

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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Saxon Asset Securities Trust 2006-1

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported)
September 29, 2005

SAXON ASSET SECURITIES COMPANY (as Depositor under the Trust Agreement, dated as of April 1, 2006 and the Sale and Servicing Agreement, dated as of April 1, 2006, providing for the issuance of Mortgage Loan Asset Backed Notes, Series 2006-1)

Saxon Asset Securities Company
(Exact Name of Registrant as Specified in its Charter)

Virginia
(State or Other Jurisdiction
Of Incorporation)

333-131712
(Commission
File Number)

52-1865887
(I.R.S. Employer
Identification No.)

4860 Cox Road
Glen Allen, Virginia
(Address of Principal
Executive Offices)

23060
(Zip Code)

Registrant's telephone number, including area code: (804) 967-7400

No Change
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events

The Registrant registered issuances of Mortgage Loan Asset Backed Notes, Series 2006-1 on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the “Act”), by Registration Statement on Form S-3 (Registration File No. 333-111832) (the “Registration Statement”). Pursuant to the Registration Statement, the Registrant issued \$494,725,000 in aggregate principal amount of Class A-1A, Class A-2A, Class A-2B, Class A-2C, Class A-2D, Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class B-1, Class B-2 and Class B-3 Notes (the “Notes”) of its Mortgage Loan Asset Backed Notes, Series 2006-1, one Class X Certificate (the “Class X Certificate”) and one class of trust certificates (the “Trust Certificates” and, together with the Notes and the Class X Certificate, the “Securities”) on May 2, 2006. This Current Report on Form 8-K is being filed to satisfy an undertaking, contained in the definitive Prospectus, dated April 26, 2006, as supplemented by the Prospectus Supplement, dated April 28, 2006 (the “Prospectus Supplement”), to file a copy of the Trust Agreement, Indenture and Sale and Servicing Agreement (each as defined below) and other operative agreements executed in connection with the issuance of the Securities.

The Trust Certificates were issued pursuant to a Trust Agreement (the “Trust Agreement”) attached hereto as Exhibit 4.1, dated as of April 1, 2006, among Saxon Asset Securities Company, as depositor (the “Depositor”), Wilmington Trust Company, as owner trustee and Deutsche Bank Trust Company Americas, as administrator. The Notes were issued pursuant to an Indenture (the “Indenture”) attached hereto as Exhibit 4.2, dated as of April 1, 2006, between Saxon Asset Securities Trust 2006-1 (the “Issuer”) and Deutsche Bank Trust Company Americas, as indenture trustee (the “Indenture Trustee”). The Securities are subject to a Sale and Servicing Agreement (the “Sale and Servicing Agreement”), attached hereto as Exhibit 99.1, dated as of April 1, 2006, among the Issuer, the Depositor, the Indenture Trustee, Saxon Funding Management, Inc., as master servicer and Saxon Mortgage Services, Inc., as servicer. The Notes are secured by the assets of a trust fund (the “Trust Fund”) that consists primarily of a pool of certain conventional, first and second lien, fixed and adjustable rate, fully amortizing, interest-only and balloon residential mortgage loans (the “Mortgage Loans”) with an aggregate outstanding principal balance of approximately \$499,973,080 as of April 1, 2006, together with certain other assets. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Sale and Servicing Agreement.

Item 9.01. Financial Statements and Exhibits

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Exhibits:

4.1 Trust Agreement, dated as of April 1, 2006, among Saxon Asset Securities Company, as depositor, Wilmington Trust Company, as owner trustee and Deutsche Bank Trust Company Americas, as administrator.

4.2 Indenture, dated as of April 1, 2006, between Saxon Asset Securities Trust 2006-1, as issuer, and Deutsche Bank Trust Company Americas, as indenture trustee.

99.1 Sale and Servicing Agreement, dated as of April 1, 2006, among Saxon Asset Securities Trust 2006-1, as issuer, Deutsche Bank Trust Company Americas, as indenture trustee, Saxon Asset Securities Company, as depositor, Saxon Funding Management, Inc., as master servicer and Saxon Mortgage Services, Inc., as servicer.

SIGNATURES

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

SAXON ASSET SECURITIES COMPANY

By: /s/ Ernest G. Bretana
Name: Ernest G. Bretana
Title: Vice President

Dated: May 8, 2006

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<u>Exhibit No.</u>	<u>Description</u>	<u>Page No.</u>
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4.2	Indenture, dated as of April 1, 2006, between Saxon Asset Securities Trust 2006-1, as issuer, and Deutsche Bank Trust Company Americas, as indenture trustee.	
99.1	Sale and Servicing Agreement, dated as of April 1, 2006, among Saxon Asset Securities Trust 2006-1, as issuer, Deutsche Bank Trust Company Americas, as indenture trustee, Saxon Asset Securities Company, as depositor, Saxon Funding Management, Inc., as master servicer and Saxon Mortgage Services, Inc., as servicer.	

TRUST AGREEMENT

among

SAXON ASSET SECURITIES COMPANY,

as Depositor,

WILMINGTON TRUST COMPANY,

as Owner Trustee

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,

as Administrator

Dated as of April 1, 2006

SAXON ASSET SECURITIES TRUST 2006-1

MORTGAGE LOAN ASSET BACKED NOTES, SERIES 2006-1

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This TRUST AGREEMENT dated as of April 1, 2006, is by and among SAXON ASSET SECURITIES COMPANY, a Virginia corporation (the "Depositor"), WILMINGTON TRUST COMPANY, a Delaware banking corporation, as Owner Trustee (the "Owner Trustee"), and DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, as Administrator (the "Administrator").

WHEREAS, pursuant to the Sale and Servicing Agreement entered into simultaneously with this Trust Agreement, the Depositor intends to sell, transfer and assign to a Delaware statutory trust created hereunder certain mortgage loans (exclusive of the Retained Interest therein retained by the Seller) and related assets, which statutory trust would then pledge such collateral under an indenture in order to secure the issuance of its mortgage loan asset backed notes, the net proceeds of which would be applied toward the purchase of the Collateral.

WHEREAS, the Depositor, the Owner Trustee and the Administrator desire to enter into this Agreement in order to effect the foregoing.

NOW THEREFORE, in consideration of the premises and mutual agreements herein contained, the parties hereto hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.01. Definitions. For all purposes of this Agreement, the following terms shall have the meanings set forth below.

Actual Knowledge: With respect to the Owner Trustee or the Administrator, any officer within the Corporate Trust Office of the Owner Trustee or the Administrator responsible for administering the Trust hereunder, or under the Operative Agreements, who has actual knowledge of an action taken or an action not taken with regard to the Trust. Actions taken or actions not taken of which the Owner Trustee or the Administrator should have had knowledge, or has constructive knowledge, do not meet the definition of Actual Knowledge hereunder.

Agreement or Trust Agreement: This Trust Agreement and any amendments or modifications hereof.

Authorized Officer: With respect to the Trust, any officer of the Owner Trustee who is authorized to act for the Owner Trustee in matters relating to the Trust and who is identified on the list of Authorized Officers delivered by the Owner Trustee to the Indenture Trustee on the Closing Date (as such list may be modified or supplemented from time to time thereafter) and, so long as the Administration Agreement is in effect, any Vice President, Assistant Vice President or other officer of the Administrator who is authorized to act for the Administrator in matters relating to the Trust and to be acted upon by the Administrator pursuant to the Administration Agreement and who is identified on the list of Authorized Officers delivered by the Administrator to the Indenture Trustee (if the Administrator is not the Indenture Trustee) on the Closing Date (as such list may be modified or supplemented from time to time thereafter).

Bank: Wilmington Trust Company in its individual capacity and not as Owner Trustee under this Agreement.

Book-Entry Certificates: A beneficial interest in any Class of Certificates, ownership and transfers of which shall be made through book entries by a Clearing Agency as described in Section 3.07.

Certificate of Trust: The Certificate of Trust to be filed by the Owner Trustee for the Trust pursuant to Section 3810(a) of the Statutory Trust Statute in the form of Exhibit C hereto.

Certificate Paying Agent: Initially, the Administrator, in its capacity as certificate paying agent, or any successor to the Administrator in such capacity.

Certificate Register: The register maintained by the Certificate Registrar in which the Certificate Registrar shall provide for the registration of the Certificates and of transfers and exchanges of such Certificates.

Certificate Registrar: Initially, the Administrator, in its capacity as certificate registrar, or any successor to the Administrator in such capacity.

Certificateholder or Holder: The Person in whose name a Certificate is registered in the Certificate Register except that, any Certificate registered in the name of the Trust, the Owner Trustee, the Administrator, the Indenture Trustee or any Affiliate of any of the foregoing shall be deemed not to be outstanding and any such Person will not be considered a Certificateholder or a Holder for purposes of giving any request, demand, authorization, direction, notice, consent or waiver under the Indenture or this Agreement.

Certificates: The Trust Certificate and the Class X Certificate.

Class X Certificate: A certificate representing the right to receive certain residual amounts received by the Trust as specified in this Agreement in substantially the form annexed hereto as Exhibit B.

Clearing Agency: An organization registered as a “clearing agency” pursuant to Section 17A of the Securities Exchange Act of 1934, as amended. As of the Closing Date, the Clearing Agency shall be The Depository Trust Company.

Clearing Agency Participant: A broker, dealer, bank, other financial institution or other Person for which from time to time a Clearing Agency effects book-entry transfers and pledges of securities deposited with the Clearing Agency.

Closing Date: May 2, 2006.

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

Collateral: As defined in the Indenture.

Corporate Trust Office: With respect to the Owner Trustee, the principal corporate trust office of the Owner Trustee located at Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890-0001; or at such other address in the State of Delaware as the Owner Trustee may designate by notice to the Certificateholders, or the principal corporate trust office of any successor Owner Trustee (the address (which shall be in the State of Delaware) of which the successor owner trustee will notify the Certificateholders) and with respect to the Certificate Registrar, the principal office of the Certificate Registrar at which at any particular time its corporate trust business shall be administered, which at the time of execution of this Agreement is located at 1761 East St. Andrew Pl., Santa Ana, CA 92705, Attention: Trust Administration - SX0601 and for purposes of presentment, surrender, and exchange of the Certificates at the office of its agent located at DTC Transfer Agent Services, 55 Water St. - Jeanette Park Entrance, New York, New York 10041, or at such other address as the Certificate Registrar may designate from time to time by notice to the Noteholders and the Trust, or the principal corporate trust office of any successor Certificate Registrar at the address designated by such successor Certificate Registrar by notice to the Noteholders and the Trust.

Depositor: Saxon Asset Securities Company, a Virginia corporation.

Depository: DTC or any other Person designated by the Trust as Depository in the case of Book-Entry Certificates.

DTC: The Depository Trust Company.

ERISA: The Employee Retirement Income Security Act of 1974, as amended.

Expenses: The meaning specified in Section 7.02.

Indenture: The indenture, dated as of April 1, 2006, by and between the Trust and Deutsche Bank Trust Company Americas.

Indenture Event of Default: An Event of Default as defined in the Indenture.

Indenture Trustee: Deutsche Bank Trust Company Americas, in its capacity as indenture trustee under the Indenture.

Initial Holder: Saxon Securities and Certificates, Inc.

Master Servicer: Saxon Funding Management, Inc. or any successor in interest, as master servicer under the Sale and Servicing Agreement.

Net Proceeds from the Notes: The proceeds received by the Trust from time to time from the issuance and sale of its Notes, less the costs and expenses incurred in connection with the issuance and sale of such Notes.

Noteholders: The holders from time to time of the Notes.

Officer: Those officers of the Trust referred to in Article XI.

Opinion of Counsel: One or more written opinions of counsel who may, except as otherwise expressly provided in this Agreement, be employees of or counsel to the Depositor and who shall be satisfactory to the Owner Trustee and the Administrator, which opinion shall be addressed to the Owner Trustee and the Administrator.

Owner or Certificate Owner: With respect to a Book-Entry Certificate, the Person who is the beneficial owner of such Book-Entry Certificate, as reflected on the books of the Clearing Agency or on the books of a Person maintaining an account with such Clearing Agency (directly as a Clearing Agency Participant or as an indirect participant, in each case in accordance with the rules of such Clearing Agency) and, with respect to any Certificate that is not a Book-Entry Certificate, the Holder thereof.

Owner Trustee: Wilmington Trust Company, not in its individual capacity but solely as trustee under this Agreement, and any successor trustee hereunder.

Percentage Interest: With respect to any Certificate, the percentage set forth on the face thereof.

Periodic Filings: Any filings or submissions that the Trust is required to make with respect to the Notes, including without limitation filings pursuant to the Securities and Exchange Act of 1934, as amended, and filings with any stock exchange or self-regulatory organization.

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

Proposer: The Certificateholder making a written request pursuant to Section 5.07.

Qualified REIT Subsidiary: A direct or indirect 100% owned subsidiary of a REIT that satisfies the requirements of Section 856(i) of the Code.

REIT: A real estate investment trust within the meaning of Sections 856 and 857 of the Code.

Responsible Officer: With respect to the Owner Trustee, any officer within the Corporate Trust Office of the Owner Trustee with direct responsibility for the administration of the Trust and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge of, and familiarity with, the particular subject; and with respect to the Administrator, any officer with direct responsibility for the administration of the Trust and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge of, and familiarity with, the particular subject.

Sale and Servicing Agreement: The Sale and Servicing Agreement dated as of April 1, 2006, by and among the Trust, as issuer, the Depositor, as depositor, the Indenture Trustee, Saxon Mortgage Services Inc., as servicer, and Saxon Funding Management, Inc., as master servicer, as such may be amended or supplemented from time to time.

Secretary of State: The Secretary of State of Delaware.

Single Certificate: A Certificate representing a 100% Percentage Interest in the applicable Class of Certificates.

Statutory Trust Statute: Chapter 38 of Title 12 of the Delaware Code, 12 Del.C. Section 3801 *et seq.*, as the same may be amended from time to time.

Trust: The trust established pursuant to this Agreement which shall carry on its business operations under the name of "Saxon Asset Securities Trust 2006-1."

Trust Certificate: An equity certificate representing an undivided beneficial ownership interest in the Trust in substantially the form annexed hereto as Exhibit A.

Section 1.02. Other Definitional Provisions.

(a) Capitalized terms used herein and not defined herein shall have the same meanings assigned to them in the Sale and Servicing Agreement or, if not defined therein, in the Indenture.

(b) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) As used in this Agreement and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in this Agreement or in any such certificate or other document, and accounting terms partly defined in this Agreement or in any such certificate or other document to the extent not defined, shall have the respective meanings given to them under generally accepted accounting principles. To the extent that the definitions of accounting terms in this Agreement or in any such certificate or other document are inconsistent with the meanings of such terms under generally accepted accounting principles, the definitions contained in this Agreement or in any such certificate or other document shall control.

(d) The words "hereof," "herein," "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; Section and Exhibit references contained in this Agreement are references to Sections and Exhibits in or to this Agreement unless otherwise specified; and the term "including" shall mean "including without limitation."

(e) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as the feminine and neuter genders of such terms.

(f) Any agreement, instrument or statute defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as from time to time amended, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; references to a Person are also to its permitted successors and assigns.

ARTICLE II ORGANIZATION

Section 2.01. Name. The trust established under this Agreement shall be named "Saxon Asset Securities Trust 2006-1," in which name the Owner Trustee and their Officers may conduct the activities contemplated hereby, including the making and executing of contracts and other instruments on behalf of the Trust and suing and being sued.

Section 2.02. Office. The principal office of the Trust shall be in care of the Owner Trustee, at its Corporate Trust Office. The Trust shall also have an office in care of the Administrator at its Corporate Trust Office.

Section 2.03. Purpose and Powers. The purpose of the Trust is, and the Trust shall have the power and authority, to engage in any of the following activities:

- (a) to issue one or more Classes of Notes pursuant to the Indenture and the Certificates pursuant to this Agreement and to sell, transfer and exchange such Notes and such Certificates;
- (b) with the proceeds of the sale of the Notes and the Certificates, to pay the organizational, start-up and transactional expenses of the Trust and to pay the balance of the proceeds of the sale of the Notes and the Certificates to the Depositor in consideration of the transfer to the Trust of the Collateral;
- (c) to assign, grant, transfer, pledge, mortgage and convey the Trust Estate pursuant to the Indenture and to hold, manage and distribute to the Certificateholders pursuant to the terms of the Sale and Servicing Agreement any portion of the Collateral released from the lien of, and remitted to the Trust pursuant to, the Indenture;
- (d) to enter into and perform its obligations under the Operative Agreements (including the Yield Maintenance Agreement) to which it is to be a party;
- (e) to engage in those activities, including entering into agreements, that are necessary, suitable or convenient to accomplish the foregoing or are incidental thereto or connected therewith; and
- (f) subject to compliance with the Operative Agreements, to engage in such other activities as may be required in connection with conservation of the Trust Estate and the making of distributions and payments to the Certificateholders and the Noteholders.

The Trust is hereby authorized to engage in the foregoing activities. The Trust shall not engage in any activity other than in connection with the foregoing or other than as required or authorized by the terms of this Agreement or the Operative Agreements. Notwithstanding anything in this Agreement or any Operative Agreement to the contrary, this Agreement shall be effective as of [], 2006 for purposes of executing the trade of the Yield Maintenance Agreement.

Section 2.04. Appointment of the Owner Trustee. The Depositor hereby appoints the Bank to act as owner trustee (the "Owner Trustee") of the Trust effective as of the date hereof to have all the rights, powers and duties set forth herein with respect to accomplishing the purposes of the Trust.

Section 2.05. Initial Capital Contribution; Declaration of Trust.

