. If, from any circumstance whatsoever, fulfillment of any provision of this Indenture or the Securities, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by the usury law which a court of competent jurisdiction shall hold applicable thereto, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity and if, from any circumstance whatsoever, any of the Holders shall ever receive as interest an amount which would exceed the highest lawful rate, the receipt of such excess shall be deemed a mistake and shall be canceled automatically or, if theretofore paid, such excess shall be credited against the principal amount of the Securities to which the same may lawfully be credited, and any portion of such excess not capable of being so credited shall be refunded to the Issuer.

ARTICLE ELEVEN

REDEMPTION OF SECURITIES AT ISSUER'S OPTION; SINKING FUND

SECTION 11.1 Right of Optional Redemption; Prices. The Issuer at its option may, at any time, redeem all, or from time to time any part of, the Securities upon payment of the optional redemption prices set forth in the form of Security hereinabove recited, together with accrued interest to the date fixed for redemption, provided, that no such redemption shall be made prior to October 31, 1993.

SECTION 11.2 Notice of Redemption; Partial Redemptions.

Notice of redemption to the holders of Securities to be redeemed as a whole or in part shall be given by mailing notice of such redemption by first-class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to such holders of Securities at their last address as they shall appear upon the registry books. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the holder receives the notice. Failure to give notice by mail, or any defect in the notice to the holder of any Security designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Security.

The notice of redemption to each such holder shall specify the principal amount of each Security held by such holder to be redeemed, the date fixed for redemption, the redemption price, the amount of accrued interest, if any, to be paid, the place or places of payment, that payment will be made upon presentation and surrender of such Securities, that such redemption is pursuant to the mandatory sinking fund, if such be the case, that interest accrued to the date fixed for redemption will be paid as specified in said notice and that on and after said date interest thereon or on the portions thereof to be redeemed will cease to accrue and shall also specify the conversion price then in effect and the date on which the right to convert such Securities or the portions thereof to be redeemed will expire. In case any Security is to be redeemed in part only the notice of redemption shall state the portion of the principal amount thereof to be redeemed and shall state that on and after the date fixed for redemption, upon surrender of such Security, a new Security or Securities in principal amount equal to the unredeemed portion thereof will be issued.

The notice of redemption of Securities to be redeemed at the option of the Issuer shall be given by the Issuer or, at the Issuer's request, by the Trustee in the name and at the expense of the Issuer.

At least one business day prior to the redemption date specified in the notice of redemption given as provided in this Section, the Issuer will deposit with the Trustee or with one or more paying agents (or, if the Issuer is acting as its own paying agent, set aside, segregate and hold in trust as provided in Section 3.4) an amount of money sufficient to redeem on the redemption date all the Securities so called for redemption (other than those theretofore surrendered for conversion into Common Stock) at the appropriate redemption price, together with accrued interest to the date fixed for redemption. If any Security called for redemption is converted pursuant hereto, any money deposited with the Trustee or any paying agent or so segregated and held in trust for the redemption of such Security shall be paid to the

Issuer upon the Issuer's request, or, if then held by the Issuer, shall be discharged from such trust. If less than all the outstanding Securities are to be redeemed the Issuer will deliver to the Trustee at least 70 days prior to the date fixed for redemption an Officers' Certificate stating the aggregate principal amount of Securities to be redeemed.

If less than all the Securities are to be redeemed, the Trustee shall select by lot Securities to be redeemed in whole or in part, Securities may be redeemed in part in multiples of \$1,000 only. The Trustee shall promptly notify the Issuer in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed. For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal amount of such Security which has been or is to be redeemed. If any Security selected for partial redemption is surrendered for conversion after such selection, the converted portion of such Security shall be deemed (so far as may be) to be the portion selected for redemption. Upon any redemption of less than all the Securities, the Issuer and the Trustee may treat as outstanding Securities surrendered for conversion during the period of 15 days next preceding the mailing of a notice of redemption, and need not treat as outstanding any Security authenticated and delivered during such period in exchange for the unconverted portion of any Security converted in part during such period.