(a) The Depositor hereby sells, assigns, transfers, conveys and sets over to the Trust, as of the date hereof, the sum of \$1. The Owner Trustee hereby acknowledges receipt in trust from the Depositor, as of the Closing Date, of the foregoing contribution which shall constitute the initial corpus of the Trust Estate and shall be deposited by the Depositor directly in the Certificate Account. The Depositor shall pay organizational expenses of the Trust as they may arise or shall, upon the request of the Owner Trustee, promptly reimburse the Owner Trustee for any such expenses paid by the Owner Trustee.

(b) The Owner Trustee hereby declares that it will hold the Trust Estate in trust upon and subject to the conditions set forth herein for the use and benefit of the Certificateholders, subject to the obligations of the Trust under the Operative Agreements. It is the intention of the parties hereto that the Trust constitutes a statutory trust under the Statutory Trust Statute and that this Agreement constitutes the governing instrument of such statutory trust. No later than the Closing Date, upon execution of this Trust Agreement by the parties hereto, the Owner Trustee shall cause the filing of the Certificate of Trust with the Secretary of State. Except as otherwise provided in this Agreement, the rights of the Holders of the Trust Certificates will be those of beneficial owners of the Trust and the rights of the

Holders of the Class X Certificates will be those of a beneficial owner of an undivided interest in the residual cashflows payable to such Holders in accordance with this Agreement.

Section 2.06. Issuance of Initial Certificates. Upon the formation of the Trust by the initial contribution by the Depositor and the filing of the Certificate of Trust pursuant to Section 2.05, the Trust will issue the Trust Certificate and the Class X Certificate to the Initial Holder.

Section 2.07. Liability of the Holders of the Certificates. Each Certificateholder shall be entitled to the same limitation of personal liability extended to stockholders of private corporations for profit organized under the General Corporation Law of Delaware.

Section 2.08. Situs of Trust. The Trust will be located and administered in the States of Delaware and California. All bank accounts maintained by the Owner Trustee on behalf of the Trust shall be located in the States of Delaware, New York, California or the jurisdiction where the Indenture Trustee maintains bank accounts with respect to collections on the Collateral. The only offices of the Trust will be as described in Section 2.02 hereof. The Trust shall not have any employees; *provided, however*, that nothing herein shall restrict or prohibit the Owner Trustee from having employees within or without the State of Delaware. Payments will be received by the Trust only in Delaware, New York, California or such other jurisdiction designated by the Depositor, and payments will be made by the Trust only from Delaware, New York, California or such other jurisdiction designated by the Depositor.

Section 2.09. Title to Trust Property.

(a) Subject to the Indenture, title to all of the Trust Estate shall be vested at all times in the Trust as a separate legal entity until this Agreement terminates pursuant to Article VIII hereof; *provided, however*, that if the laws of any jurisdiction require that title to any part of the Trust Estate be vested in the trustee of the Trust, then title to that part of the Trust Estate shall be deemed to be vested in the Owner Trustee or any co-trustee or separate trustee, as the case may be, appointed pursuant to Article IX of this Agreement.

(b) The Certificateholders shall have beneficial but not legal title to any part of the Trust Estate. No transfer by operation of law or otherwise of any interest of the Certificateholders shall operate to terminate this Agreement or the trusts created hereunder or entitle any transferee to an accounting or to the transfer to it of any part of the Trust Estate.

Section 2.10. Representations and Warranties of the Depositor. The Depositor hereby represents and warrants to the Owner Trustee and the Administrator as of the Closing Date, as follows:

(a) The Depositor is duly organized and validly existing as a corporation in good standing under the laws of the Commonwealth of Virginia, with power and authority to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted and had at all relevant times, and now has, power, authority and the legal right to acquire and own the Mortgage Loans.

(b) The Depositor is duly qualified to do business as a foreign corporation in good standing and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business shall require such qualifications.

(c) The Depositor has the power and authority to execute and deliver any Operative Agreement to which it is a party and to carry out its terms; the Depositor has full power and authority to sell and assign the Collateral to be sold and assigned to and deposited with the Trust and the Depositor has duly authorized such assignment and deposit to the Trust by all necessary corporate action; and the execution, delivery and performance of this Agreement or any other Operative Agreement to which it is a party has been duly authorized by the Depositor by all necessary corporate action and, assuming the due authorization, execution and delivery of each such agreement by the other parties thereto, each such agreement constitutes a valid and binding obligation of the Depositor, enforceable against the Depositor in accordance with its terms, except as enforcement thereof may be subject to or limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws relating to or affecting creditors' rights generally and by general equitable principles.

(d) The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof and thereof do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time) a default under, the certificate of incorporation or by-laws of the Depositor, or any indenture, agreement or other instrument to which the Depositor is a party or by which it is bound; nor result in the creation or imposition of any lien upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument (other than pursuant to the Operative Agreements); nor violate any law or, to the best of the Depositor's knowledge, any order, rule or regulation applicable to the Depositor of any court or of any Federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Depositor or its properties.

(e) There are no proceedings or investigations, pending or, to the best knowledge of the Depositor, threatened before any court, regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Depositor or its properties: (i) asserting the invalidity of this Agreement or any other Operative Agreement to which the Depositor is a party, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any other Operative Agreement to which the Depositor is a party or (iii) seeking any determination or ruling that might materially and adversely affect the performance by the Depositor of its obligations under, or the validity or enforceability of, this Agreement or any other Operative Agreement to which the Depositor is a party.

(f) The representations and warranties of the Depositor made pursuant to the Sale and Servicing Agreement are true and correct.

Section 2.11. Tax Treatment. The Depositor, the Owner Trustee and the Initial Holder intend that the Trust be treated for federal income tax purposes as a Qualified REIT Subsidiary within the meaning of Section 856(i) of the Code so long as any Notes are Outstanding.

Section 2.12. Investment Company. Neither the Depositor nor any holder of a Certificate shall take any action which would cause the Trust to become an "investment company" which would be required to register under the Investment Company Act of 1940, as amended.

ARTICLE III THE CERTIFICATES AND TRANSFERS OF INTERESTS

Section 3.01. The Certificates. The Trust Certificate and the Class X Certificate shall each initially be issued as a single certificate in definitive, fully registered form and shall each initially be registered in the name of the Initial Holder. No Trust Certificate or Class X Certificate shall be issued in authorized denominations of less than a 100% Percentage Interest in such Certificates. The Certificates shall be executed on behalf of the Trust by manual or facsimile signature of an Authorized Officer of the Owner Trustee and authenticated in the manner provided in Section 3.02. A Certificate bearing the manual signatures of individuals who were, at the time when such signatures shall have been affixed, authorized to sign on behalf of the Trust, shall be validly issued and entitled to the benefit of this Agreement, notwithstanding that such individuals or any of them shall have ceased to be so authorized prior to the authentication and delivery of such Certificate or did not hold such offices at the date of authentication and delivery of such Certificate. A Person shall become a Certificateholder and shall be entitled to the rights and subject to the obligations of a Certificateholder hereunder upon such Person's acceptance of a Certificate duly registered in such Person's name pursuant to Section 3.03.

Section 3.02. Execution, Authentication and Delivery of Certificates. Concurrently with the sale of the Collateral to the Trust pursuant to the Sale and Servicing Agreement, the Owner Trustee shall cause any Certificate issued hereunder to be executed and authenticated on behalf of the Trust and delivered to or upon the written order of the Depositor, signed by its chairman of the board, its president or any vice president, without further corporate action by the Depositor, in authorized denominations. No Certificate shall entitle its Holder to any benefits under this Agreement or be valid for any purpose unless there shall appear on such Certificate a certificate of authentication substantially in the form set forth in Exhibit A or Exhibit B hereto, as applicable, executed by the Owner Trustee or the Administrator, as the Owner Trustee's authenticating agent, by manual signature; such authentication shall

constitute conclusive evidence that such Certificate shall have been duly authenticated and delivered hereunder. All Certificates shall be dated the date of their authentication.

Section 3.03. Registration of and Limitations on Transfers and Exchanges of Certificates. The Certificate Registrar shall keep or cause to be kept, at the office or agency maintained pursuant to Section 3.08, a Certificate Register in which, subject to such reasonable regulations as it may prescribe, the Certificate Registrar shall provide for the registration of Certificates and of transfers and exchanges of Certificates as herein provided; *provided, however*, that the Certificates to be issued in connection with any such transfer or exchange shall comply with the minimum denomination requirements set forth in Section 3.01 hereof. The Administrator shall be the initial Certificate Registrar. If the Certificate Registrar resigns or is removed, the Owner Trustee, at the written direction of the Depositor, shall appoint a successor Certificate Registrar.

Subject to satisfaction of the conditions set forth below, upon surrender for registration of transfer of any Certificate at the office or agency maintained pursuant to Section 3.08, the Owner Trustee shall execute, authenticate and deliver (or cause the Administrator as its authenticating agent to authenticate and deliver), in the name of the designated transferee or transferees, one or more new Certificates evidencing in aggregate the Percentage Interest of the Certificates so surrendered and dated the date of authentication by the Owner Trustee or the Certificate Registrar. At the option of the Holder, Certificates may be exchanged for other Certificates evidencing in the aggregate the Percentage Interest of the Certificates to be surrendered in such exchange at the office or agency maintained pursuant to Section 3.08.

Every Certificate presented or surrendered for registration of transfer or exchange shall be accompanied by a written instrument of transfer in form satisfactory to the Owner Trustee and the Certificate Registrar duly executed by the Holder or such Holder's attorney duly authorized in writing. Each Certificate surrendered for registration of transfer or exchange shall be cancelled and subsequently disposed of by the Certificate Registrar in accordance with its customary practice.

No service charge shall be made for any registration of transfer or exchange of Certificates, but the Owner Trustee or the Certificate Registrar may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of Certificates or any other expense arising as a result of any registration of transfer or exchange.

The preceding provisions of this Section notwithstanding, the Owner Trustee shall not make and the Certificate Registrar shall not register transfer or exchanges of Certificates for a period of 15 days preceding the due date for any payment with respect to such Certificates.

No transfer of a Trust Certificate or a Class X Certificate shall be made unless such transfer is exempt from the registration requirements of the Securities Act and any applicable state securities laws or is made in accordance with such act and laws. Except in the case of the issuance of the Trust Certificate and the Class X Certificate to the Initial Holder or any subsequent transfer to an affiliate of the Initial Holder, in the event of any such transfer, the Certificate Registrar or the Depositor shall prior to such transfer require the transferee to execute an investment letter (in the form attached hereto as Exhibit D) certifying to the Trust, the Owner Trustee, the Administrator, the Certificate Registrar, the Master Servicer and the Depositor that such transferee is a "qualified institutional buyer" under Rule 144A under the Securities Act, which certificate shall not be an expense of the Trust, the Owner Trustee, the Administrator, the Certificate Registrar, the Master Servicer or the Depositor. The Holder of the Trust Certificate or the Class X Certificate desiring to effect such transfer shall, and does hereby agree to, indemnify the Trust, the Owner Trustee, the Administrator, the Certificate Registrar, the Certificate Paying Agent, the Master Servicer and the Depositor against any and all liability that may result if the transfer is not so exempt or is not made in accordance with such federal and state laws.

Except in the case of the initial transfer of the Trust Certificate and the Class X Certificate to the Initial Holder or any subsequent transfer to an affiliate thereof, no transfer of a Certificate shall be made unless the Certificate Registrar shall have received a transfer affidavit (in the form attached hereto as Exhibit E) from the proposed transferee of such Certificate to the effect that such proposed transferee is not acquiring such Certificate for, or with

the assets of, an employee benefit plan or other retirement arrangement that is subject to Section 406 of ERISA or Section 4975 of the Code or any substantially similar law (“Similar Law”), or any entity deemed to hold the plan assets of the foregoing (collectively, “Benefit Plans”), which representation letter shall not be an expense of the Trust, the Owner Trustee, the Administrator, the Certificate Registrar, the Certificate Paying Agent, the Master Servicer or the Depositor; *provided that*, in the case of a Book-Entry Certificate, such representations shall be deemed to have been made to the Certificate Registrar by the transferee’s acceptance of such Book-Entry Certificate (or the acceptance of the beneficial interest in such Certificate).

Prior to and as a condition of the registration of any transfer, sale or other disposition of the Trust Certificate and the Class X Certificate, each Initial Holder of the Trust Certificate and the Class X Certificate and each prospective Holder of a Trust Certificate or a Class X Certificate shall represent and warrant in writing, in substantially the form set forth in Exhibit F hereto, to the Owner Trustee, the Administrator and the Certificate Registrar and any of their respective successors that:

- (i) Such Person is duly authorized to purchase a Trust Certificate or a Class X Certificate and its purchase of investments having the characteristics of a Trust Certificate or a Class X Certificate is authorized under, and not directly or indirectly in contravention of, any law, charter, trust instrument or other operative document, investment guidelines or list of permissible or impermissible investments that is applicable to the investor;
- (ii) Such Person understands that each holder of a Trust Certificate or a Class X Certificate, by virtue of its acceptance thereof, assents to the terms, provisions and conditions of the Agreement; and
- (iii) So long as any Notes are Outstanding, such Person is a REIT or a Qualified REIT Subsidiary.

The Certificate Registrar shall cause each Trust Certificate and Class X Certificate to contain a legend, substantially similar to the applicable legends provided in Exhibit A hereto, stating that transfer of such Trust Certificate or Class X Certificate is subject to certain restrictions and referring prospective purchasers of the Trust Certificate and the Class X Certificate to this Section 3.03 with respect to such restrictions.

Without limitation to the foregoing, neither the Class X Certificate nor the Trust Certificate may be transferred, sold or otherwise disposed of except to a Person that acquires a 100% Percentage Interest in both such Classes of Certificates. Any transfer, sale or other disposition in violation of the foregoing shall be void ab initio.

Section 3.04. Lost, Stolen, Mutilated or Destroyed Certificates. If (a) a mutilated Certificate is surrendered to the Certificate Registrar, or (b) the Certificate Registrar receives evidence to its satisfaction that a Certificate has been destroyed, lost or stolen, and there is delivered to the Certificate Registrar proof of ownership satisfactory to the Certificate Registrar, together with such security or indemnity as required by the Certificate Registrar and the Owner Trustee to save each of them harmless, then in the absence of notice to the Certificate Registrar or the Owner Trustee that such Certificate has been acquired by a protected purchaser, the Owner Trustee shall execute on behalf of the Trust, and the Owner Trustee or the Certificate Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Certificate, a new Certificate of like tenor and Percentage Interest. In connection with the issuance of any new Certificate under this Section 3.04, the Owner Trustee or the Certificate Registrar may require the payment of a sum sufficient to cover any expenses of the Owner Trustee or the Certificate Registrar (including any fees and expenses of counsel) and any tax or other governmental charge that may be imposed in connection therewith. Any duplicate Certificate issued pursuant to this Section 3.04 shall constitute conclusive evidence of an interest in the Trust, as if originally issued, whether or not the lost, stolen or destroyed Certificate shall be found at any time.

Section 3.05. Persons Deemed Certificateholders. Prior to due presentation of a Certificate for registration of transfer, the Owner Trustee, the Certificate Registrar or any Certificate Paying Agent may treat the Person in whose name any Certificate is registered in the Certificate Register as the owner of such Certificate for the purpose of receiving distributions pursuant to Section 4.02 and for all other purposes whatsoever, and none of the Trust, the Owner Trustee, the Certificate Registrar or any Certificate Paying Agent shall be bound by any notice to the contrary.

Section 3.06. Access to List of Certificateholders' Names and Addresses. The Certificate Registrar shall furnish or cause to be furnished to the Depositor or the Owner Trustee, within 15 days after receipt by the Certificate Registrar of a written request therefor from the Depositor or the Owner Trustee, a list, in such form as the Depositor or the Owner Trustee, as the case may be, may reasonably require, of the names and addresses of the Certificateholders as of the most recent Record Date. Each Holder, by receiving and holding a Certificate, shall be deemed to have agreed not to hold any of the Trust, the Depositor, the Certificate Registrar, the Certificate Paying Agent, the Master Servicer or the Owner Trustee accountable or liable for damages by reason of the disclosure of its name and address, regardless of the source from which such information was derived.

Section 3.07. Book-Entry Certificates.

(a) Any Book-Entry Certificates shall be registered initially on the Certificate Register in the name of Cede & Co., the nominee of DTC, and no owner thereof will receive a definitive Certificate representing such Owner's interest in such Certificate, except as provided in Section 3.07(c). Unless and until definitive, fully registered Certificates (the "Definitive Certificates") have been issued to such Owners pursuant to Section 3.07(c):

(i) the provisions of this Section shall be in full force and effect;

(ii) the Certificate Registrar and the Owner Trustee shall be entitled to deal with the Clearing Agency for all purposes of this Agreement (including payments on the Book-Entry Certificates and the giving of instructions or directions hereunder) as the sole Holder of the Book-Entry Certificates, and shall have no obligation to the Owners;

(iii) to the extent that the provisions of this Section conflict with any other provisions of this Agreement, the provisions of this Section shall control;

(iv) the rights of Owners shall be exercised only through the Clearing Agency and shall be limited to those established by law and agreements between such Owners and the Clearing Agency and/or the Clearing Agency Participants pursuant to the procedures of the Clearing Agency. Unless and until Definitive Certificates are issued pursuant to Section 3.07(c), the initial Clearing Agency will make book-entry transfers among the Clearing Agency Participants and receive and transmit payments on the Book-Entry Certificates to such Clearing Agency Participants; and

(v) whenever this Agreement or any other Operative Agreement requires or permits actions to be taken based upon instructions or directions of Holders of Certificates evidencing a Percentage Interest of the Book-Entry Certificates, the Clearing Agency shall be deemed to represent such percentage only to the extent that it has received instructions to such effect from Owners and/or Clearing Agency Participants owning or representing, respectively, such required percentage of the beneficial interest in the Book-Entry Certificates and has delivered such instructions to the Owner Trustee.