SECTION 11.3 Payment of Securities Called for Redemption. If notice of redemption has been given as above provided, the Securities or portions of Securities specified in such notice shall become due and payable on the date and at the place stated in such notice at the applicable redemption price, together with interest accrued to the date fixed for redemption, and on and after said date (unless the Issuer shall default in the payment of such Securities at the redemption price, together with interest accrued to said date) interest on the Securities or portions of Securities so called for redemption shall cease to accrue and, except as provided in Sections 5.5 and 9.4, such Securities shall cease from and after the date fixed for redemption to be convertible into Common Stock and to be entitled to any benefit or security under this Indenture, and the holders thereof shall have no right in respect of such Securities except the right to receive the redemption price thereof and unpaid interest to the date fixed for redemption. On presentation and surrender of such Securities at a place of payment specified in said notice, said Securities or the specified portions thereof shall be paid and redeemed by the Issuer at the applicable redemption price, together with interest accrued thereon to the date fixed for redemption; provided that any semi-annual payment of interest becoming due on the date fixed for

redemption shall be payable to the holders of such Securities registered as such on the relevant record date subject to the terms and provisions of Section 2.4 hereof.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal and premium, if any, and accrued interest thereon (to the extent permitted by law) shall, until paid or duly provided for, bear interest from the date fixed for redemption at the rate borne by the Security and such Security shall remain convertible into Common Stock until the principal of such Security shall have been paid or duly provided for.

Upon presentation of any Security redeemed in part only, the Issuer shall execute and the Trustee shall authenticate and deliver to or on the order of the holder thereof, at the expense of the Issuer, a new Security or Securities, of authorized denominations, in principal amount equal to the unredeemed portion of the Security so presented.

SECTION 11.4 Exclusion of Certain Securities from Eligibility for Selection for Redemption. Securities shall be excluded from eligibility for selection for redemption if they are identified by registration and certificate number in a written statement signed by an authorized officer of the Issuer and delivered to the Trustee at least 40 days prior to the last date on which notice of redemption may be given as being owned of record and beneficially by (a) the Issuer or (b) an entity specifically identified in such written statement directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer.

SECTION 11.5 Mandatory Sinking Fund. The Securities shall also be subject to redemption in part on each date specified in the form of Security hereinabove recited through the operation of the sinking fund as set forth in this Section, at the applicable sinking fund redemption price or prices set forth in the form of Security hereinabove recited (the "sinking fund redemption price"), together with accrued interest to the date fixed for redemption.

As and for a mandatory sinking fund for the retirement of the Securities and so long as any of the Securities remain outstanding and unpaid, the Issuer will, except as hereinafter provided, pay to the Trustee, not later than one business day before October 31, 1997, and each October 31 thereafter to an including October 31, 2002 an amount sufficient to redeem on such October 31, \$10,000,000 principal amount of Securities, or such lesser amount as shall then be outstanding, at 100% of the principal amount thereof, the sinking fund redemption price, together with accrued interest to the date fixed for redemption. The last date on which a sinking fund payment may be made in each year is herein referred to as the "sinking fund payment date."

In lieu of making all or any part of any mandatory sinking fund payment in cash, the Issuer may at its option (a) deliver to the Trustee Securities theretofore purchased or otherwise acquired (except upon redemption pursuant to the mandatory sinking fund) by the Issuer or receive credit for Securities (not previously so credited) theretofore purchased or otherwise acquired (except as aforesaid) by the Issuer and delivered to the Trustee for cancellation pursuant to Section 2.7 and receive credit for Securities (not previously so credited) converted into Common Stock and so delivered to the Trustee for cancellation, or (b) receive credit for Securities (not previously so credited) redeemed by the Issuer through the optional redemption provided by Section 11.1 or pursuant to Article Thirteen. Securities so delivered or credited shall be received or credited by the Trustee at the sinking fund redemption price.

On or before the sixtieth day next preceding each sinking fund payment date, the Issuer will deliver to the Trustee a written statement (which need not contain the statements required by Section 10.5) signed by an authorized officer of the Issuer (a) specifying the portion of the mandatory sinking fund payment to be satisfied by payment of cash and the portion to be satisfied by credit or Securities, (b) stating that none of such Securities has theretofore been so credited, and (c) stating that no defaults in the payment of interest or Events of Default have occurred (which have not been waived or cured) and are continuing. Any Securities to be credited and required to be delivered to the Trustee in order for the Issuer to be entitled to credit therefore as aforesaid which have not theretofore been delivered to the Trustee shall be delivered for cancellation pursuant to Section 2.7 to the Trustee with such written statement (or reasonably promptly thereafter if acceptable to the Trustee). Such written statement shall be irrevocable and upon its receipt by the Trustee the Issuer shall become unconditionally obligated to make all the cash payments or payments therein referred to, if any, on or before the next succeeding sinking fund payment date. Failure of the Issuer, on or before any such sixtieth day, to deliver such written statement and Securities, if any, shall not constitute a default but shall constitute, on and as of such date, the irrevocable election of the Issuer that the mandatory sinking fund payment due on the next succeeding sinking fund payment date shall be paid entirely in cash without the option to deliver or credit Securities in respect thereof.