(b) Notices to Clearing Agency. Whenever a notice or other communication to the Certificateholders is required under this Agreement, unless and until Definitive Certificates shall have been issued to such Owners pursuant to Section 3.07(c), the Owner Trustee shall give all such notices and communications specified herein to be given to Holders of the Book-Entry Certificates to the Clearing Agency, and shall have no obligation to such Owners.

(c) Definitive Certificates. If (i) DTC or the Depositor advises the Owner Trustee in writing that the Clearing Agency is no longer willing or able to properly discharge its responsibilities with respect to the Book-Entry Certificates and the Depositor or the Owner Trustee is unable to locate a qualified successor or (ii) the Trust at its option advises the Owner Trustee in writing that it elects to terminate the book-entry system through the Clearing Agency, then the Clearing Agency shall notify all Owners and the Owner Trustee of the occurrence of such event and of the availability of Definitive Certificates to Owners requesting the same. Upon surrender to the Owner Trustee of the typewritten Certificates representing the Book-Entry Certificates by the Clearing Agency, accompanied by registration instructions, the Owner Trustee shall cause the execution and authentication of the Definitive Certificates in accordance with the instructions of the Clearing Agency. None of the Trust, the Certificate Registrar or the Owner

Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. Upon the issuance of Definitive Certificates, the Owner Trustee shall recognize the Holders of the Definitive Certificates as Certificateholders.

Section 3.08. Maintenance of Office or Agency. The Certificate Registrar on behalf of the Trust, shall maintain an office or offices or agency or agencies where Certificates may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Owner Trustee in respect of the Certificates and the Operative Agreements may be served. The Certificate Registrar shall give the Owner Trustee prompt notice, in writing, of any such notice or demand. The Certificate Registrar initially designates the office of the Administrator's agent located c/o DTC Transfer Agent Services, 55 Water Street, Jeanette Park Entrance, New York, New York 10041, as its office for such purposes. The Certificate Registrar shall give prompt written notice to the Depositor, the Owner Trustee and the Certificateholders of any change in the location of the Certificate Register or any such office or agency.

Section 3.09. Certificate Paying Agent.

(a) The Owner Trustee may appoint, and hereby appoints, the Administrator as Certificate Paying Agent under this Agreement. The Certificate Paying Agent shall make distributions to Certificateholders from the Certificate Account pursuant to Section 4.02 hereof and Section 4.1 of the Sale and Servicing Agreement and shall report the amounts of such distributions to the Owner Trustee. The Certificate Paying Agent shall have the revocable power to withdraw funds from the Certificate Account for the purpose of making the distributions referred to above. The Administrator hereby accepts such appointment and further agrees that it will be bound by the provisions of this Agreement and the Sale and Servicing Agreement relating to the Certificate Paying Agent and shall:

- (i) hold all sums held by it for the payment of amounts due with respect to the Certificates in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;
- (ii) give the Owner Trustee notice of any default by the Trust of which a Responsible Officer of the Administrator has Actual Knowledge in the making of any payment required to be made with respect to the Certificates;
- (iii) at any time during the continuance of any such default, upon the written request of the Owner Trustee forthwith pay to the Owner Trustee on behalf of the Trust all sums so held in Trust by such Certificate Paying Agent;
- (iv) immediately resign as Certificate Paying Agent and forthwith pay to the Owner Trustee on behalf of the Trust all sums held by it in trust for the payment of Certificates if at any time it ceases to meet the standards under this Section 3.09 required to be met by the Certificate Paying Agent at the time of its appointment;
- (v) comply with all requirements of the Code with respect to the withholding from any payments made by it on any Certificates of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith; and
- (vi) not institute bankruptcy proceedings against the Trust in connection with this Agreement.

(b) In the event that the Administrator shall no longer be the Certificate Paying Agent hereunder, the Owner Trustee, at the written direction of the Depositor, shall appoint a successor to act as Certificate Paying Agent (which shall be a bank or trust company). The Owner Trustee shall cause such successor Certificate Paying Agent or any additional Certificate Paying Agent appointed by the Owner Trustee to execute and deliver to the Owner Trustee an instrument in which such successor Certificate Paying Agent or additional Certificate Paying Agent shall agree with the Owner Trustee that as Certificate Paying Agent, such successor Certificate Paying Agent or additional Certificate Paying Agent will hold all sums, if any, held by it for payment in trust for the benefit of the Certificateholders entitled

thereto until such sums shall be paid to such Certificateholders. The Certificate Paying Agent shall return all unclaimed funds to the Owner Trustee, and upon removal of a Certificate Paying Agent, such Certificate Paying Agent shall also return all funds in its possession to the Owner Trustee. The provisions of Sections 6.01, 6.05, 6.07, 6.08, 7.01 and 7.02 (except with respect to the proviso in the last sentence of Section 7.02) shall apply to the Administrator also in its role as Certificate Paying Agent for so long as the Administrator shall act as Certificate Paying Agent and, to the extent applicable, to any other Certificate Paying Agent appointed hereunder. Any reference in this Agreement to the Certificate Paying Agent shall include any co-paying agent unless the context requires otherwise.

Notwithstanding anything herein to the contrary, the Administrator and the Certificate Paying Agent shall be the same entity as the Indenture Trustee under the Indenture and the Sale and Servicing Agreement unless (i) the Indenture Trustee resigns or is removed as Indenture Trustee or (ii) an Indenture Event of Default has occurred and is continuing and the Indenture Trustee determines or is advised that a conflict of interest exists or will exist if the Indenture Trustee continues to act as Administrator and Certificate Paying Agent. In such event, the Administrator and the Certificate Paying Agent shall resign and the Owner Trustee, at the written direction of the Depositor, shall appoint a successor Administrator in accordance with the Administration Agreement.

Section 3.10. Initial Certificate Ownership. Upon the formation of the Trust by the contribution by the Depositor pursuant to Section 2.05 and until the issuance of the Trust Certificate, the Depositor shall be the sole beneficiary of the Trust.

Section 3.11. Derivative Transactions/PMI Insurance. The Issuer is authorized, at the direction and the expense of the Certificateholders, to enter into (and to pledge to the Indenture Trustee under the Indenture) such derivative transactions and purchase such primary mortgage insurance relating to the Mortgage Loans for the benefit of any Noteholders as may be deemed desirable by the Holders of the Trust Certificates, so long as (i) as evidenced by an Opinion of Counsel addressed to the Indenture Trustee and the Issuer (at the expense of the Certificateholders), the inclusion of any such derivative in the Trust Estate will not be inconsistent with the ERISA provisions contained herein or in the Operative Agreements, (ii) as evidenced by an Opinion of Counsel delivered to the Indenture Trustee and the Issuer (at the expense of the Certificateholders), such derivative transaction or insurance policy will not adversely affect the tax aspects of the Notes and (iii) each Rating Agency shall have confirmed in writing that the inclusion of any such derivative would not result in a downgrade of its then current rating of any Class of Offered Securities. Notwithstanding the foregoing, such Opinions of Counsel and Rating Agency confirmation shall not be required with respect to the Yield Maintenance Agreement or the PMI Policy issued at the Closing Date.

ARTICLE IV APPLICATION OF TRUST FUNDS; CERTAIN DUTIES

Section 4.01. Certificate Account. All of the right, title and interest of the Trust in all funds on deposit from time to time in the Certificate Account and in all proceeds thereof shall be held for the benefit of the Certificateholders and such other persons entitled to distributions therefrom. Except as otherwise expressly provided herein or in the Sale and Servicing Agreement, the Certificate Account shall be under the sole dominion and control of the Owner Trustee for the benefit of the Certificateholders.

The Certificate Account shall be subject to and established and maintained in accordance with the applicable provisions of the Sale and Servicing Agreement and the Indenture, including, without limitation, the provisions of Section 3.22 of the Sale and Servicing Agreement regarding distributions from the Certificate Account.

Section 4.02. Application of Trust Funds.

(a) The Certificate Paying Agent is hereby directed to distribute to the Certificateholders on each Payment Date amounts on deposit in the Certificate Account with respect to such Payment Date and payable to the Certificates in accordance with Section 3.22 and Section 4.1 of the Sale and Servicing Agreement and the Certificate Paying Agent hereby acknowledges such direction. The Certificate Paying Agent shall pay amounts in the Certificate Account on each Payment Date up to the Released Principal Amount for such Payment Date to the Holder of the Trust Certificate and shall pay all other amounts in the Certificate Account on each Payment Date to the Holder of the Class X Certificate.

(b) All payments to be made under this Agreement by the Certificate Paying Agent shall be made only from the income and proceeds, including net proceeds from the sale of the Offered Securities, of the Trust Estate and only to the extent that the Certificate Paying Agent has received such income or proceeds. The Certificate Paying Agent shall not be liable to the Certificateholders, the Indenture Trustee or the Administrator for any amounts payable pursuant to this Section 4.02 except to the extent that non-payment is due to the Certificate Paying Agent's acts or omissions amounting to willful misconduct or gross negligence.

(c) In the event that any withholding tax is imposed on the distributions (or allocations of income) to the Certificateholders, such tax shall reduce the amount otherwise distributable to the Certificateholders in accordance with this Section 4.02. The Certificate Paying Agent, if instructed by the Master Servicer or Owner Trustee, is hereby authorized and directed to retain or cause to be retained from amounts otherwise distributable to the Certificateholders sufficient funds (as determined by the Master Servicer or Owner Trustee) for the payment of any tax that is legally owed by the Trust (but such authorization shall not prevent the Trust from contesting any such tax in appropriate proceedings, and withholding payment of such tax, if permitted by law, pending the outcome of such proceedings). The amount of any withholding tax imposed with respect to a Certificateholder shall be treated as cash distributed to such Certificateholder at the time it is withheld by the Certificate Paying Agent and remitted to the appropriate taxing authority. If there is a possibility that withholding tax is payable with respect to a distribution (such as a distribution to a non-U.S. Certificateholder), the Certificate Paying Agent shall withhold such amounts in accordance with this paragraph (c). In the event that the Certificateholder wishes to apply for a refund of any such withholding tax, the Administrator shall reasonably cooperate with such Certificateholder in making such a claim so long as such Certificateholder agrees to reimburse the Administrator for any out-of-pocket expenses incurred.

(d) Distributions to the Holders of the Certificates shall be subordinated to the creditors of the Trust, including, without limitation, the Noteholders and the Owner Trustee.

Section 4.03. Method of Payment. Subject to Section 8.01(c), distributions required to be made to the Certificateholders on any Payment Date as provided in Section 4.02 shall be made to the Certificateholders of record on the preceding Record Date either by, in the case of the Initial Holder and any other Certificateholder owning a Single Certificate, wire transfer, in immediately available funds, to the account of such Holder at a bank or other entity having appropriate facilities therefor, if such Certificateholder shall have provided to the Certificate Registrar appropriate written instructions at least five Business Days prior to such Payment Date or, if not, by check mailed to such Certificateholder at the address of such Holder appearing in the Certificate Register; *provided* that, unless Definitive Certificates have been issued pursuant to Section 3.07(c), with respect to Certificates registered on the Record Date in the name of the nominee of the Clearing Agency (initially, such nominee to be Cede & Co.), payment will be made by wire transfer in immediately available funds to the account designated by such nominee.

Section 4.04. Tax Returns. The Depositor shall (a) maintain (or cause to be maintained) the books of the Trust on a calendar year basis using the accrual method of accounting, (b) deliver (or cause to be delivered) to each Certificateholder as may be required by the Code and applicable Treasury Regulations, such information as may be required to enable each Certificateholder to prepare its federal and state income tax returns, (c) prepare and file or cause to be prepared and filed such tax returns relating to the Trust as may be required by the Code and applicable Treasury Regulations (making such elections as may from time to time be required or appropriate under any applicable state or federal statutes, rules or regulations) and (d) collect or cause to be collected any withholding tax as described in and in accordance with Section 4.02 of this Agreement with respect to income or distributions to Certificateholders and prepare or cause to be prepared the appropriate forms relating thereto; *provided, however*, that the Depositor shall not be required to compute the Trust's gross income and *provided, further*, that the Depositor shall not be required to prepare and file partnership or corporation income tax returns on behalf of the Trust, or any additional tax work caused by Section 3.11, unless it receives an Opinion of Counsel (which shall not be at the Depositor's expense, but shall be an expense of the Trust or other party requesting such opinion) as to the necessity of such filings, and a copy of the partnership agreement or comparable documentation, if available, and reimbursement for related reasonable expenses from the Trust not to exceed \$5,000 per year. The parties hereto intend that the Trust will be treated as a Qualified REIT Subsidiary of the Initial Holder (or a subsequent single Holder of the Trust Certificate and the Class X Certificate), and therefore, all assets, liabilities, and items of income, deduction, and credit of the Trust shall be treated

as assets, liabilities, and items of income, deduction, and credit of the Initial Holder (or a subsequent single Holder of the Trust Certificate and the Class X Certificate) on the federal income tax return of the Initial Holder (or a subsequent single Holder of the Trust Certificate and the Class X Certificate).

The Owner Trustee shall sign all tax and information returns prepared or caused to be prepared by the Depositor pursuant to this Section 4.04 at the written request of the Depositor, and in doing so shall rely entirely upon, and shall have no liability for information or calculations provided by, the Depositor, or any other Person. In no event shall the Depositor be liable for any errors or omissions in preparing or filing the tax returns or errors or omissions in maintaining the books of the Trust if such errors or omissions were due to errors or omissions in the information contained in the reports delivered by the Servicer or the Master Servicer pursuant to the Sale and Servicing Agreement. Anything to the contrary notwithstanding, in no event shall the Depositor be liable for any errors or omissions in the preparing or filing of any tax returns or in maintaining the books of the Trust unless such error or omissions are due to the Depositor's negligence or willful misconduct in so preparing, filing or maintaining.

If no Note is Outstanding and the Trust is classified as a partnership for federal income tax purposes, the Depositor shall cause the Trust to maintain capital accounts and make partnership allocations in accordance with Section 704 of the Code. The holder of the Trust Certificates evidencing the largest Percentage Interest shall be designated as the "tax matters partner" of the Trust.

Section 4.05. Segregation of Moneys; No Interest. Moneys received by the Trust hereunder and deposited into the Certificate Account will be segregated except to the extent required otherwise by law or the provisions of the Sale and Servicing Agreement. The Owner Trustee shall not be liable for payment of any interest in respect of such moneys.

ARTICLE V AUTHORITY AND DUTIES OF THE OWNER TRUSTEE;

ACTION BY CERTIFICATEHOLDERS

Section 5.01. General Authority. The Owner Trustee is authorized and directed to execute and deliver the Notes, the Certificates, the Sale and Servicing Agreement and the other Operative Agreements to which the Trust is to be a party and each certificate or other document attached as an exhibit to or contemplated by the Operative Agreements to which the Trust is to be a party and any amendment or other agreement or instrument described herein, as evidenced conclusively by the Owner Trustee's execution thereof, and, on behalf of the Trust, to direct the Indenture Trustee to authenticate the Notes. In addition to the foregoing, the Owner Trustee is authorized, but shall not be obligated, to take all actions required of the Trust pursuant to the Operative Agreements.

Section 5.02. General Duties.

(a) It shall be the duty of the Owner Trustee to discharge (or cause to be discharged) all of its responsibilities pursuant to the terms of this Agreement and the other Operative Agreements to which it is a party and to administer the Trust in the interest of the Certificateholders, subject to the Operative Agreements and in accordance with the provisions of this Agreement. Notwithstanding the foregoing, the Owner Trustee shall be deemed to have discharged its duties and responsibilities hereunder and under the Operative Agreements to the extent the Administrator or the Depositor has agreed in the Administration Agreement, the Sale and Servicing Agreement or this Agreement, respectively, to perform any act or to discharge any duty of the Owner Trustee or the Trust hereunder or under any Operative Agreement, and the Owner Trustee shall not be held liable for the default or failure of the Administrator or the Depositor to carry out its obligations under the Administration Agreement, this Agreement or the Sale and Servicing Agreement, respectively.

(b) It shall be the duty of the Depositor to obtain and preserve the Trust's qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of the Indenture, the Notes, the Collateral and each other instrument and agreement included in the Trust Estate. It shall be the duty of the Owner Trustee to cooperate with the Depositor with respect to such matters.

Section 5.03. Action Upon Instruction.

(a) Subject to this Article V and in accordance with the terms of the Operative Agreements, the Holders of the Trust Certificates may by written instruction direct the Owner Trustee in the management of the Trust, but only to the extent consistent with the limited purpose of the Trust. Such direction may be exercised at any time by written instruction of the Holders of the Trust Certificates pursuant to this Article V.

(b) Notwithstanding the foregoing, the Owner Trustee shall not be required to take any action hereunder or under any Operative Agreement if the Owner Trustee shall have reasonably determined, or shall have been advised by counsel, that such action is likely to result in liability on the part of the Owner Trustee or is contrary to the terms hereof or of any Operative Agreement or is otherwise contrary to law.

(c) Whenever the Owner Trustee is unable to decide between alternative courses of action permitted or required by the terms of this Agreement or under any other Operative Agreement, or in the event that the Owner Trustee is unsure as to the application of any provision of this Agreement or any other Operative Agreement or any such provision is ambiguous as to its application, or is, or appears to be, in conflict with any other applicable provision, or in the event that this Agreement permits any determination by the Owner Trustee or is silent or is incomplete as to the course of action that the Owner Trustee is required to take with respect to a particular set of facts, the Owner Trustee may promptly give notice (in such form as shall be appropriate under the circumstances) to the Holders of the Trust Certificates requesting instruction as to the course of action to be adopted, and to the extent the Owner Trustee acts in good faith in accordance with any written instruction of a majority of Percentage Interest of the Holders of Trust Certificates, except as provided in Section 5.06, the Owner Trustee shall not be liable on account of such action to any Person. If the Owner Trustee shall not have received appropriate instruction within 10 days of such notice (or within such shorter period of time as reasonably may be specified in such notice or may be necessary under the circumstances) it may, but shall be under no duty to, take or refrain from taking such action not inconsistent with this Agreement or any other Operative Agreement, as it shall deem to be in the best interests of the Certificateholders, and the Owner Trustee shall have no liability to any Person for such action or inaction.

Section 5.04. No Duties Except as Specified under Specified Documents or in Instructions. The Owner Trustee shall not have any duty or obligation to manage, make any payment with respect to, register, record, sell, dispose of, or otherwise deal with the Trust Estate, or to otherwise take or refrain from taking any action under, or in connection with, any document contemplated hereby to which the Owner Trustee is a party, except as expressly provided (i) in accordance with the powers granted to and the authority conferred upon the Owner Trustee pursuant to this Agreement, and (ii) in accordance with any document or instruction delivered to the Owner Trustee pursuant to this Agreement; and no implied duties or obligations shall be read into this Agreement or any Operative Agreement against the Owner Trustee. The Owner Trustee shall have no responsibility for filing any financing or continuation statement in any public office at any time or to otherwise perfect or maintain the perfection of any security interest or lien granted to the Trust or to prepare or file any Securities and Exchange Commission filing for the Trust or to record this Agreement or any Operative Agreement or to prepare or file any tax return for the Trust or to prepare, execute or file any document required to be delivered pursuant to the Sarbanes-Oxley Act of 2002, as amended. The Owner Trustee nevertheless agrees that it will, at its own cost and expense, promptly take all action as may be necessary to discharge any liens on any part of the Trust Estate that result from actions by, or claims against the Bank that are not related to the ownership or the administration of the Trust Estate.

Section 5.05. Restrictions.

(a) The Owner Trustee shall not take any action (x) that is inconsistent with the purposes of the Trust set forth in Section 2.03 or (y) that, to the Actual Knowledge of the Owner Trustee, would result in the Trust becoming subject to entity level taxation for federal income tax purposes. The Holders of the Trust Certificates shall not direct the Owner Trustee to take action that would violate the provisions of this Section 5.05.

(b) The Trust shall not, except as provided herein and as provided in Sections 3.22 and 4.1 of the Sale and Servicing Agreement, convey or transfer any of the Trust's properties or assets, including those included in the Trust Estate, to any person unless (x) it shall have received an Opinion of Counsel to the effect that such transaction will not

have any material adverse tax consequence to the Trust or any Securityholder and (y) such conveyance or transfer shall not violate the provisions of the Indenture or the Sale and Servicing Agreement.

Section 5.06. Prior Notice to Certificateholders with Respect to Certain Matters. With respect to the following matters, the Owner Trustee shall not take action unless at least 30 days before the taking of such action, the Owner Trustee shall have notified the Holders of the Trust Certificates (with a copy to the Depositor) in writing of the proposed action and Holders of Trust Certificates holding in aggregate a 100% Percentage Interest in the Trust Certificates shall have notified the Owner Trustee in writing prior to the 30th day after such notice is given that such Certificateholders have consented to such action or provided alternative direction:

- (a) The initiation of any claim or lawsuit by the Trust (except claims or lawsuits brought in connection with the collection of cash distributions due and owing under the Collateral) and the compromise of any action, claim or lawsuit brought by or against the Trust (except with respect to the aforementioned claims or lawsuits for collection of cash distributions due and owing under the Collateral);
- (b) the election by the Trust to file an amendment to the Certificate of Trust (unless such amendment is required to be filed under the Statutory Trust Statute);
- (c) the amendment of the Indenture by a supplemental indenture or of this Agreement or any other Operative Agreement in circumstances where the consent of any Noteholder is required;
- (d) the amendment or other change of the Indenture by a supplemental indenture or of this Agreement or any other Operative Agreement in circumstances where the consent of any Noteholder is not required;
- (e) the amendment of the Sale and Servicing Agreement in circumstances where the consent of any Securityholder is required;
- (f) the amendment, change or modification of the Administration Agreement, except to cure any ambiguity;
- (g) the amendment, change or modification of the Yield Maintenance Agreement, except to comply with the terms specified in the Prospectus;
- (h) the appointment pursuant to the Indenture of a successor Note Registrar, Paying Agent or Indenture Trustee or pursuant to this Agreement of a successor Certificate Registrar or Certificate Paying Agent or the consent to the assignment by the Note Registrar, Paying Agent, Indenture Trustee, Certificate Registrar or Certificate Paying Agent of its obligations under the Indenture or this Agreement, as applicable;
- (i) the consent to the calling or waiver of any default of any Operative Agreement;
- (j) the consent to the assignment by the Indenture Trustee of its obligations under any Operative Agreement;
- (k) except as provided in Article VIII hereof, the dissolution, termination or liquidation of the Trust in whole or in part;
- (l) the merger, conversion or consolidation of the Trust with or into any other entity, or conveyance or transfer of all or substantially all of the Trust's assets to any other entity;
- (m) the incurrence, assumption or guaranty by the Trust of any indebtedness other than as set forth in this Agreement or the Operative Agreements;
- (n) the taking of any action which conflicts with any Operative Agreement or would make it impossible to carry on the ordinary business of the Trust or change the Trust's purpose and powers set forth in this Agreement;

- (o) the confession of a judgment against the Trust;
- (p) the possession of the Trust assets, or assignment of the Trust's right to property, for other than a Trust purpose; or
- (q) the lending of funds by the Trust to any entity.

The Owner Trustee shall not be obligated to procure any required prior written consent of the Noteholders to any such action and to the extent such consent is required and is not provided to the Owner Trustee, the Owner Trustee shall be under no obligation to take, or refrain from taking, any action with respect to such matters.

In addition, the Trust shall not commingle its assets with those of any other entity. The Trust shall maintain its financial and accounting books and records separate from those of any other entity. Except as expressly set forth herein, the Trust shall pay its indebtedness, operating expenses and liabilities from its own funds, and the Trust shall neither incur any indebtedness nor pay the indebtedness, operating expenses and liabilities of any other entity. Except as expressly set forth herein, the Trust shall not engage in any dissolution, liquidation, consolidation, merger or sale of assets. The Trust shall maintain appropriate minutes or other records of all appropriate actions and shall maintain its office separate from the offices of the Depositor or any of its Affiliates. The Trust shall not engage in any business activity in which it is not currently engaged other than as contemplated by the Operative Agreements and related documentation. The Trust shall not form, or cause to be formed, any subsidiaries and shall not own or acquire any asset other than as contemplated by the Operative Agreements and related documentation. Other than as contemplated by the Operative Agreements and related documentation, the Trust shall not follow the directions or instructions of the Depositor. The Trust shall conduct its own business in its own name. The Trust shall observe all formalities required under the Statutory Trust Statute. The Trust shall not hold out its credit as being available to satisfy the obligations of any other person or entity. The Trust shall not acquire the obligations or securities of its Affiliates or the Seller. Other than as contemplated by the Operative Agreements and related documentation, the Trust shall not pledge its assets for the benefit of any other person or entity. The Trust shall correct any known misunderstanding regarding its separate identity. The Trust shall not identify itself as a division of any other person or entity.

For accounting purposes, the Trust shall be treated as an entity separate and distinct from any Certificateholder. The pricing and other material terms of all transactions and agreements to which the Trust is a party shall be intrinsically fair to all parties thereto. This Agreement is and shall be the only agreement among the parties thereto with respect to the creation, operation and termination of the Trust.

The Owner Trustee shall not have the power, except upon the written direction of the 100% Percentage Interest of Holders of Trust Certificates, and to the extent otherwise consistent with the Operative Agreements, to remove or replace the Indenture Trustee.

Section 5.07. Action by Certificateholders with Respect to Certain Matters.

(a) The Owner Trustee shall not have the power, except upon the written direction of 100% Percentage Interest of Holders of Trust Certificates, to (i) remove the Administrator under the Administration Agreement pursuant to Section 9 thereof, (ii) appoint a successor Administrator pursuant to Section 9 of the Administration Agreement, or (iii) except as expressly provided in the Indenture, to sell the Collateral after the termination of the Indenture. The Owner Trustee shall take the actions referred to in the preceding sentence only upon written instructions signed and authorized by 100% Percentage Interest of the Holders of Trust Certificates.

(b) Upon the written request of any Holder of Trust Certificates (a "Proposer"), the Owner Trustee shall distribute promptly to all Holders of the Trust Certificates any request for action or consent of Certificateholders submitted by such Proposer, with a copy to the Administrator. The Owner Trustee shall provide a reasonable method for collecting responses to such request and shall tabulate and report the results thereof to the Holders of the Trust Certificates and the Administrator. The Owner Trustee shall have no responsibility or duty to determine if any such proposed action or consent is permitted under the terms of this Agreement or applicable law. The Proposer shall pay all reasonable expenses incurred by the Owner Trustee under this Section 5.07.

Section 5.08. Action by Certificateholders with Respect to Bankruptcy. The Owner Trustee shall not have the power to commence or consent to a bankruptcy, insolvency or similar proceeding relating to the Trust without the unanimous prior approval of the Holders of the Trust Certificates and the delivery to the Owner Trustee by each such Certificateholder of a certificate certifying that such Certificateholder reasonably believes that the Trust is insolvent. This paragraph shall survive for one year and one day following termination of this Agreement. So long as the Indenture remains in effect, no Certificateholder shall have the power to institute, and shall not institute, any bankruptcy, insolvency or similar proceeding with respect to the Trust or direct the Owner Trustee to take such action.

Section 5.09. Restrictions on Certificateholders' Power. The Certificateholders shall not direct the Owner Trustee to take or to refrain from taking any action if such action or inaction would be contrary to any obligation of the Trust or the Owner Trustee under this Agreement or any of the Operative Agreements or would be contrary to Section 2.03 nor shall the Owner Trustee be obligated to follow any such direction, if given.

Section 5.10. Majority Control. Except as expressly provided herein, any action that may be taken by the Holders of the Trust Certificates under this Agreement may be taken by the Holders of Trust Certificates evidencing not less than a majority of the outstanding Percentage Interests of the Trust Certificates. Except as expressly provided herein, any written notice of the Holders of the Trust Certificates delivered pursuant to this Agreement shall be effective if signed by Holders of Trust Certificates evidencing not less than a majority of the outstanding Percentage Interests of the Trust Certificates at the time of the delivery of such notice.

ARTICLE VI CONCERNING THE OWNER TRUSTEE

Section 6.01. Acceptance of Trusts and Duties. The Owner Trustee accepts the trusts hereby created and agrees to perform the same but only upon the terms of this Agreement. The Owner Trustee also agrees to disburse all moneys actually received by it constituting part of the Trust Estate upon the terms of this Agreement. The Owner Trustee shall not be answerable or accountable hereunder or under any other Operative Agreements under any circumstances, except (i) for its own willful misconduct, gross negligence or bad faith, (ii) in the case of the inaccuracy of any representation or warranty contained in Section 6.04, (iii) for liabilities arising from the failure by the Owner Trustee to perform obligations expressly undertaken by it in the last sentence of Section 5.04, or (iv) for taxes, fees or other charges based on or measured by any fees, commissions or compensation received by the Owner Trustee in connection with any of the transactions contemplated by this Agreement, any other Operative Agreements or the Notes. In particular, but not by way of limitation:

- (a) The Owner Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Owner Trustee;
- (b) The Owner Trustee shall not be liable with respect to any action taken or omitted to be taken by the Owner Trustee in good faith in accordance with the instructions of the Holders of the Trust Certificates;
- (c) No provision of this Agreement shall require the Owner Trustee to expend or risk funds or otherwise incur any financial liability in the performance of any of the Owner Trustee's rights or powers hereunder or under any other Operative Agreements if the Owner Trustee shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured or provided to it;
- (d) Under no circumstance shall the Owner Trustee be liable for indebtedness evidenced by or arising under any of the Operative Agreements, including the principal of and interest on the Notes;
- (e) The Owner Trustee shall not be liable with respect to any action taken or omitted to be taken by the Depositor, the Administrator, Master Servicer, the Indenture Trustee, any Officer or the Certificate Paying Agent under this Agreement or any other Operative Agreement or otherwise and the Owner Trustee shall not be obligated to perform or monitor the performance of any obligations or duties under this Agreement or the other Operative Agreements which are to be performed by the Certificate Paying Agent, the Administrator, the Indenture Trustee or by any other Person under any of the Operative Agreements;

(f) The Owner Trustee shall not be responsible for or in respect of the recitals herein, the validity or sufficiency of this Agreement or for the due execution hereof by the Depositor or for the form, character, genuineness, sufficiency, value or validity of any of the Trust Estate or for or in respect of the validity or sufficiency of the Operative Agreements, other than the certificate of authentication on the Certificates, and the Owner Trustee shall in no event assume or incur any liability, duty or obligation to any Noteholder, the Depositor or to the Certificateholders, other than as expressly provided for herein; and

(g) Notwithstanding anything contained herein to the contrary, the Owner Trustee shall not be required to execute, deliver or certify on behalf of the Trust any filings, certificates, affidavits or other instruments required under the Sarbanes-Oxley Act of 2002, as amended.

Section 6.02. Furnishing of Documents. The Owner Trustee will furnish to the Administrator (for distribution to the Certificateholders), promptly upon receipt of a written request therefor, duplicates or copies of all reports, notices, requests, demands, certificates, financial statements and any other instruments furnished to the Owner Trustee hereunder or under the Operative Agreements unless the Administrator shall have already received the same.

Section 6.03. Books and Records. The Administrator shall keep or cause to be kept proper books of record and account of all the transactions under this Agreement, including a record of the name and address of the Holders of the Certificates.

Section 6.04. Representations and Warranties.

(a) The Bank represents and warrants to the Depositor, for the benefit of the Certificateholders, as follows:

(i) the Bank is a banking corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the power and authority to execute, deliver and perform its obligations under this Agreement and (assuming due authorization, execution and delivery of this Agreement by the Depositor and Administrator), has the power and authority as Owner Trustee to execute and deliver the Operative Agreements and to perform its obligations thereunder and, assuming the due authorization, execution and delivery thereof by the other parties thereto, this Agreement constitutes a legal, valid and binding obligation of the Bank or the Owner Trustee, as the case may be, enforceable against the Bank or the Owner Trustee, as the case may be, in accordance with its terms, except that (a) the enforceability thereof may be limited by bankruptcy, insolvency, moratorium, receivership and other similar laws relating to creditors' rights generally and (b) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought;

(ii) the Bank has no reason to believe that anyone authorized to act on its behalf has offered any interest in and to the Trust for sale to, or solicited any offer to acquire any of the same from, anyone;

(iii) the execution, delivery and performance by the Bank, either in its individual capacity or as Owner Trustee, as the case may be, of the Operative Agreements will not result in any violation of, or be in any conflict with, or constitute a default under any of the provisions of any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, lease, note or bond purchase agreement, license, judgment, order or other agreement to which the Bank is a party or by which it or any of its properties is bound;

(iv) the execution and delivery by the Bank of this Agreement, and the performance of its duties as Owner Trustee hereunder, do not require the consent or approval of, the giving of notice to, or the registration with, or the taking of any other action with respect to, any governmental authority or agency of the State of Delaware (except as may be required by the Delaware securities law or the Statutory Trust Statute or as may be required to enforce the lien of the Indenture); and

(v) there are no pending or, to the best of its knowledge, threatened actions or proceedings against the Bank before any court, administrative agency or tribunal which, if determined adversely to it, would

materially and adversely affect its ability, either in its individual capacity or as Owner Trustee, as the case may be, to perform its obligations under this Agreement or the Operative Agreements.

(b) Deutsche Bank Trust Company Americas, as Administrator, hereby represents and warrants to the Depositor, for the benefit of the Certificateholders, that:

- (i) it is a New York banking corporation duly organized and validly existing in good standing under the laws of the state of New York. It has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement; and
- (ii) it has taken all action necessary to authorize the execution and delivery by it of this Agreement, and this Agreement will be executed and delivered by one of its officers who is duly authorized to execute and deliver this Agreement on its behalf.

Section 6.05. Reliance; Advice of Counsel.

(a) Except as provided in Section 6.01, the Owner Trustee shall incur no liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be signed by the proper party or parties. The Owner Trustee may accept a certified copy of a resolution of the board of directors or other governing body of any corporate or partnership entity as conclusive evidence that such resolution has been duly adopted by such body and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically prescribed herein, the Owner Trustee may for all purposes hereof rely on a certificate, signed by the president or any vice president (or the general partner, in the case of a partnership) and by the treasurer or any assistant treasurer or the secretary or any assistant secretary of the relevant party, as to such fact or matter, and such certificate shall constitute full protection to the Owner Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon.

(b) In its exercise or administration of the trusts and powers hereunder, including its obligations under Section 5.02(b), and in the performance of its duties and obligations under this Agreement or the other Operative Agreements, the Owner Trustee may employ agents and attorneys and enter into agreements (including the Administration Agreement) with any of them, and the Owner Trustee shall not be answerable for the default or misconduct of any such agents or attorneys if such agents or attorneys shall have been selected by the Owner Trustee with reasonable care. If, and to the extent, the Depositor shall have failed to reimburse the Owner Trustee for all reasonable expenses incurred pursuant to this Section 6.05(b), as provided in Section 7.01, the Owner Trustee may seek reimbursement therefor from the Trust Estate.

(c) In the administration of the trusts and performance of its duties hereunder, the Owner Trustee may consult with counsel, accountants and other skilled Persons to be selected and employed by it, and the Owner Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the reasonable advice or opinion of any such counsel, accountants or other skilled Persons. If, and to the extent, the Depositor shall have failed to reimburse the Owner Trustee for all reasonable expenses incurred pursuant to this Section 6.05(c), as provided in Section 7.01, the Owner Trustee may seek reimbursement therefor from the Trust Estate.

Section 6.06. Not Acting in Individual Capacity. Except as provided in this Article VI, in accepting the trusts hereby created the Owner Trustee acts solely as trustee hereunder and not in its individual capacity, and all persons having any claim against the Owner Trustee by reason of the transactions contemplated by the Operative Agreements shall look only to the Trust Estate for payment or satisfaction thereof.