If the mandatory sinking fund payment or payments made in cash plus any unused balance of any preceding sinking fund payments made in cash shall exceed \$50,000 (or a lesser sum if the Issuer shall so request), such cash shall be applied on the next succeeding October 31 to the redemption of Securities at the sinking fund redemption price together with accrued interest to the date fixed

for redemption. If such amount shall be \$50,000 and the Issuer makes no such request then it shall be carried over until a sum in excess of \$50,000 is available. The Trustee shall select, in the manner provided in Section 11.2, for redemption on such October 31 a sufficient principal amount of Securities to absorb said cash, as nearly as may be, and shall (if requested in writing by the Issuer) inform the Issuer of the serial numbers of the Securities (or portions thereof) so selected. Securities which are (a) owned by the Issuer or an entity known by the Trustee to be directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer, as shown by the Security register or (b) identified in an Officers' Certificate at least 60 days prior to the sinking fund payment date as being beneficially owned by the Issuer or an entity directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer shall be excluded from Securities eligible for selection for redemption. The Trustee, in the name and at the expense of the Issuer (or the Issuer, if it shall so request the Trustee in writing) shall cause notice of redemption of such Securities to be given in substantially the manner provided in Section 11.2 (and with the effect provided in Section 11.3) for the redemption of Securities in part at the option of the Issuer. The amount of any sinking fund payments not so applied or allocated to the redemption of Securities shall be added to the next cash sinking fund payment and, together with such payment, shall be applied in accordance with the provisions of this Section 11.4. Any and all sinking fund moneys held on the stated maturity date of the Securities (or earlier, if such maturity is accelerated), which are not held for the payment or redemption of particular Securities shall be applied, together with other moneys, if necessary, sufficient for the purpose, to the payment of the principal of, and interest on, the Securities at maturity. The Issuer's obligation to make a mandatory sinking fund payment shall automatically be reduced by an amount equal to the sinking fund redemption price allocable to any Securities or portions thereof called for redemption pursuant to the preceding paragraph on any sinking fund payment date and converted into Common Stock; provided, that if the Trustee is not the conversion agent for the Securities, the Issuer or such conversion agent shall give the Trustee written notice prior to the date fixed for redemption of the principal amount of Securities or portions thereof so converted.

At least one business day before each sinking fund payment date, the Issuer shall pay to the Trustee in cash or shall otherwise provide for the payment of all interest accrued to the date fixed for redemption on Securities to be redeemed on the next following sinking fund payment date.

The Trustee shall not redeem or cause to be redeemed any Securities with sinking fund moneys or mail any notice of redemption of Securities by operation of the sinking fund during the

continuance of a default in payment of interest on the Securities or of any Event of Default of which the Trustee shall have knowledge except that, where the mailing of notice of redemption of any Securities shall theretofore have been made, the Trustee shall redeem or cause to be redeemed such Securities, provided that it shall have received from the Issuer a sum sufficient for such redemption. Except as aforesaid, any moneys in the sinking fund at the time when any such default or Event of Default shall occur, and any moneys thereafter paid into the sinking fund, shall, during the continuance of such default or Event of Default, be deemed to have been collected under Article Four and held for the payment of all the Securities. In case such Event of Default shall have been waived as provided in Section 4.9 or the default cured on or before the sixtieth day preceding the sinking fund payment date in any year, such moneys shall thereafter be applied on the next succeeding sinking fund payment date in accordance with this Section to the redemption of Securities.

ARTICLE TWELVE

CONVERSION OF SECURITIES

SECTION 12.1 Conversion Privilege. Subject to and upon compliance with the provisions of this Article, at the option of the holder thereof, any Security may, at any time until and including, but not after the close of business on October 31, 2003, or in case such Security or some portion thereof shall be called for redemption or otherwise redeemed prior to such date, then, with respect to such Security or portion thereof as is so called or otherwise redeemed, until and including, but (if no default is made in making due provision for the payment of the redemption price) not after, the close of business on, the date fixed for redemption, be converted, in whole, or in part in integral multiples of \$1,000 principal amount, at 100% of the principal amount of such Security (or portion thereof), into fully paid and non-assessable shares of Common Stock issuable upon conversion of the Securities, at the conversion price in effect at the Date of Conversion (as hereinafter defined).