Section 6.07. Owner Trustee Not Liable for Certificates or Collateral. The recitals contained herein and in the Certificates (other than the signature and countersignature of the Owner Trustee on the Certificates) shall be taken as the statements of the Depositor, and the Owner Trustee assumes no responsibility for the correctness thereof. The Owner Trustee makes no representations as to the validity or sufficiency of this Agreement, of any Operative Agreement or of the Certificates (other than the signature and countersignature of the Owner Trustee on the Certificates) or the Notes, or of any Collateral or related documents. The Owner Trustee shall at no time have any

responsibility or liability for or with respect to the legality, validity and enforceability of any Collateral, or the perfection and priority of any security interest created by any Collateral or the maintenance of any such perfection and priority, or for or with respect to the sufficiency of the Trust Estate or its ability to generate the payments to be distributed to Certificateholders under this Agreement or the Noteholders under the Indenture, including, without limitation: the existence, condition and ownership of any Collateral; the existence and enforceability of any insurance thereon; the existence and contents of any Collateral on any computer or other record thereof; the validity of the assignment of any Collateral to the Trust or of any intervening assignment; the completeness of any Collateral; the performance or enforcement of any Collateral; the compliance by the Depositor with any warranty or representation made under any Operative Agreements or in any related document or the accuracy of any such warranty or representation or any action of the Administrator or the Indenture Trustee taken in the name of the Owner Trustee.

Section 6.08. Owner Trustee May Own Certificates and Notes. The Owner Trustee in its individual or any other capacity may become a Certificateholder (*provided* that, so long as any Note is Outstanding, if the Owner Trustee should acquire a Trust Certificate or a Class X Certificate in accordance with Section 3.03, it shall be a REIT or a Qualified REIT Subsidiary) or the owner or pledgee of Notes and may deal with the Depositor, the Administrator and the Indenture Trustee in banking transactions with the same rights as it would have if it were not Owner Trustee.

Section 6.09. Licenses. The Depositor shall cause the Trust to use its best efforts to obtain and maintain the effectiveness of any licenses required in connection with this Agreement and the other Operative Agreements and the transactions contemplated hereby and thereby until such time as the Trust shall terminate in accordance with the terms hereof. It shall be the duty of the Owner Trustee to cooperate with the Depositor with respect to such matters.

Section 6.10. Owner Trustee Reporting Requirements of the Commission.

(a) On or before March 15 of each calendar year (or March 24 if there is no requirement to file a Form 10-K in that calendar year), the Owner Trustee shall deliver to the Indenture Trustee, the Administrator and the Depositor a report regarding its assessment of compliance with the criteria specified in paragraph (d) of Item 1122 of Regulation AB (§ 229.1122(d)), as of and for the period ending the end of each fiscal year, with respect to asset-backed security transactions taken as a whole involving the Depositor, the Servicer, the Master Servicer, the Issuer and the Indenture Trustee, as applicable, and that are backed by the same asset type as the Mortgage Loans. Each such report shall include all of the statements required to be provided by the Owner Trustee under paragraph (a) of Item 1122 of Regulation AB (§ 229.1122(a)).

(b) On or before March 15 of each calendar year (or March 24 if there is no requirement to file a Form 10-K in that calendar year), the Owner Trustee shall deliver to the Indenture Trustee, the Administrator and the Depositor a report by a registered public accounting firm that attests to, and reports on, the assessment made by the Owner Trustee pursuant to subsection (a) above. Each such report shall be made in accordance with standards for attestation engagements issued or adopted by the Public Company Accounting Oversight Board.

(c) The Owner Trustee shall promptly notify the Indenture Trustee, the Administrator and the Depositor of any legal proceedings pending against the Owner Trustee of the type described in Item 1117 (§ 229.1117) of Regulation AB.

ARTICLE VII INDEMNIFICATION AND COMPENSATION

Section 7.01. Trust Expenses.

The Depositor and Saxon Funding Management, Inc. (“SFM”), jointly and severally, shall pay the organizational expenses of the Trust as they may arise or shall, upon the request of the Owner Trustee, promptly reimburse the Owner Trustee for any such expenses paid by the Owner Trustee. The Depositor and SFM, jointly and severally, shall also pay (or reimburse the Bank for) all reasonable expenses of the Owner Trustee hereunder, including, without limitation, the reasonable compensation, expenses and disbursements of such agents,

representatives, experts and counsel as the Owner Trustee may employ in connection with the exercise and performance of its rights and duties under the Operative Agreements.

Section 7.02. Indemnification.

The Depositor and SFM, jointly and severally, agree to assume liability for, and indemnify the Bank and its successors, assigns, officers, directors, employees, agents and servants, against and from, any and all liabilities, obligations, losses, damages, taxes, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and expenses) of any kind and nature whatsoever (collectively, "Expenses") which may be imposed on, incurred by or asserted at any time against the Bank (whether or not indemnified against by other parties) in any way relating to or arising out of this Agreement, any Operative Agreement, the Collateral, the administration of the Trust Estate or the action or inaction of the Owner Trustee hereunder, except only that Depositor and SFM shall not be required to indemnify the Bank for Expenses arising or resulting from any of the matters described in the third sentence of Section 6.01. The indemnities contained in this Section 7.02 shall survive the resignation or termination of the Owner Trustee or the termination of this Agreement. In the event of any claim, action or proceeding for which indemnity will be sought pursuant to this Section, the Owner Trustee's choice of legal counsel shall be subject to the approval of the Depositor and SFM, which approval shall not be unreasonably withheld. In the event that the Depositor or SFM fails to satisfy any claim for indemnification by the Bank under this Section 7.02, the Trust Estate shall be liable to satisfy such claim pursuant to Section 4.1 of the Sale and Servicing Agreement; *provided, however*, that any such reimbursement by the Trust Estate of the Bank and the Indenture Trustee pursuant to that section shall not exceed \$100,000 in the aggregate in any year.

Section 7.03. Compensation.

The Bank shall receive as compensation for its services hereunder such fees as have been separately agreed to on or prior to the date hereof by the Bank and the Depositor pursuant to a fee agreement letter dated as of May [2], 2006 between the Bank and the Depositor (the "Fee Agreement"). The Depositor shall, out of its own funds, wire to the Bank on the Closing Date the initial fee and the first year's annual fee set forth in such Fee Agreement.

Thereafter, the Bank shall be entitled to receive an annual fee (the "Annual Administration Fee") payable by the Depositor on each anniversary of the Closing Date. To the extent the Annual Administration Fee is not paid by the Depositor, such fee shall be paid by SFM.

Section 7.04. Lien on Trust Estate.

The Bank shall have a lien on the Trust Estate for any compensation or indemnity due hereunder, such lien to be subject only to prior liens of the Indenture. The Bank shall not bring any proceedings to foreclose on such lien if and to the extent the Trust Estate is subject to the lien of the Indenture. Any amount paid to the Owner Trustee pursuant to this Article VII shall be deemed not to be part of the Trust Estate immediately after such payment.

ARTICLE VIII TERMINATION OF AGREEMENT

Section 8.01. Termination of Agreement.

(a) This Agreement (other than Sections 7.01, 7.02 and 7.04) and the trusts created hereby shall dissolve, wind up and terminate and the Trust Estate shall, subject to the Indenture and Sections 4.01 and 7.04, be distributed to the Holders of the Certificates as set forth herein, and this Agreement shall be of no further force or effect, upon the full payment of principal and interest due on all Classes of the Notes and the sale or other final disposition by the Indenture Trustee or the Trust, as the case may be, of all the Trust Estate and the final distribution by the Indenture Trustee or the Owner Trustee, as the case may be, of all moneys or other property or proceeds of the Trust Estate in accordance with the terms of the Indenture, the Sale and Servicing Agreement and Section 4.02. The bankruptcy, liquidation, dissolution, death or incapacity of any Holders of the Certificates shall not operate to terminate this Agreement, nor entitle such Certificateholder's legal representatives or heirs to claim an accounting or to take any

action or proceeding in any court for a partition or winding up of the Trust Estate, nor otherwise affect the rights, obligations and liabilities of the parties hereto.

(b) Except as provided in Section 8.01(a), neither the Depositor nor the Certificateholders shall be entitled to revoke or terminate the Trust established hereunder prior to payment in full of the Notes.

(c) Notice of any termination of the Trust, specifying the Payment Date upon which Certificateholders shall surrender their Certificates to the Certificate Paying Agent for payment of the final distribution and cancellation, shall be given by the Certificate Paying Agent by letter to Certificateholders and the Rating Agencies mailed within five Business Days of receipt of notice of the final payment on the Notes from the Indenture Trustee, stating (i) the Payment Date upon or with respect to which final payment of the Certificates shall be made upon presentation and surrender of the Certificates at the office of the Certificate Paying Agent therein designated, (ii) the amount of any such final payment and (iii) that the Record Date otherwise applicable to such Payment Date is not applicable, payments being made only upon presentation and surrender of the Certificates at the office of the Certificate Paying Agent therein specified. The Certificate Paying Agent shall give such notice to the Owner Trustee and the Certificate Registrar at the time such notice is given to Certificateholders. Upon presentation and surrender of the Certificates, the Certificate Paying Agent shall cause to be distributed to Certificateholders amounts distributable on such Payment Date pursuant to Sections 3.22 and 4.1 of the Sale and Servicing Agreement and Section 4.02 of this Agreement.

In the event that all of the Certificateholders shall not surrender their Certificates for cancellation within six months after the date specified in the above mentioned written notice, the Certificate Paying Agent shall give a second written notice to the remaining Certificateholders to surrender their Certificates for cancellation and receive the final distribution with respect thereto. Subject to applicable laws with respect to escheat of funds, if within one year following the Payment Date on which final payment of the Certificates was to have been made pursuant to the Sections 3.22 and 4.1 of the Sale and Servicing Agreement, all the Certificates shall not have been surrendered for cancellation, the Certificate Paying Agent may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining Certificateholders concerning surrender of their Certificates, and the cost thereof shall be paid out of the funds and other assets that shall remain subject to this Agreement. Any funds remaining in the Certificate Account after exhaustion of such remedies shall be distributed by the Certificate Paying Agent to the Trust and thereafter the Holders of the non-cancelled Certificates shall look only to the Trust for payment on a *pro rata* basis.

(d) Upon the winding up of the Trust and its termination, and written notice thereof by the Certificate Paying Agent to the Owner Trustee, the Owner Trustee shall cause the Certificate of Trust to be cancelled by filing a certificate of cancellation with the Secretary of State in accordance with the provisions of Section 3810 of the Statutory Trust Statute.

ARTICLE IX SUCCESSOR OWNER TRUSTEES AND ADDITIONAL OWNER TRUSTEES

Section 9.01. Eligibility Requirements for Owner Trustee. The Owner Trustee shall at all times be a corporation satisfying the provisions of Section 3807(a) of the Statutory Trust Statute; authorized to exercise corporate powers; having a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by Federal or state authorities; and having (or having a parent which has) a short-term debt rating of at least "A-1" or the equivalent by, or which is otherwise acceptable to, each Rating Agency. If such corporation shall publish reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purpose 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. In case at any time the Owner Trustee shall cease to be eligible in accordance with the provisions of this Section, the Owner Trustee shall resign immediately in the manner and with the effect specified in Section 9.02.

Section 9.02. Resignation or Removal of Owner Trustee. The Owner Trustee may at any time resign and be discharged from the trusts hereby created by giving 30 days' prior written notice thereof to the Depositor and the Indenture Trustee. Upon receiving such notice of resignation, the Depositor shall promptly appoint a successor Owner

Trustee by written instrument, in duplicate, one copy of which instrument shall be delivered to the resigning Owner Trustee and one copy to the successor Owner Trustee. If no successor Owner Trustee shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Owner Trustee may petition any court of competent jurisdiction for the appointment of a successor Owner Trustee.

If at any time the Owner Trustee shall cease to be eligible in accordance with the provisions of Section 9.01 and shall fail to resign after written request therefor by the Depositor, or if at any time the Owner Trustee shall be legally unable to act, or shall be adjudged bankrupt or insolvent, or a receiver of the Owner Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Owner Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then the Depositor may remove the Owner Trustee. If the Depositor shall remove the Owner Trustee under the authority of the immediately preceding sentence, the Depositor shall promptly appoint a successor Owner Trustee by written instrument in duplicate, one copy of which instrument shall be delivered to the outgoing Owner Trustee so removed and one copy to the successor Owner Trustee and payment of all fees owed to the outgoing Owner Trustee.

Any resignation or removal of the Owner Trustee and appointment of a successor Owner Trustee pursuant to any of the provisions of this Section shall not become effective until acceptance of appointment by the successor Owner Trustee pursuant to Section 9.03 and payment of all fees and expenses owed to the outgoing Owner Trustee. The Administrator shall provide notice of such resignation or removal of the Owner Trustee to the Rating Agencies.

Section 9.03. Successor Owner Trustee. Any successor Owner Trustee appointed pursuant to Section 9.02 shall execute, acknowledge and deliver to the Administrator and to its predecessor Owner Trustee an instrument accepting such appointment under this Agreement, and thereupon the resignation or removal of the predecessor Owner Trustee shall become effective and such successor Owner Trustee without any further act, deed or conveyance, shall become fully vested with all the rights, powers, duties, and obligations of its predecessor under this Agreement, with like effect as if originally named as Owner Trustee. The predecessor Owner Trustee shall upon payment of its fees and expenses deliver to the successor Owner Trustee all documents and statements and monies held by it under this Agreement; and the Administrator and the predecessor Owner Trustee shall execute and deliver such instruments and do such other things as may reasonably be required for fully and certainly vesting and confirming in the successor Owner Trustee all such rights, powers, duties, and obligations.

No successor Owner Trustee shall accept appointment as provided in this Section unless at the time of such acceptance such successor Owner Trustee shall be eligible pursuant to Section 9.01.

Upon acceptance of appointment by a successor Owner Trustee pursuant to this Section, the Administrator shall mail notice of the successor of such Owner Trustee to all Certificateholders, the Indenture Trustee, the Noteholders and the Rating Agencies. If the Administrator fails to mail such notice within 10 days after acceptance of appointment by the successor Owner Trustee, the successor Owner Trustee shall cause such notice to be mailed at the expense of the Administrator.

Section 9.04. Merger or Consolidation of Owner Trustee. Any Person into which the Owner Trustee may be merged or converted or with which it may be consolidated or any Person resulting from any merger, conversion or consolidation to which the Owner Trustee shall be a party, or any Person succeeding to all or substantially all of the corporate trust business of the Owner Trustee, shall be the successor of the Owner Trustee hereunder, *provided* such Person shall be eligible pursuant to Section 9.01, without the execution or filing of any instrument or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 9.05. Appointment of Co-Trustee or Separate Trustee. Notwithstanding any other provisions of this Agreement, at any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate or any Collateral may at the time be located, and for the purpose of performing certain duties and obligations of the Owner Trustee with respect to the Trust and the Certificates under the Sale and Servicing Agreement, the Owner Trustee shall have the power and shall execute and deliver all instruments to appoint one or more Persons approved by the Owner Trustee to act as co-trustee, jointly with the Owner Trustee, or separate trustee or separate trustees, of all or any part of the Trust Estate, and to vest in such Person, in such capacity, such title to the

Trust, or any part thereof, and, subject to the other provisions of this Section, such powers, duties, obligations, rights and trusts as the Owner Trustee may consider necessary or desirable. No co-trustee or separate trustee under this Agreement shall be required to meet the terms of eligibility as a successor trustee pursuant to Section 9.01 and no notice of the appointment of any co-trustee or separate trustee shall be required pursuant to Section 9.03.

The Owner Trustee hereby appoints the Indenture Trustee as Administrator for the purpose of establishing and maintaining the Certificate Account and making investments at the Master Servicer's direction and the distributions therefrom to the Persons entitled thereto pursuant to Sections 3.22 and 4.1 of the Sale and Servicing Agreement and Section 4.02 of this Agreement. The Owner Trustee and the Administrator each agree that upon the (i) resignation or removal of the Indenture Trustee or (ii) occurrence and continuation of an Indenture Event of Default and a determination by the Indenture Trustee that a conflict of interest exists or will exist if the Indenture Trustee continues to act as the Administrator, the Administrator shall resign and the Trust shall appoint a successor Administrator in accordance with the Administration Agreement.

Each separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provision and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Owner Trustee shall be conferred upon and exercised or performed by the Owner Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Owner Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Owner Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties, and obligations (including the holding of title to the Trust or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Owner Trustee;

(ii) no trustee under this Agreement shall be personally liable by reason of any act or omission of any other trustee under this Agreement; and

(iii) the Administrator and the Owner Trustee acting jointly may at any time accept the resignation of or remove any separate trustee or co-trustee.

Any notice, request or other writing given to the Owner Trustee shall be deemed to have been given to the separate trustees and co-trustees, as if given to each of them. Every instrument appointing any separate trustee or co-trustee, other than this Agreement, shall refer to this Agreement and to the conditions of this Article. Each separate trustee and co-trustee, upon its acceptance of appointment, shall be vested with the estates specified in its instrument of appointment, either jointly with the Owner Trustee or separately, as may be provided therein, subject to all the provisions of this Agreement, specifically including every provision of this Agreement relating to the conduct of, affecting the liability of, or affording protection to, the Owner Trustee. Each such instrument shall be filed with the Owner Trustee and a copy thereof given to the Administrator.

Any separate trustee or co-trustee may at any time appoint the Owner Trustee as its Agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Agreement on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Owner Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

ARTICLE X MISCELLANEOUS

Section 10.01. Compliance with Applicable Anti-Terrorism and Anti-Money Laundering Regulations. In order to comply with laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including those relating to the funding of terrorist activities and money laundering ("Applicable Law"), the Indenture Trustee is required to obtain, verify and record certain information relating to individuals and entities

which maintain a business relationship with the Indenture Trustee. Accordingly, each of the parties agrees to provide to Indenture Trustee upon its request from time to time such identifying information and documentation as may be available for such party in order to enable the Indenture Trustee to comply with Applicable Law.

Section 10.02. Supplements and Amendments. This Agreement may be amended by the Depositor, the Administrator and the Owner Trustee, with the consent of the Certificateholders and with prior written notice to the Rating Agencies, but without the consent of any of the Noteholders or the Indenture Trustee, to cure any ambiguity, to correct or supplement any provisions in this Agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in this Agreement or of modifying in any manner the rights of the Noteholders or the Certificateholders; *provided, however*, that such action shall not, as evidenced by an Opinion of Counsel, adversely affect in any material respect the interests of any Noteholder or Certificateholder or cause the Trust to be subject to an entity level tax for federal income tax purposes. An amendment shall not be deemed to adversely affect in any material respect the interests of any Noteholder or Certificateholder and no opinion referred to in the preceding proviso shall be required to be delivered if the Person requesting the amendment obtains a letter from each Rating Agency stating that the amendment would not result in the downgrading or withdrawal of the respective ratings then assigned to each Class of Notes and Certificates. Notwithstanding the preceding sentence, an opinion shall be required with respect to tax matters as set forth in this paragraph.

This Agreement may also be amended from time to time by the Depositor, the Administrator and the Owner Trustee, with the prior written consent of the Rating Agencies and with the prior written consent of the Indenture Trustee, the Holders (as defined in the Indenture) of Notes evidencing more than 662/3% of the Outstanding Amount of the Notes, and the consent of the Holders of 662/3% of the Percentage Interests in each Class of Certificates, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or of modifying in any manner the rights of the Certificateholders; *provided, however*, that no such amendment shall (a) increase or reduce in any manner the amount of, or accelerate or delay the timing of, collections of payments on the Collateral or distributions that are required to be made for the benefit of the Noteholders or the Certificateholders or (b) reduce the aforesaid percentage of the Outstanding Amount of the Notes and the Percentage Interests of Holders of Certificates required to consent to any such amendment, in either case of clause (a) or (b) without the consent of the holders of all the outstanding Notes and Certificates, respectively.

Notwithstanding the foregoing, no provision of Section 2.03 hereof may be amended in any manner unless (i) 100% of the Outstanding Amount of the Noteholders have consented in writing thereto, (ii) the Rating Agencies have consented in writing thereto or (iii) the Notes have been paid in full and the Indenture has been discharged.

Promptly after the execution of any such amendment or consent, the Administrator shall furnish written notification of the substance of such amendment or consent to each Certificateholder, the Indenture Trustee and the Rating Agencies.

It shall not be necessary for the consent of Certificateholders, the Noteholders or the Indenture Trustee pursuant to this Section 10.02 to approve the particular form of any proposed amendment or consent, but it shall be sufficient if such consent shall approve the substance thereof. The manner of obtaining such consents (and any other consents of Certificateholders provided for in this Agreement or in any other Operative Agreement) and of evidencing the authorization of the execution thereof by Certificateholders shall be subject to such reasonable requirements as the Owner Trustee may prescribe.

Promptly after the execution of any amendment to the Certificate of Trust, the Owner Trustee shall cause the filing of such amendment with the Secretary of State.

Prior to the execution of any amendment to this Agreement or the Certificate of Trust, the Owner Trustee and the Administrator shall be entitled to receive and rely upon an Opinion of Counsel, at the expense of the Trust, stating that the execution of such amendment is authorized or permitted by this Agreement. Neither the Owner Trustee nor the Administrator shall be obligated to enter into any such amendment which affects the Owner Trustee's or Administrator's own rights, duties or immunities under this Agreement or otherwise.

Section 10.03. No Legal Title to Trust Estate in Certificateholders. The Certificateholders shall not have legal title to any part of the Trust Estate and shall only be entitled to receive distributions with respect to their undivided beneficial interest therein pursuant to Section 4.02 (in the case of the Trust Certificates and the Class X Certificates, once all amounts then owing with respect to the Notes have been paid in accordance with the Indenture). No transfer, by operation of law of any right, title and interest of the Holder of the Trust Certificate or the Class X Certificate in and to its undivided beneficial interest in the Trust Estate or hereunder shall operate to terminate this Agreement or the trusts hereunder or entitle any successor transferee to an accounting or to the transfer to it of legal title to any part of the Trust Estate.

Section 10.04. Pledge of Collateral by Owner Trustee is Binding. The pledge of the Collateral to the Indenture Trustee by the Trust made under the Indenture and pursuant to the terms of this Agreement shall bind the Certificateholders and shall be effective to transfer or convey the rights of the Trust and the Certificateholders in and to such Collateral to the extent set forth in the Indenture. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such pledge or as to the application of any proceeds with respect thereto by the Owner Trustee.

Section 10.05. Limitations on Rights of Others. Nothing in this Agreement, whether express or implied (except for Section 7.04), shall be construed to give to any Person other than the Owner Trustee and the Certificateholders any legal or equitable right in the Trust Estate or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

Section 10.06. Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices shall be in writing and delivered by hand, by courier or mailed by certified mail, postage prepaid, (a) if to the Owner Trustee or the Trust, addressed to it at c/o Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890-0001, Attention: Corporate Trust Administration, SAST 2006-1 or to such other address as the Owner Trustee may have set forth in a written notice to the Certificateholders and the Depositor addressed to it at the address set forth for such Certificateholders in the Certificate Register; (b) if to the Administrator, Deutsche Bank Trust Company Americas, 1761 East St. Andrew Place, Santa Ana, California 92705-4934, Attention: Trust Administration SX0601; and (c) if to the Depositor, Saxon Asset Securities Company, 4860 Cox Road, Glen Allen, Virginia, Attention: Legal. Whenever any notice in writing is required to be given by the Owner Trustee or the Administrator, such notice shall be deemed given and such requirement satisfied if such notice is mailed by certified mail, postage prepaid, addressed as provided above.

Section 10.07. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.08. Separate Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 10.09. Successors and Assigns. All representations, warranties, covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the Owner Trustee and its successors and assigns and the Depositor and each Certificateholder and its respective successors, all as herein provided. Any request, notice, direction, consent, waiver or other instrument or action by any Certificateholder shall bind the successors of such Certificateholder.

Section 10.10. Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 10.11. Governing Law. THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE WITHOUT REFERENCE TO THE CONFLICT OF LAWS PROVISIONS THEREOF, INCLUDING ALL MATTERS OF

CONSTRUCTION, VALIDITY AND PERFORMANCE, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 10.12. No Petition.

(a) To the fullest extent permitted by applicable law, the Owner Trustee, the Depositor, SFM and the Administrator, by entering into this Agreement, the Certificateholders, by accepting the Certificates, and the Indenture Trustee and each Noteholder, by accepting the benefits of this Agreement, hereby covenant and agree that they will not at any time institute against the Depositor or the Trust, or join in any institution against the Depositor or the Trust of, any bankruptcy, insolvency or similar proceeding under any United States federal or state bankruptcy or similar law in connection with any obligations relating to the Certificates, the Notes, this Agreement or any of the other Operative Agreements; *provided, however*, that nothing herein shall preclude the Administrator from filing proofs of claim.

(b) The Depositor shall not be liable for the default or misconduct of the Administrator, the Owner Trustee, the Indenture Trustee, the Certificate Paying Agent or the Master Servicer under any of the Operative Agreements or otherwise and the Depositor shall have no obligation or liability to perform the obligations of the Trust under this Agreement or the Operative Agreements that are required to be performed by the Administrator under the Administration Agreement or the Indenture Trustee under the Indenture or the Master Servicer under the Sale and Servicing Agreement.

Section 10.13. No Recourse. Each Certificateholder by accepting a Certificate acknowledges that such Certificate represents a beneficial interest in the Trust only and does not represent an interest in or an obligation of the Depositor, the Administrator, the Certificate Paying Agent, the Master Servicer, the Owner Trustee, any co-trustee, the Bank or any Affiliate thereof (other than the Trust) and no recourse may be had against such parties or their assets, except as may be expressly set forth or contemplated in this Agreement, the Certificates or the other Operative Agreements.

ARTICLE XI
OFFICERS

Section 11.01. Appointment of Officers. The Trust may have one or more Officers who are hereby empowered to take and are responsible for performing all ministerial duties on behalf of the Trust pursuant to this Agreement and the other Operative Agreements, including, without limitation, the execution of the Officers' Certificate (as defined in the Indenture), the Issuer Order (as defined in the Indenture), the Issuer Request (as defined in the Indenture), the annual compliance report required under Section 3.13 of the Indenture, and any annual reports, documents and other reports which the Trust is required to file with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended. Each of the Chairman of the Board, the Chief Executive Officer, the President, each Senior Vice President and each Vice President of the Depositor is hereby appointed as an Officer of the Trust. The Depositor shall promptly deliver to the Owner Trustee and the Indenture Trustee a list of its officers who shall become the Officers of the Trust pursuant to this Section 11.01.

Section 11.02. Officers to Provide Information to the Owner Trustee. It shall be the duty of each Officer to keep the Owner Trustee reasonably and promptly informed as to material events relating to the Trust, including, without limitation, all claims pending or threatened against the Trust, the purchase and sale of any material portion of the Trust Estate and the execution by such Officer on behalf of the Trust of any material agreements or instruments.

Deutsche Bank Trust Company Americas in its capacities as Administrator, Certificate Registrar and Certificate Paying Agent shall be entitled to the same rights, protections, immunities and indemnities as the Indenture Trustee under the Indenture, including without limitation, the right to compensation, reimbursement and indemnification.



Solely for purpose of
Sections 7.01, 7.02, 7.03, and 10.11
SAXON FUNDING MANAGEMENT, INC.

By: /s/ Robert B. Eastep

Name: Robert B. Eastep

Title: Executive Vice President and Chief
Financial Officer



[Form of Trust Certificate]

[Face]

THIS TRUST CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE. THIS TRUST CERTIFICATE MAY BE DIRECTLY OR INDIRECTLY OFFERED OR SOLD OR OTHERWISE DISPOSED OF (INCLUDING PLEDGED) BY THE HOLDER HEREOF ONLY TO A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE ACT THAT IS ACQUIRING THE TRUST CERTIFICATE FOR ITS OWN ACCOUNT FOR INVESTMENT PURPOSES, IN A TRANSACTION THAT IS REGISTERED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS OR THAT IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT PURSUANT TO RULE 144A, AND THAT IS NOT ACQUIRING THIS TRUST CERTIFICATE WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE ACT. NO PERSON IS OBLIGATED TO REGISTER THIS TRUST CERTIFICATE UNDER THE ACT OR ANY STATE SECURITIES LAWS.

SO LONG AS ANY NOTE IS OUTSTANDING, NO TRANSFER OF THIS TRUST CERTIFICATE SHALL BE MADE UNLESS THE CERTIFICATE REGISTRAR SHALL HAVE RECEIVED A REPRESENTATION LETTER FROM THE TRANSFEREE OF THIS TRUST CERTIFICATE TO THE EFFECT THAT SUCH TRANSFEREE IS NOT ACQUIRING THIS TRUST CERTIFICATE FOR, OR WITH THE ASSETS OF, AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR ANY SUBSTANTIALLY SIMILAR LAW, OR ANY ENTITY DEEMED TO HOLD THE PLAN ASSETS OF THE FOREGOING.

THIS TRUST CERTIFICATE DOES NOT REPRESENT AN INTEREST IN OR OBLIGATION OF THE DEPOSITOR, THE INDENTURE TRUSTEE, THE OWNER TRUSTEE, THE ADMINISTRATOR, THE MASTER SERVICER OR ANY OF THEIR RESPECTIVE AFFILIATES, EXCEPT AS EXPRESSLY PROVIDED IN THE TRUST AGREEMENT OR THE OTHER OPERATIVE AGREEMENTS.

THIS TRUST CERTIFICATE IS SUBORDINATE IN RIGHT OF PAYMENT AS DESCRIBED IN THE SALE AND SERVICING AGREEMENT REFERRED TO HEREIN.

NO TRANSFER OF THIS TRUST CERTIFICATE SHALL BE MADE UNLESS THE CERTIFICATE REGISTRAR SHALL HAVE RECEIVED AN AFFIDAVIT FROM THE PROPOSED TRANSFEREE IN WHICH THE PROPOSED TRANSFEREE DECLARES THAT IT IS A REAL ESTATE INVESTMENT TRUST (A "REIT") WITHIN THE MEANING OF SECTIONS 856 AND 857 OF THE CODE OR A QUALIFIED REIT SUBSIDIARY WITHIN THE MEANING OF SECTION 856(i) OF THE CODE. MOREOVER, ANY ATTEMPTED TRANSFER OF THIS TRUST CERTIFICATE TO A PERSON OTHER THAN A REIT OR A QUALIFIED REIT SUBSIDIARY THAT ALSO ACQUIRES THE CLASS X CERTIFICATE SHALL BE VOID *AB INITIO* AND THE PURPORTED TRANSFEREE SHALL ACQUIRE NO RIGHTS IN THIS TRUST CERTIFICATE.

SAXON ASSET SECURITIES TRUST 2006-1

TRUST CERTIFICATE

Certificate No. _____

Percentage Interest: ____%

First Payment Date: May 25, 2006

Evidencing a fractional undivided equity interest in the Trust Estate, the property of which consists primarily of the Collateral in Saxon Asset Securities Trust 2006-1 (the "Trust"), a Delaware statutory trust formed by Saxon Asset Securities Company, a Virginia corporation, as Depositor (the "Depositor"), pursuant to the Agreement referred to below.

This certifies that Saxon Securities and Certificates, Inc. is the registered owner of the Percentage Interest referred to above.

The Trust was created pursuant to a Trust Agreement, dated as of April 1, 2006 (as amended and supplemented from time to time, the "Agreement" or "Trust Agreement"), among the Depositor, Wilmington Trust Company, as owner trustee (the "Owner Trustee", which term includes any successor entity under the Agreement) and Deutsche Bank Trust Company Americas ("Deutsche Bank"), as Administrator (in such capacity, the "Administrator"), a summary of certain of the pertinent provisions of which is set forth hereinafter. This Trust Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Trust Certificate by virtue of the acceptance hereof assents and by which such Holder is bound, as described in the Sale and Servicing Agreement. Distributions on this Trust Certificate shall be made by Deutsche Bank in its capacity of Certificate Paying Agent under the Agreement and as Indenture Trustee under the Sale and Servicing Agreement referred to below.

This Trust Certificate is one of a duly authorized issue of Trust Certificates (herein called the "Trust Certificates") issued under the Agreement to which reference is hereby made for a statement of the respective rights thereunder of the Depositor, the Owner Trustee and the Holders of the Trust Certificates and the terms upon which the Trust Certificates are executed and delivered. To the extent not otherwise defined herein, capitalized terms used herein have the meanings assigned to such terms in the Agreement or the Sale and Servicing Agreement, dated as of April 1, 2006 (as amended and supplemented from time to time, the "Sale and Servicing Agreement"), by and among the Trust, the Depositor, the Master Servicer, Saxon Mortgage Services, Inc., as servicer and Deutsche Bank, as Indenture Trustee (in such capacity, the "Indenture Trustee"). The rights of the Holders of the Trust Certificates are subordinated to the rights of the Holders of the Notes as set forth in the Indenture, dated as of April 1, 2006 (the "Indenture"), between the Trust and the Indenture Trustee.

There will be distributed on the 25th day of each month or, if such 25th day is not a Business Day, the next Business Day (each, a "Payment Date"), commencing in May 2006, to the Person in whose name this Trust Certificate is registered at the close of business on the last Business Day of the month preceding the month of such Payment Date (the "Record Date"), such Certificateholder's Percentage Interest (as shown in the face of this Certificate) in the amount to be distributed to the Holder of the Trust Certificate on such Payment Date, all as described in the Sale and Servicing Agreement and the Agreement.

The Certificateholder, by its acceptance of this Trust Certificate, agrees that it will look solely to the funds on deposit in the Certificate Account that have been released from the lien of the Indenture for payment hereunder and that none of the Owner Trustee, the Administrator, the Master Servicer or the Certificate Paying Agent in their individual capacities or the Depositor is personally liable to the Certificateholders for any amount payable under this Trust Certificate or the Agreement or, except as expressly provided in the Agreement, subject to any liability under the Agreement.

The Holder of this Trust Certificate acknowledges and agrees that its rights to receive distributions in respect of this Trust Certificate are subordinated to the rights of the Noteholders as described in the Indenture.

The Depositor and each Certificateholder, by acceptance of a Trust Certificate, agree to treat, and to take no action inconsistent with the treatment of, the Trust Certificates for federal, state and local income tax purposes as an equity interest in the Trust.

Each Certificateholder, by its acceptance of a Trust Certificate, covenants and agrees that such Certificateholder will not at any time institute against the Depositor or the Trust, or join in any institution against the Depositor or the Trust of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other

proceedings under any United States federal or state bankruptcy or similar law in connection with any obligations relating to the Certificates, the Notes, the Agreement or any other of the Operative Agreements.

Distributions on this Trust Certificate will be made as provided in the Agreement by the Certificate Paying Agent by wire transfer or check mailed to the Certificateholder of record in the Certificate Register without the presentation or surrender of this Trust Certificate or the making of any notation hereon. Except as otherwise provided in the Agreement and notwithstanding the above, the final distribution on this Trust Certificate will be made after due notice by the Certificate Paying Agent of the pendency of such distribution and only upon presentation and surrender of this Trust Certificate at the office or agency maintained by the Certificate Registrar for that purpose by the Trust in the State of New York.