SECTION 12.2 Exercise of Conversion Privilege. In order to exercise the conversion privilege, the holder of any Security to be converted shall surrender such Security to the Issuer at any time during usual business hours at its office or agency maintained for the purpose as provided in this Indenture, accompanied by a fully executed written notice, in substantially the form set forth on the reverse of the Security, that the holder elects to convert such Security or a stated portion thereof constituting an integral multiple of \$1,000 principal amount, and, if such Security is surrendered for conversion during the period between the close of business on April 15 or October 15 in any year and the opening of business on the following April 30 or October 31 and has not been

called for redemption on a redemption date within such period (or on such April 30 or October 31), accompanied also by payment of an amount equal to the interest payable on such April 30 or October 31 on the principal amount of the Security being surrendered for conversion. Such notice shall also state the name or names (with address) in which the certificate or certificates for shares of Common Stock shall be issued. Securities surrendered for conversion shall (if so required by the Issuer or the Trustee) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Issuer duly executed by, the holder or his attorney duly authorized in writing. As promptly as practicable after the receipt of such notice and the surrender of such Security as aforesaid, the Issuer shall, subject to the provisions of Section 12.8, issue and deliver at such office or agency to such holder, or on his written order, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion of Securities in accordance with the provisions of this Article and cash, as provided in Section 12.3, in respect of any fraction of a share of Common Stock otherwise issuable upon such conversion. Such conversion shall be deemed to have been effected immediately prior to the close of business on the date (herein called the "Date of Conversion") on which such notice shall have been received by the Issuer and such Security shall have been surrendered as aforesaid, and the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become on the Date of Conversion the holder or holders of record of the shares represented thereby; provided, however, that any such surrender on any date when the stock transfer books of the Issuer shall be closed shall constitute the person or persons in whose name or names the certificate or certificates for such shares are to be issued as the recordholder or holders thereof for all purposes at the opening of business on the next succeeding day on which such stock transfer books are open but such conversion shall nevertheless be at the conversion price in effect at the close of business on the date when such Security shall have been so surrendered with the conversion notice. In the case of conversion of a portion, but less than all, of a Security, the Issuer shall execute, and the Trustee shall authenticate and deliver to the holder thereof, at the expense of the Issuer, a Security or Securities in the aggregate principal amount of the unconverted portion of the Security surrendered. Except as otherwise expressly provided in this Indenture, no payment or adjustment shall be made for interest accrued on any Security (or portion thereof) converted or for dividends or distributions on any Common Stock issued upon conversion of any Security.

SECTION 12.3 Fractional Interests. No fractions of shares or scrip representing fractions of shares shall be issued upon conversion of Securities. If more than one Security shall be surrendered for conversion at one time by the same holder, the

number of full shares which shall be issuable upon conversion thereof shall be computed on the basis of the aggregate principal amount of the Securities so surrendered. If any fraction of a share of Common Stock would, except for the provisions of this Section, be issuable on the conversion of any Security or Securities, the Issuer shall make payment in lieu thereof in an amount of United States dollars equal to the value of such fraction computed on the basis of the current market price per share of the Common Stock on the last business day prior to the Date of Conversion.

SECTION 12.4 Conversion Price. The price per share at which Common Stock is issuable upon conversion of the Securities (the "Conversion Price") shall initially be \$17.50.

SECTION 12.5 Adjustment of Conversion Price. The Conversion Price shall be subject to adjustment from time to time as follows:

(a) In case the Issuer shall (1) pay a dividend or make a distribution in shares of Common Stock, (2) subdivide its outstanding shares of Common Stock into a greater number of shares or (3) combine its outstanding shares of Common Stock into a smaller number of shares, the Conversion Price in effect immediately prior to such action shall be adjusted so that the holder of any Security thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock which he would have owned immediately following such action had such Security been converted immediately prior thereto. An adjustment made pursuant to this subsection (a) shall become effective immediately, except as provided in subsection (e) below, after the record date in the case of a dividend and shall become effective immediately after the effective date in the case of a subdivision or combination.

(b) In case the Issuer shall issue rights, options or warrants to all holders of Common Stock entitling them (for a period not exceeding 45 days from the date of such issuance) to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share (as determined pursuant to subsection (d) below) of the Common Stock on the record date mentioned below, the Conversion Price shall be reduced to a price, computed to the nearest cent, so that the same shall equal the price determined by multiplying:

(1) the Conversion Price in effect immediately prior to the date of issuance of such rights or warrants by a fraction, of which

(2) the numerator shall be (A) the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants, immediately prior to such issuance, plus (B) the number of shares which the

aggregate offering price of the total number of shares so offered for subscription or purchase would purchase at such current market price (determined by multiplying such total number of shares by the exercise price of such rights or warrants and dividing the product so obtained by such current market price), and of which

(3) the denominator shall be (A) the number of shares Common Stock outstanding on the date of issuance of such rights or warrants, immediately prior to such issuance, plus (B) the number of additional shares of Common Stock which are so offered for subscription or purchase.