Reference is hereby made to the further provisions of this Trust Certificate set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon shall have been executed by an authorized officer of the Owner Trustee, or an authenticating agent by manual signature, this Trust Certificate shall not entitle the Holder hereof to any benefit under the Agreement or be valid for any purpose.

THIS TRUST CERTIFICATE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REFERENCE TO ITS CONFLICT OF LAWS PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.



IN WITNESS WHEREOF, the Trust has caused this Trust Certificate to be duly executed.

SAXON ASSET SECURITIES TRUST 2006-1

By: _____

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Owner Trustee

By: _____
Authorized Signatory

Dated: _____

CERTIFICATE OF AUTHENTICATION

This is the Trust Certificate referred to in the within-mentioned Trust Agreement.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Owner Trustee

By: _____
Authorized Signatory

Dated: _____

[REVERSE OF TRUST CERTIFICATE]

The Trust Certificates do not represent an obligation of, or an interest in, the Depositor, the Indenture Trustee, the Owner Trustee, the Master Servicer, the Bank or any Affiliates of any of them and no recourse may be had against any such parties or their assets, except as expressly set forth or contemplated herein or in the Agreement or the other Operative Agreements. In addition, this Trust Certificate is not guaranteed by any governmental agency or instrumentality and is limited in right of payment to certain collections and recoveries with respect to the Collateral, all as more specifically set forth herein. A copy of the Agreement may be examined by any Certificateholder upon written request during normal business hours at the principal office of the Depositor and at such other places, if any, designated by the Depositor.

The Agreement permits the amendment thereof as specified below, *provided* that any amendment be accompanied by an Opinion of Counsel to the effect that such amendment complies with the provisions of the Agreement and would not cause the Trust to be subject to an entity level tax. If the purpose of the amendment is to correct any mistake, eliminate any inconsistency, cure any ambiguity or deal with any matter not covered, it shall not be necessary to obtain the consent of any Noteholder or the Indenture Trustee. If the purpose of the amendment is to add or eliminate or change any provision of the Agreement, other than as specified in the preceding sentence, the amendment shall require the consent of the Holders of 66 $\frac{2}{3}$ % of the Percentage Interests in each Class of Certificates, the consent of Noteholders evidencing more than 66 $\frac{2}{3}$ % at the Outstanding Amount of the Notes and the Indenture Trustee; *provided, however*, that no such amendment shall (i) reduce in any manner the amount of, or delay the time of, payments received that are required to be distributed to any Certificateholder or Noteholder, or (ii) reduce the aforesaid percentage of Certificateholders and Noteholders which are required to consent to any such amendment, in the case of either clause (i) or (ii), without the consent of the holders of all the outstanding Notes and Certificates, as applicable.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Trust Certificate is registerable in the Certificate Register upon surrender of this Trust Certificate for registration of transfer at the offices or agencies of the Certificate Registrar maintained by the Trust in the State of New York, accompanied by a written instrument of transfer in form satisfactory to the Certificate Registrar duly executed by the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Trust Certificates of authorized denominations evidencing the same aggregate interest in the Trust will be issued to the designated transferee. The initial Certificate Registrar appointed under the Agreement is the Administrator.

Except as provided in the Agreement, the Trust Certificates are issuable only in a minimum Percentage Interest of 100%. As provided in the Agreement and subject to certain limitations therein set forth, Trust Certificates are exchangeable for new Trust Certificates evidencing in the aggregate the Percentage Interest of the Trust Certificate surrendered in the exchange, as requested by the Holder surrendering the same. No service charge will be made for any such registration of transfer or exchange, but the Owner Trustee or the Certificate Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith or any expense incurred thereby.

The Owner Trustee, the Master Servicer, the Certificate Paying Agent, the Administrator, the Certificate Registrar and any agent of the Owner Trustee, the Master Servicer, the Certificate Paying Agent, the Administrator and the Certificate Registrar may treat the Person in whose name this Trust Certificate is registered as the owner hereof for all purposes, and none of the Owner Trustee, the Master Servicer, the Certificate Paying Agent, the Administrator, the Certificate Registrar or any such agent shall be affected by any notice to the contrary.

The obligations and responsibilities created by the Agreement and the Trust created thereby shall terminate upon the satisfaction and discharge of the Indenture pursuant to Section 4.01 thereof and the termination of the Sale and Servicing Agreement.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF ASSIGNEE

(Please print or type name and address, including postal zip code, of assignee)

the within Trust Certificate, and all rights thereunder, hereby irrevocably constituting and appointing

to transfer said Trust Certificate on the books of the Certificate Registrar, with full power of substitution in the premises.

Dated:

_____/ */
Signature Guaranteed:

_____/ */

*/ NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Trust Certificate in every particular, without alteration, enlargement or any change whatever. Such signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.



DISTRIBUTION INSTRUCTIONS

The assignee should include the following for the information of the Certificate Paying Agent:

Distribution shall be made by wire transfer in immediately available funds _____ to for the account of _____, account number _____, or, if mailed by check, to _____.

Applicable statements should be mailed to _____.

Signature of assignee or agent
(for authorization of wire transfer only)

[Form of Class X Certificate]

[Face]

THIS CLASS X CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE. THIS CLASS X CERTIFICATE MAY BE DIRECTLY OR INDIRECTLY OFFERED OR SOLD OR OTHERWISE DISPOSED OF (INCLUDING PLEDGED) BY THE HOLDER HEREOF ONLY TO A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE ACT THAT IS ACQUIRING THE CLASS X CERTIFICATE FOR ITS OWN ACCOUNT FOR INVESTMENT PURPOSES, IN A TRANSACTION THAT IS REGISTERED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS OR THAT IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT PURSUANT TO RULE 144A, AND THAT IS NOT ACQUIRING THIS CLASS X CERTIFICATE WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE ACT. NO PERSON IS OBLIGATED TO REGISTER THIS CLASS X CERTIFICATE UNDER THE ACT OR ANY STATE SECURITIES LAWS.

SO LONG AS ANY NOTE IS OUTSTANDING, NO TRANSFER OF THIS CLASS X CERTIFICATE SHALL BE MADE UNLESS THE CERTIFICATE REGISTRAR SHALL HAVE RECEIVED A REPRESENTATION LETTER FROM THE TRANSFEREE OF THIS CLASS X CERTIFICATE TO THE EFFECT THAT SUCH TRANSFEREE IS NOT ACQUIRING THIS CLASS X CERTIFICATE FOR, OR WITH THE ASSETS OF, AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR ANY SUBSTANTIALLY SIMILAR LAW, OR ANY ENTITY DEEMED TO HOLD THE PLAN ASSETS OF THE FOREGOING.

THIS CLASS X CERTIFICATE DOES NOT REPRESENT AN INTEREST IN OR OBLIGATION OF THE DEPOSITOR, THE INDENTURE TRUSTEE, THE OWNER TRUSTEE, THE ADMINISTRATOR, THE MASTER SERVICER OR ANY OF THEIR RESPECTIVE AFFILIATES, EXCEPT AS EXPRESSLY PROVIDED IN THE TRUST AGREEMENT OR THE OTHER OPERATIVE AGREEMENTS.

THIS CLASS X CERTIFICATE IS SUBORDINATE IN RIGHT OF PAYMENT AS DESCRIBED IN THE SALE AND SERVICING AGREEMENT REFERRED TO HEREIN.

NO TRANSFER OF THIS CLASS X CERTIFICATE SHALL BE MADE UNLESS THE CERTIFICATE REGISTRAR SHALL HAVE RECEIVED AN AFFIDAVIT FROM THE PROPOSED TRANSFEREE IN WHICH THE PROPOSED TRANSFEREE DECLARES THAT IT IS A REAL ESTATE INVESTMENT TRUST (A "REIT") WITHIN THE MEANING OF SECTIONS 856 AND 857 OF THE CODE OR A QUALIFIED REIT SUBSIDIARY WITHIN THE MEANING OF SECTION 856(i) OF THE CODE. MOREOVER, ANY ATTEMPTED TRANSFER OF THIS CLASS X CERTIFICATE TO A PERSON OTHER THAN A REIT OR A QUALIFIED REIT SUBSIDIARY THAT ALSO ACQUIRES THE TRUST CERTIFICATE SHALL BE VOID *AB INITIO* AND THE PURPORTED TRANSFEREE SHALL ACQUIRE NO RIGHTS IN THIS CLASS X CERTIFICATE.

SAXON ASSET SECURITIES TRUST 2006-1

CLASS X CERTIFICATE

Certificate No. _____

Percentage Interest: ____%

First Payment Date: May 25, 2006

Evidencing a fractional undivided interest in certain residual amounts specified in the Trust Agreement received by Saxon Asset Securities Trust 2006-1 (the "Trust"), a Delaware statutory trust formed by Saxon Asset Securities Company, a Virginia corporation, as Depositor (the "Depositor"), pursuant to the Agreement referred to below.

This certifies that Saxon Securities and Certificates, Inc. is the registered owner of the Percentage Interest referred to above.

The Trust was created pursuant to a Trust Agreement, dated as of April 1, 2006 (as amended and supplemented from time to time, the "Agreement" or "Trust Agreement"), among the Depositor, Wilmington Trust Company, as owner trustee (the "Owner Trustee", which term includes any successor entity under the Agreement) and Deutsche Bank Trust Company Americas ("Deutsche Bank"), as Administrator (in such capacity, the "Administrator"), a summary of certain of the pertinent provisions of which is set forth hereinafter. This Class X Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Class X Certificate by virtue of the acceptance hereof assents and by which such Holder is bound, as described in the Sale and Servicing Agreement. Distributions on this Class X Certificate shall be made by Deutsche Bank in its capacity of Certificate Paying Agent under the Agreement and as Indenture Trustee under the Sale and Servicing Agreement referred to below.

This Class X Certificate is one of a duly authorized issue of Class X Certificates (herein called the "Class X Certificates") issued under the Agreement to which reference is hereby made for a statement of the respective rights thereunder of the Depositor, the Owner Trustee and the Holders of the Class X Certificates and the terms upon which the Class X Certificates are executed and delivered. To the extent not otherwise defined herein, capitalized terms used herein have the meanings assigned to such terms in the Agreement or the Sale and Servicing Agreement, dated as of April 1, 2006 (as amended and supplemented from time to time, the "Sale and Servicing Agreement"), by and among the Trust, the Depositor, the Master Servicer, Saxon Mortgage Services, Inc., as servicer and Deutsche Bank, as Indenture Trustee (in such capacity, the "Indenture Trustee"). The rights of the Holders of the Class X Certificates are subordinated to the rights of the Holders of the Notes as set forth in the Indenture, dated as of September 1, 2005 (the "Indenture"), between the Trust and the Indenture Trustee.

There will be distributed on the 25th day of each month or, if such 25th day is not a Business Day, the next Business Day (each, a "Payment Date"), commencing in May 2006, to the Person in whose name this Class X Certificate is registered at the close of business on the last Business Day of the month preceding the month of such Payment Date (the "Record Date"), such Certificateholder's Percentage Interest (as shown in the face of this Certificate) in the amount to be distributed to the Holder of the Class X Certificate on such Payment Date, all as described in the Sale and Servicing Agreement and the Agreement.

The Certificateholder, by its acceptance of this Class X Certificate, agrees that it will look solely to the funds on deposit in the Certificate Account that have been released from the lien of the Indenture for payment hereunder and that none of the Owner Trustee, the Administrator, the Master Servicer or the Certificate Paying Agent in their individual capacities or the Depositor is personally liable to the Certificateholders for any amount payable under this Class X Certificate or the Agreement or, except as expressly provided in the Agreement, subject to any liability under the Agreement.

The Holder of this Class X Certificate acknowledges and agrees that its rights to receive distributions in respect of this Class X Certificate are subordinated to the rights of the Noteholders as described in the Indenture.

The Depositor and each Certificateholder, by acceptance of a Class X Certificate, agree to treat, and to take no action inconsistent with the treatment of, the Class X Certificates for federal, state and local income tax purposes as an equity interest in the Trust.

Each Certificateholder, by its acceptance of a Class X Certificate, covenants and agrees that such Certificateholder will not at any time institute against the Depositor or the Trust, or join in any institution against the Depositor or the Trust of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other

proceedings under any United States federal or state bankruptcy or similar law in connection with any obligations relating to the Certificates, the Notes, the Agreement or any other of the Operative Agreements.

Distributions on this Class X Certificate will be made as provided in the Agreement by the Certificate Paying Agent by wire transfer or check mailed to the Certificateholder of record in the Certificate Register without the presentation or surrender of this Class X Certificate or the making of any notation hereon. Except as otherwise provided in the Agreement and notwithstanding the above, the final distribution on this Class X Certificate will be made after due notice by the Certificate Paying Agent of the pendency of such distribution and only upon presentation and surrender of this Class X Certificate at the office or agency maintained by the Certificate Registrar for that purpose by the Trust in the State of New York.

Reference is hereby made to the further provisions of this Class X Certificate set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon shall have been executed by an authorized officer of the Owner Trustee, or an authenticating agent by manual signature, this Class X Certificate shall not entitle the Holder hereof to any benefit under the Agreement or be valid for any purpose.

THIS CLASS X CERTIFICATE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REFERENCE TO ITS CONFLICT OF LAWS PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

IN WITNESS WHEREOF, the Trust has caused this Class X Certificate to be duly executed.

SAXON ASSET SECURITIES TRUST 2006-1

By: _____

WILMINGTON TRUST COMPANY, not in its individual capacity but
solely as Owner Trustee

By: _____
Authorized Signatory

Dated: _____

CERTIFICATE OF AUTHENTICATION

This is the Class X Certificate referred to in the within-mentioned Trust Agreement.

WILMINGTON TRUST COMPANY, not in its individual capacity but
solely as Owner Trustee

By: _____
Authorized Signatory

Dated: _____

The Class X Certificates do not represent an obligation of, or an interest in, the Depositor, the Indenture Trustee, the Owner Trustee, the Master Servicer, the Bank or any Affiliates of any of them and no recourse may be had against any such parties or their assets, except as expressly set forth or contemplated herein or in the Agreement or the other Operative Agreements. In addition, this Class X Certificate is not guaranteed by any governmental agency or instrumentality and is limited in right of payment to certain collections and recoveries with respect to the Collateral, all as more specifically set forth herein. A copy of the Agreement may be examined by any Certificateholder upon written request during normal business hours at the principal office of the Depositor and at such other places, if any, designated by the Depositor.

The Agreement permits the amendment thereof as specified below, *provided* that any amendment be accompanied by an Opinion of Counsel to the effect that such amendment complies with the provisions of the Agreement and would not cause the Trust to be subject to an entity level tax. If the purpose of the amendment is to correct any mistake, eliminate any inconsistency, cure any ambiguity or deal with any matter not covered, it shall not be necessary to obtain the consent of any Noteholder or the Indenture Trustee. If the purpose of the amendment is to add or eliminate or change any provision of the Agreement, other than as specified in the preceding sentence, the amendment shall require the consent of the Holders of 66 $\frac{2}{3}$ % of the Percentage Interests in each Class of Certificates, the consent of Noteholders evidencing more than 66 $\frac{2}{3}$ % at the Outstanding Amount of the Notes and the Indenture Trustee; *provided, however*, that no such amendment shall (i) reduce in any manner the amount of, or delay the time of, payments received that are required to be distributed to any Certificateholder or Noteholder, or (ii) reduce the aforesaid percentage of Certificateholders and Noteholders which are required to consent to any such amendment, in the case of either clause (i) or (ii), without the consent of the holders of all the outstanding Notes and Certificates, as applicable.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Class X Certificate is registerable in the Certificate Register upon surrender of this Class X Certificate for registration of transfer at the offices or agencies of the Certificate Registrar maintained by the Trust in the State of New York, accompanied by a written instrument of transfer in form satisfactory to the Certificate Registrar duly executed by the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Class X Certificates of authorized denominations evidencing the same aggregate interest in the Trust will be issued to the designated transferee. The initial Certificate Registrar appointed under the Agreement is the Administrator.

Except as provided in the Agreement, the Class X Certificates are issuable only in a minimum Percentage Interest of 100%. As provided in the Agreement and subject to certain limitations therein set forth, Class X Certificates are exchangeable for new Class X Certificates evidencing in the aggregate the Percentage Interest of the Class X Certificate surrendered in the exchange, as requested by the Holder surrendering the same. No service charge will be made for any such registration of transfer or exchange, but the Owner Trustee or the Certificate Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith or any expense incurred thereby.

The Owner Trustee, the Master Servicer, the Certificate Paying Agent, the Administrator, the Certificate Registrar and any agent of the Owner Trustee, the Master Servicer, the Certificate Paying Agent, the Administrator and the Certificate Registrar may treat the Person in whose name this Class X Certificate is registered as the owner hereof for all purposes, and none of the Owner Trustee, the Master Servicer, the Certificate Paying Agent, the Administrator, the Certificate Registrar or any such agent shall be affected by any notice to the contrary.

The obligations and responsibilities created by the Agreement and the Trust created thereby shall terminate upon the satisfaction and discharge of the Indenture pursuant to Section 4.01 thereof and the termination of the Sale and Servicing Agreement.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF ASSIGNEE

(Please print or type name and address, including postal zip code, of assignee)

the within Class X Certificate, and all rights thereunder, hereby irrevocably constituting and appointing

to transfer said Class X Certificate on the books of the Certificate Registrar, with full power of substitution in the premises.

Dated:

_____/ */
Signature Guaranteed:

_____/ */

*/ NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Class X Certificate in every particular, without alteration, enlargement or any change whatever. Such signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for the information of the Certificate Paying Agent:

Distribution shall be made by wire transfer in immediately available funds _____ to for the account of _____, account number _____, or, if mailed by check, to _____.

Applicable statements should be mailed to _____.