Such adjustment shall become effective immediately, except as provided in subsection (e) below, after the record date for the determination of holders entitled to receive such rights or warrants.

(c) In case the Issuer shall distribute to substantially all holders of Common Stock, evidences of indebtedness, equity securities other than Common Stock or other assets (other than cash dividends), or shall distribute to substantially all holders of Common Stock rights or warrants to subscribe to securities, (other than those referred to in subsection (b) above), then in each case the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the date of such distribution by a fraction of which the numerator shall be the current market price per share (determined as provided in subsection (d) below) of the Common Stock on the record date mentioned below less the then fair market value (as determined by the Board of Directors, whose determination shall, if made in good faith, be conclusive evidence of such fair market value, and described in a resolution of the Board of Directors filed with the Trustee) of the portion of the assets so distributed or of such subscription rights or warrants applicable to one share of Common Stock, and of which the denominator shall be such current market price per share of the Common Stock. Such adjustment shall become effective immediately, except as provided in subsection (e) below, after the record date for the determination of stockholders entitled to receive such distribution.

(d) For the purpose of any computation under subsections (b) and (c) above, the current market price per share of Common Stock on any date shall be deemed to be the average of the closing prices for the 30 consecutive Trading Days commencing 45 days before the date in question.

(e) In any case in which this Section shall require that

an adjustment be made immediately following a record date, the Issuer may elect to defer the effectiveness of such adjustment (but in no event until a date later than the effective time of the event giving rise to such adjustment), in which case the Issuer shall, with respect to any Security converted after such record date and before such adjustment shall have become effective (i) defer paying any cash payment pursuant to Section 12.3 or issuing to the holder of such Security the number of shares of Common Stock and other capital stock of the Issuer issuable upon such conversion in excess of the number of shares of Common Stock and other capital stock of the Issuer issuable thereupon only on the basis of the Conversion Price prior to adjustment, and (ii) not later than five business days after such adjustment shall have become effective, pay to such holder the appropriate cash payment pursuant to Section 12.3 and issue to such holder the additional shares of Common Stock and other capital stock of the Issuer issuable on such conversion.

(f) No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% the Conversion Price; provided, that any adjustments which by reason of this subsection (f) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article shall be made to the nearest cent or to the nearest one-hundredth of a share, as the case may be.

(g) Whenever the Conversion Price is adjusted as herein provided, the Issuer shall promptly (i) file with the Trustee and each conversion agent an Officers' Certificate setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment, and (ii) mail or cause to be mailed a notice of such adjustment to each holder of Securities at his address as the same appears on the registry books of the Issuer.

(h) For purposes of subsection (d) above, the closing price for each day shall be (i) the last sale price, or the closing bid price if no sale occurred, of Common Stock on the principal securities exchange on which Common Stock is listed or admitted to trading, or (ii) if the Common Stock is not listed or admitted to trading on a national securities exchange, the mean between the closing high bid and low asked quotations of Common Stock on the National Association of Securities Dealers, Inc. Automated Quotation System, or any similar system of automated dissemination of quotations of securities prices then in common use, if so quoted, or (iii) if not quoted as described in clause (ii), the mean between

the high bid and low asked quotations for Common Stock as reported by the National Quotation Bureau Incorporated if at least two securities dealers have inserted both bid and asked quotations for Common Stock on at least 5 of the 10 preceding days. If the Common Stock is quoted on a national securities or central market system, in lieu of a market or quotation system described above, the closing price shall be determined in the manner set forth in clause (i) of the preceding sentence if actual transactions are reported and in the manner set forth in clause (ii) of the preceding sentence if bid and asked quotations are reported but actual transactions are not. If none of the conditions set forth above is met, the closing price of Common Stock on any day or the average of such closing prices for any period shall be the fair market value of Common Stock as determined by a member firm of the New York Stock Exchange, Inc. selected by the Issuer.

As used herein the term "Trading Days" with respect to Common Stock means (i) if the Common Stock is listed or admitted for trading on any national securities exchange, days on which such national securities exchange is open for business or (ii) if the Common Stock is quoted on the National Association of Securities Dealers, Inc., Automated Quotation System or any similar system of automated dissemination of quotations of securities prices, days on which trades may be made on such system.

Anything in this Section to the contrary notwithstanding the Issuer shall be entitled to make such reductions in the Conversion Price, in addition to those required by this Section, as it in its discretion shall determine to be advisable in order that any stock dividend, subdivision of shares, distribution of rights or warrants to purchase stock or securities, or distribution of other assets (other than cash dividends) hereafter made by the Issuer to its stockholders shall not be taxable.

SECTION 12.6 Continuation of Conversion Privilege in Case of Reclassification, Change, Merger, Consolidation or Sale of Assets. If any of the following shall occur, namely: (a) any reclassification or change of outstanding shares of Common Stock issuable upon conversion of the Securities (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), (b) any consolidation or merger to which the Issuer is a party as a result of which the holders of Common Stock shall be entitled to receive stock, other securities or other assets with respect to or in exchange for Common Stock or (c) sale or conveyance of all or substantially all of the property or business of the Issuer as an entirety, then the Issuer, or such successor or purchasing corporation, as the case may be, shall, as a condition precedent to such reclassification, change, consolidation, merger, sale or conveyance, execute and

deliver to the Trustee a supplemental indenture providing that the holder of each Security then outstanding shall have the right to convert such Security into the kind and amount of shares of stock and other securities and property receivable upon such reclassification, change, consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock issuable upon conversion of such Security immediately prior to such reclassification, change, consolidation, merger, sale or conveyance. Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article. If, in the case of any such consolidation, merger, sale or conveyance, the stock or other securities and property receivable thereupon by a holder of shares of Common Stock includes shares of stock or other securities and property of a corporation other than the successor or purchasing corporation, as the case may be, in such consolidation, merger, sale or conveyance, then such other corporation shall, as a condition precedent to such consolidation, merger, sale or conveyance, execute and deliver to the Trustee such supplemental indenture which shall contain such additional provisions to protect the interests of the holders of the Securities as the Board of Directors shall reasonably consider necessary by reason of the foregoing. The provisions of this Section shall similarly apply to successive reclassifications, changes, consolidations, mergers, sales or conveyances.

Notice of the execution of each such supplemental indenture shall be mailed to each holder of Securities at his address as the same appears on the registry books of the Issuer.

Neither the Trustee nor any conversion agent shall be under any responsibility to determine the correctness of any provisions contained in any such supplemental indenture relating either to the kind or amount of shares of stock or securities or property receivable by holders of Securities upon the conversion of their Securities after any such reclassification, change, consolidation, merger, sale or conveyance or to any adjustment to be made with respect thereto, but, subject to the provisions of Sections 5.1 and 5.2, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate (which the Issuer shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto.

SECTION 12.7 Notice of Certain Events. In case:

(a) the Issuer shall declare a dividend (or any other distribution) payable to the holders of Common Stock otherwise than in cash; or

(b) the Issuer shall authorize the granting to the

holders of Common Stock of rights to subscribe for or purchase any shares of stock of any class or of any other rights; or

(c) the Issuer shall authorize any reclassification or change of the Common Stock (other than a subdivision or combination of its outstanding shares of Common Stock), or any consolidation or merger to which the Issuer is a party and for which approval of any stockholders of the Issuer is required, or the sale or conveyance of all or substantially all the property or business of the Issuer; or

(d) there shall be proposed any voluntary or involuntary dissolution, liquidation or winding-up of the Issuer;

then, the Issuer shall cause to be filed at the office or agency maintained for the purpose of conversion of the Securities as provided in Section 3.2, and shall cause to be mailed to each holder of Securities, at his address as it shall appear on the registry books of the Issuer, at least 20 days before the date hereinafter specified (or the earlier of the dates hereinafter specified, in the event that more than one date is specified), a notice stating the date on which (1) a record is expected to be taken for the purpose of such dividend, distribution or rights, or if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights are to be determined, or (2) such reclassification, change, consolidation, merger, sale, conveyance, dissolution, liquidation or winding-up is expected to become effective and the date, if any is to be fixed, as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, change, consolidation, merger, sale, conveyance, dissolution, liquidation or winding-up.

SECTION 12.8 Taxes on Conversion. The Issuer will pay any and all documentary, stamp or similar taxes payable to the United States of America or any political subdivision or taxing authority thereof or therein in respect of the issue or delivery of shares of Common Stock on conversion of Securities pursuant thereto; provided, that the Issuer shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the Securities to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Issuer the amount of any such tax or has established, to the satisfaction of the Issuer, that such tax has been paid. The Issuer extends no protection with respect to any other taxes imposed in connection with conversion of Securities.

SECTION 12.9 Issuer to Provide Stock. The Issuer shall

reserve, free from pre-emptive rights, out of its authorized but unissued shares, sufficient shares to provide for the conversion of the Securities from time to time as such Securities are presented for conversion, provided, that nothing contained herein shall be construed to preclude the Issuer from satisfying its obligations in respect of the conversion of Securities by delivery of repurchased shares of Common Stock which are held in the treasury of the Issuer.

If any shares of Common Stock to be reserved for the purpose of conversion of Securities hereunder require registration with or approval of any governmental authority under any Federal or State law before such shares may be validly issued or delivered upon conversion, then the Issuer covenants that it will in good faith and as expeditiously as possible endeavor to secure such registration or approval, as the case may be, provided, that nothing in this Section shall be deemed to affect in any way the obligations of the Issuer to convert Securities into Common Stock as provided in this Article.

Before taking any action which would cause an adjustment reducing the Conversion Price below the then par value, if any, of the Common Stock, the Issuer will take all corporate action which may, in the Opinion of Counsel, be necessary in order that the Issuer may validly and legally issue fully paid and non-assessable shares of Common Stock at such adjusted Conversion Price.

The Issuer covenants that all shares of Common Stock which may be issued upon conversion of Securities will upon issue be fully paid and non-assessable by the Issuer and free of pre-emptive rights and, except as provided in Section 12.8, the Issuer will pay all taxes and charges with respect to the issuance thereof.

SECTION 12.10 Disclaimer of Responsibility for Certain Matters. Neither the Trustee nor any agent of the Trustee shall at any time be under any duty or responsibility to any holder of Securities to determine whether any facts exist which may require any adjustment of the Conversion Price, or with respect to the Officers' Certificate referred to in Section 12.5(g), or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. Neither the Trustee nor any agent of the Trustee shall be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, which may at any time be issued or delivered upon the conversion of any Security; and neither the Trustee nor any conversion agent makes any representation with respect thereto. Neither the Trustee nor any agent of the Trustee shall be responsible for any failure of the Issuer to issue, register the transfer of or deliver any shares of Common Stock or stock certificates or other securities or

property upon the surrender of any Security for the purpose of conversion or, subject to Sections 5.1 and 5.2, to comply with any of the covenants of the Issuer contained in this Article.

SECTION 12.11 Return of Funds Deposited for Redemption of Converted Securities. Any funds which at any time shall have been deposited by the Issuer or on its behalf with the Trustee or any other paying agent for the purpose of paying the principal of and interest on any of the Securities and which shall not be required for such purposes because of the conversion of such Securities, as provided in this Article, shall after such conversion be repaid to the Issuer by the Trustee or such other paying agent.

ARTICLE THIRTEEN

REDEMPTION OF SECURITIES AT HOLDER'S OPTION

SECTION 13.1 Right to Redemption. In the event that a Redemption Event or an Asset Sale Event, or both, shall have occurred, then subject to the terms and conditions of this Article Thirteen, each Securityholder shall have the right, at the Securityholder's option, to require the Issuer to redeem all of the Securityholder's Securities, or any portion of the principal amount thereof that is an integral multiple of \$1,000, for cash at a redemption price of 101% of the principal amount, together in each case with accrued interest thereon to the Redemption Date; provided that, in the case of an Asset Sale Event, (i) the aggregate amount of funds applied by the Issuer to redeem Securities pursuant to this Article Thirteen shall not exceed the aggregate cash proceeds of such Asset Sale Event less, in the case of an Asset Sale Event with respect to LIS, any amount that the Issuer is required to reinvest in LIS pursuant to the agreements governing or related to such Asset Sale Event and (ii) in the event that the Issuer receives elections to require the Issuer to redeem Securities at an aggregate redemption price in excess of the aggregate amount of funds to be applied by the Issuer to redeem Securities in accordance with clause (i), the Issuer will redeem a ratable principal amount of each electing Securityholder's Securities.

The "Redemption Date" shall be the sixty-fifth day after the date on which a Redemption Event or Asset Sale Event shall have occurred.

SECTION 13.2 Applicability of Article. Redemption of Securities in accordance with this Article Thirteen shall be at the election of each Securityholder and shall be made in accordance with the provisions of this Article.

SECTION 13.3 Notice of Redemption Event and Asset Sale Event. Unless the Issuer shall have theretofore called all the outstanding Securities for redemption pursuant to Article Eleven,

notice of the occurrence of a Redemption Event or an Asset Sale Event, or both, shall be given by first-class mail, postage prepaid, mailed not more than thirty days after the occurrence of such Redemption Event or Asset Sale Event, or both, as the case may be, to each Securityholder at his address appearing in the Security register and to the Trustee, but failure to give such notice by mailing in the manner herein provided to the Securityholder or to the Trustee, or any defect in the notice to any Securityholder or to the Trustee, shall not affect the validity of the proceedings for the redemption of any other Securities.

All such notices shall state:

(a) the events constituting the Redemption Event or Asset Sale Event, or both;

(b) the Redemption Date and the date by which the redemption right must be exercised;

(c) that the redemption price will be 101% of the principal amount of the Securities a Securityholder elects to redeem, plus accrued interest thereon;

(d) that on the Redemption Date the redemption price will become due and payable upon each Security with respect to which a Securityholder has elected redemption, and that interest thereon shall cease to accrue on and after such date;

(e) the place or places where such Securities are to be surrendered for payment of the redemption price (each of which shall be an office or agency maintained by the Issuer pursuant to Section 3.2); and a description of the procedure which a Securityholder must follow to exercise its redemption right including a form of the irrevocable written notice referred to in Section 13.4; and

(f) the Conversion Price then in effect, the date on which the right to convert the principal amount of the Securities to be redeemed will terminate and the place or places where such Securities may be surrendered for conversion (each of which shall be an office or agency maintained by the Issuer pursuant to Section 3.2).

Notice of a Redemption Event or Asset Sale Event, or both, as the case may be, shall be given by the Issuer, or by the Trustee at the Issuer's request in the name and at the expense of the Issuer.

No failure of the Issuer to give the foregoing notice shall limit any Securityholder's right to require the redemption of Securities pursuant to this Article Thirteen.

SECTION 13.4 Notice of Election. A Securityholder electing to require redemption of all of such Securityholder's Securities or any portion thereof that is an integral multiple of \$1,000 in principal amount, shall make such election by delivering to the office or agency to be maintained by the Issuer pursuant to Section 3.2 not later than the fifth day prior to the Redemption Date a validly executed notice of election ("Notice of Election") setting forth the name of the Securityholder, the principal amount of the Securities, or portions thereof, with respect to which an election to require redemption is being made, and a statement that the election to require redemption is being made thereby. Such Notice of Election shall be irrevocable absent the written consent of the Issuer.

Upon presentation of any Security redeemed in part only, the Issuer shall execute and the Trustee shall authenticate and deliver to the holder thereof, at the expense of the Issuer, a new Security or Securities, of authorized denominations, in principal amount equal to the unredeemed portion of the Securities so presented.

SECTION 13.5 Deposit of Funds. At least one business day prior to the Redemption Date, the Issuer will deposit with the Trustee or with one or more paying agents (or, if the Issuer is acting as its own paying agent, set aside, segregate and hold in trust as provided in Section 3.4) an amount of money sufficient to pay 101% of the principal amount of, and accrued interest on, all the Securities (or portions thereof) with respect to which properly completed and validly executed Notices of Election shall have been delivered pursuant to Section 13.4; provided that any semi-annual payment of interest becoming due on the Redemption Date shall be payable to the holder of such Securities registered as such on the relevant record date subject to the terms and provisions of Section 2.4 hereof.

SECTION 13.6 Securities Payable on Redemption Date. The Securities with respect to which Securityholders shall have elected to require redemption shall, on the Redemption Date, become due and payable at the redemption price as set forth in Section 13.1, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Securities shall cease to bear interest. Upon surrender of any Security for redemption in accordance with any Notice of Election, such Security shall be redeemed by the Issuer at the redemption price set forth in Section 13.1.

If any Security to be redeemed shall not be so paid upon surrender thereof for redemption, the amount payable, but not paid, to a Securityholder shall, until paid, bear interest from the Redemption Date at the rate borne by the Security.

IN WITNESS WHEREOF, the parties hereto have caused this

Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of November 1, 1991.

LOMAS FINANCIAL CORPORATION

By /s/JAMES L. CROWSON

Name: James L. Crowson
Title: Senior Vice President-
General Counsel

[CORPORATE SEAL]

Attest:

By /s/ROBERT E. BYERLEY, JR.

Name: Robert E. Byerley, Jr.
Title: Senior Vice President,
Treasurer and
Assistant Secretary

TEXAS COMMERCE BANK NATIONAL
ASSOCIATION, as Trustee

By /s/SUSAN L. NEEDHAM

Name: Susan L. Needham
Title: Vice President and
Trust Officer

[CORPORATE SEAL]

Attest:

By /s/JOANNE GULLIVER

Name: JoAnne Gulliver
Title: Vice President and
Trust Officer

Liens Existing as of the Date of this Indenture

NONE