Signature of assignee or agent
(for authorization of wire transfer only)

FORM OF CERTIFICATE OF TRUST OF
SAXON ASSET SECURITIES TRUST 2006-1

THIS Certificate of Trust of Saxon Asset Securities Trust 2006-1 (the "Trust"), is being duly executed and filed by the undersigned, a Delaware banking corporation, as owner trustee, to form a statutory trust under the Delaware Statutory Trust Act (12 DEL. CODE, Sections 3801 et seq.) (the "Act")

1. NAME. The name of the statutory trust formed hereby is "SAXON ASSET SECURITIES TRUST 2006-1."
2. DELAWARE TRUSTEE. The name and business address of the trustee of the Trust in the State of Delaware is Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890-0001, Attention: Corporate Trust Administration.
3. EFFECTIVE DATE. This Certificate of Trust shall be effective on May ____, 2006.

IN WITNESS WHEREOF, the undersigned, being the owner trustee of the Trust, has executed this Certificate of Trust in accordance with Section 3811(a) of the Act.

WILMINGTON TRUST COMPANY,
as Owner Trustee

By: _____
Name:
Title:



FORM OF RULE 144A INVESTMENT LETTER

Date

Deutsche Bank Trust Company Americas,
as Certificate Registrar
1761 East St. Andrew Place
Santa Ana, California 92705-4934
Attention: Trust Administration - SX0601

Re: Saxon Asset Securities Trust 2006-1 Certificates

Ladies and Gentlemen:

In connection with our acquisition of Saxon Asset Securities Trust 2006-1 Certificates (the "Securities"), we certify that (a) we understand that the Security has not been registered under the Securities Act of 1933, as amended (the "Act"), or any state securities laws and is being transferred to us in a transaction that is exempt from the registration requirements of the Act and any such laws, (b) we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of investments in the Security, (c) we have had the opportunity to ask questions of and receive answers from the Depositor concerning the purchase of the Security and all matters relating thereto or any additional information deemed necessary to our decision to purchase the Security, (d) we have not, nor has anyone acting on our behalf, offered, transferred, pledged, sold or otherwise disposed of the Security or any interest in the Security, or solicited any offer to buy, transfer, pledge or otherwise dispose of the Security or any interest in the Security from any person in any manner, or made any general solicitation by means of general advertising or in any other manner, or taken any other action that would constitute a distribution of the Security under the Act or that would render the disposition of the Security a violation of Section 5 of the Act or any state securities laws or require registration pursuant thereto, and we will not act, or authorize any person to act, in such manner with respect to the Security and (e) we are a "qualified institutional buyer" as that term is defined in Rule 144A under the Act ("Rule 144A"). We are aware that the sale to us is being made in reliance on Rule 144A.

We are acquiring the Security for our own account or for resale pursuant to Rule 144A and understand that such Security may be resold, pledged or transferred only (1) to a person reasonably believed to be a qualified institutional buyer that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A or (2) pursuant to another exemption from registration under the Act.

Very truly yours,

[Name of Transferee]

By:_____

Name:

Title:

QUALIFIED INSTITUTIONAL BUYER STATUS UNDER SEC RULE 144A

[For Buyers Other Than Registered Investment Companies]

The undersigned hereby certifies as follows in connection with the Rule 144A Investment Representation to which this Certification is attached:

1. As indicated below, the undersigned is the President, Chief Financial Officer, Senior Vice President or other executive officer of the Buyer.
2. In connection with purchases by the Buyer, the Buyer is a “qualified institutional buyer” as that term is defined in Rule 144A under the Securities Act of 1933 (“Rule 144A”) because (i) the Buyer owned and/or invested on a discretionary basis \$_____ (1) in securities (except for the excluded securities referred to below) as of the end of the Buyer’s most recent fiscal year (such amount being calculated in accordance with Rule 144A) and (ii) the Buyer satisfies the criteria in the category marked below.

____ CORPORATION, ETC. The Buyer is a corporation (other than a bank, savings and loan association or similar institution), Massachusetts or similar business trust, partnership, or charitable organization described in Section 501(c)(3) of the Internal Revenue Code.

____ BANK. The Buyer (a) is a national bank or banking institution organized under the laws of any State, territory or the District of Columbia, the business of which is substantially confined to banking and is supervised by the State or territorial banking commission or similar official or is a foreign bank or equivalent institution, and (b) has an audited net worth of at least \$25,000,000 as demonstrated in its latest annual financial statements, A COPY OF WHICH IS ATTACHED HERETO.

____ SAVINGS AND LOAN. The Buyer (a) is a savings and loan association, building and loan association, cooperative bank, homestead association or similar institution, which is supervised and examined by a State or Federal authority having supervision over any such institutions or is a foreign savings and loan association or equivalent institution and (b) has an audited net worth of at least \$25,000,000 as demonstrated units latest annual financial statements.

____ BROKER-DEALER. The Buyer is a dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934.

(1) Buyer must own and/or invest on a discretionary basis at least \$100,000,000 in securities unless buyer is a dealer, and, in that case, buyer must own and/or invest on a discretionary basis at least \$10,000,000 in securities.

____ INSURANCE COMPANY. The Buyer is an insurance company whose primary and predominant business activity is the writing of insurance or the reinsuring of risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a State or territory or the District of Columbia.

____ STATE OR LOCAL PLAN. The Buyer is a plan established and maintained by a State, its political subdivisions, or any agency or instrumentality of the State or its political subdivisions, for the benefit of its employees.

____ ERISA PLAN. The Buyer is an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974.

____ INVESTMENT ADVISOR. The Buyer is an investment adviser registered under the Investment Advisers Act of 1940.

____ SBIC. The Buyer is a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

____ BUSINESS DEVELOPMENT COMPANY. The Buyer is a business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

____ TRUST FUND. The Buyer is a trust fund whose trustee is a bank or trust company and whose participants are exclusively (a) plans established and maintained by a State, its political subdivisions, or any agency or instrumentality of the State or its political subdivisions, for the benefit of its employees, or (b) employee benefit plans within the meaning of Title I of the Employee Retirement Income Security Act of 1974, but is not a trust fund that includes as participants individual retirement accounts of H.R. 10 plans.

3. The term "Securities" as used herein DOES NOT INCLUDE (i) securities of issuers that are affiliated with the Buyer, (ii) securities that are part of an unsold allotment to or subscription by the Buyer, if the Buyer is a dealer, (iii) bank deposit notes and certificates of deposit, (iv) loan participations, (v) repurchase agreements, (vi) securities owned but subject to a repurchase agreement and (vii) currency, interest rate and commodity swaps.
4. For purposes of determining the aggregate amount of securities owned and/or invested on a discretionary basis by the Buyer, the Buyer used the cost of such securities to the Buyer and did not include any of the securities referred to in the preceding paragraph. Further, in determining such aggregate amount, the Buyer may have included securities owned by subsidiaries of the Buyer, but only if such subsidiaries are consolidated with the Buyer in its financial statements prepared in accordance with generally accepted accounting principles and if the investments of such subsidiaries are managed under the Buyer's direction. However, such securities were not included if the Buyer is a majority-owned, consolidated subsidiary of another enterprise and the Buyer is not itself a reporting company under the Securities and Exchange Act of 1934.
5. The Buyer acknowledges that it is familiar with Rule 144A and understands that the seller to it and other parties related to the Securities are relying and will continue to rely on the statements made herein because one or more sales to the Buyer may be in reliance on Rule 144A.

Will the Buyer be purchasing the Rule 144A Securities only for the Buyer's own account?

Yes No

6. If the answer to the foregoing question is "no", the Buyer agrees that, in connection with any purchase of securities sold to the Buyer for the account of a third party (including any separate account) in reliance on Rule 144A, the Buyer will only purchase for the account of a third party that at the time is a "qualified institutional buyer" within the meaning of Rule 144A. In addition, the Buyer agrees that the Buyer will not purchase securities for a third party unless the Buyer has obtained a current representation letter from such third party or taken other appropriate steps contemplated by Rule 144A to conclude that such third party independently meets the definition of "qualified institutional buyer" set forth in Rule 144A.
7. The Buyer will notify each of the parties to which this certification is made of any changes in the information and conclusions herein. Until such notice is given, the Buyer's purchase of Rule 144A Securities will constitute a reaffirmation of this certification as of the date of such purchase.

Print Name of Buyer

By: _____

Name:

Title:

Date: _____

QUALIFIED INSTITUTIONAL BUYER STATUS UNDER SEC RULE 144A

[For Buyers That Are Registered Investment Companies]

The undersigned hereby certifies as follows in connection with the Rule 144A investment representation to which this certification is attached:

1. As indicated below, the undersigned is the President, Chief Financial Officer or Senior Vice President of the Buyer or, if the Buyer is a “qualified institutional buyer” as that term is defined in Rule 144A under the Securities Act of 1933 (“Rule 144A”) because Buyer is part of a family of investment companies (as defined below), is such an officer of the adviser.
2. In connection with purchases by Buyer, the Buyer is a “qualified institutional buyer” as defined in SEC Rule 144A because (i) the Buyer is an investment company registered under the Investment Company Act of 1940, and (ii) as marked below, the Buyer alone, or the Buyer’s family of Investment Companies, owned at least \$100,000,000 in securities (other than the excluded securities referred to below) as of the end of the Buyer’s most recent fiscal year. For purposes of determining the amount of securities owned by the Buyer of the Buyer’s family of Investment Companies, the cost of such securities was used.

_____ The Buyer owned \$_____ in securities (other than the excluded securities referred to below) as of the end of the Buyer’s most recent fiscal year (such amount being calculated in accordance with Rule 144A).

_____ The Buyer is part of a Family of Investment Companies which owned in the aggregate \$_____ in securities (other than the excluded securities referred to below) as of the end of the Buyer’s most recent fiscal year (such amount being calculated in accordance with Rule 144A).

3. The term “Family of Investment Companies” as used herein means two or more registered investment companies (or series thereof) that have the same investment advisor or investment advisers that are affiliated (by virtue of being majority owned subsidiaries of the same parent or because one investment adviser is a majority owned subsidiary of the other).
4. The term “Securities” as used herein does not include (i) securities of issuers that are affiliated with the Buyer or are part of the Buyer’s Family of Investment Companies, (ii) bank deposit notes and certificates of deposit, (iii) loan participations, (iv) repurchase agreements, (v) securities owned but subject to a repurchase agreement and (vi) currency, interest rate and commodity swaps.
5. The Buyer is familiar with Rule 144A and understands that each of the parties to which this certification is made are relying and will continue to rely on the statements made herein because one or more sales to the Buyer will be in reliance on Rule 144A. In addition, the Buyer will only purchase for the Buyer’s own account.
6. The undersigned will notify each of the parties to which this certification is made of any changes in the information and conclusions herein. Until such notice, the Buyer’s purchase of Rule 144A securities will constitute a reaffirmation of this certification by the undersigned as of the date of such purchase.

PRINT NAME OF BUYER

BY: _____
NAME:
TITLE:

DATE: _____

IF AN ADVISER:

PRINT NAME OF BUYER

DATE: _____

FORM OF ERISA TRANSFER AFFIDAVIT

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

The undersigned, being first duly sworn, deposes and says as follows:

1. The undersigned is the _____ of (the “Investor”), a [corporation duly organized] and existing under the laws of _____, on behalf of which he makes this affidavit,
2. The Investor is not acquiring either the Trust Certificate or the Class X Certificate of Saxon Asset Securities Trust 2006-1 (the “Trust”) for, or with the assets of, an employee benefit plan or other retirement arrangement that is subject to Section 406 of The Employee Retirement Income Security Act of 1974, as amended or Section 4975 of the Internal Revenue Code of 1986, as amended, or any substantially similar law, or any entity deemed to hold the plan assets of the foregoing.
3. The Investor hereby acknowledges that under the terms of the Trust Agreement, dated as of April 1, 2006, under which the Trust was formed and the Trust Certificate and the Class X Certificate were issued, no transfer of the Trust Certificate or the Class X Certificate shall be permitted to be made to any person unless Wilmington Trust Company, as Owner Trustee of the Trust, has received a certificate from such transferee in the form hereof.



IN WITNESS WHEREOF, the Investor has caused this instrument to be executed on its behalf, pursuant to proper authority, by its duly authorized officer, duly attested, this ____ day of _____ 200__

[Investor]

By: _____
Name:
Title:

ATTEST:

STATE OF)
) ss:
COUNTY OF)

Personally appeared before me the above-named _____, known or proved to me to be the same person who executed the foregoing instrument and to be the _____ of the Investor, and acknowledged that he executed the same as his free act and deed and the free act and deed of the Investor.

Subscribed and sworn before me this ____ day of _____ 200__.

NOTARY PUBLIC

My commission expires the
____ day of _____ 20__.

FORM OF REPRESENTATION AND WARRANTY REGARDING TRANSFEREE' S STATUS AS A REIT OR QUALIFIED REIT SUBSIDIARY

This representation and warranty is delivered pursuant to Section 3.03 of the Trust Agreement dated as of April 1, 2006 (the "Agreement"), among Saxon Asset Securities Company, as depositor (the "Depositor"), Wilmington Trust Company, as owner trustee (the "Owner Trustee") and Deutsche Bank Trust Company Americas, as trust administrator (the "Administrator"), in connection with the transfer by [Saxon Asset Securities Trust 2006-1 (the "Trust") to the undersigned] [the [transferor] to the undersigned] as a beneficial owner (the "Beneficial Owner") of a Trust Certificate and a Class X Certificate. Capitalized terms used but not defined in this document have the meanings ascribed to them in the Agreement.

The Beneficial Owner hereby certifies that it has received a copy of the Agreement and that it understands the restrictions on transferability of the Trust Certificates and the Class X Certificates set forth in Section 3.03 of the Agreement. In connection with the transfer of the Trust Certificate and the Class X Certificate to the Beneficial Owner, the Beneficial Owner represents and warrants that:

- (1) The Beneficial Owner either (i) qualifies for taxation as a real estate investment trust (a "REIT") within the meaning of Sections 856 and 857 of the Internal Revenue Code of 1986, as amended (the "Code") or (ii) is a Qualified REIT Subsidiary within the meaning of Section 856(i) of the Code.
- (2) Notwithstanding anything in the Agreement to the contrary, the Beneficial Owner hereby warrants that the Beneficial Owner shall indemnify the Trust for any income tax imposed upon the Trust due to the Beneficial Owner' s failure to qualify as a REIT or as a Qualified REIT Subsidiary at any time at which such Beneficial Owner owns a Trust Certificate or a Class X Certificate.
- (3) The Beneficial Owner hereby agrees to be subject to the provisions governing events of default set out in the Indenture between Saxon Asset Securities Trust 2006-1 (the "Trust"), as issuer, and Deutsche Bank Trust Company Americas, as indenture trustee, dated as of April 1, 2006.
- (4) The Beneficial Owner hereby agrees to notify the Trust within sixty (60) days of the date on which the Beneficial Owner discovers that it has failed to qualify as a REIT or as a Qualified REIT Subsidiary at any time at which the Beneficial Owner owns a Trust Certificate or a Class X Certificate.
- (5) The Beneficial Owner hereby acknowledges that under the terms of the Agreement, no transfer of a Trust Certificate or a Class X Certificate shall be permitted to be made to any person so long as any Note is Outstanding unless the Certificate Registrar has received a certificate from such transferee to the effect that such transferee is a REIT or a Qualified REIT Subsidiary and such person acquires a 100% beneficial interest in both the Trust Certificate and the Class X Certificate.
- (6) The Beneficial Owner will not transfer a Trust Certificate or a Class X Certificate to any person or entity (i) as to which the Purchaser has reason to believe does not satisfy the requirements set forth in this affidavit, and (ii) without obtaining from the prospective Purchaser an affidavit substantially in this form and providing to the Certificate Registrar a written statement substantially in the form of Exhibit F to the Agreement.
- (7) The Beneficial Owner will not transfer a Trust Certificate or a Class X Certificate to any person or entity unless the transferee would hold a 100% Percentage Interest in both the Class X Certificate and the Trust Certificate.
- (8) The Holder of a Trust Certificate or a Class X Certificate will not take any action or inaction that would cause the Trust to be subject to any United States federal income taxation.

INDENTURE

Between

SAXON ASSET SECURITIES TRUST 2006-1
as Issuer

and

DEUTSCHE BANK TRUST COMPANY AMERICAS
as Indenture Trustee

Dated as of April 1, 2006

SAXON ASSET SECURITIES TRUST 2006-1,
MORTGAGE LOAN ASSET BACKED NOTES, SERIES 2006-1

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EXHIBIT A	Form of Notes
EXHIBIT B	Form of ERISA Transfer Affidavit
EXHIBIT C	Servicing Criteria to be Addressed in Assessment of Compliance

This Indenture dated as of April 1, 2006, is between SAXON ASSET SECURITIES TRUST 2006-1, a Delaware statutory trust, as Issuer (the "Issuer"), and DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, as indenture trustee and not in its individual capacity (the "Indenture Trustee"),

Each party agrees as follows for the benefit of the other party and for the benefit of the holders of the Notes:

GRANTING CLAUSE

Subject to the terms of this Indenture, the Issuer hereby Grants on the Closing Date to the Indenture Trustee, as Indenture Trustee for the benefit of the Holders of the Notes, all of the Issuer's right, title and interest in and to: (i) the Trust Estate (as defined in the Sale and Servicing Agreement); (ii) the Issuer's rights and benefits but none of its obligations under the Sale and Servicing Agreement; (iii) the Issuer's rights and benefits but none of its obligations under the Administration Agreement; (iv) all other property of the Issuer from time to time; and (v) all present and future claims, demands, causes of action and choses in action in respect of any or all of the foregoing and all payments on or under and all proceeds of every kind and nature whatsoever in respect of any or all of the foregoing, including all proceeds of the conversion thereof, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, insurance proceeds, condemnation awards, rights to payment of any and every kind and other forms of obligations and receivables, instruments and other property which at any time constitute all or part of or are included in the proceeds of any of the foregoing (collectively, the "Collateral").

The foregoing Grant is made in trust to secure the payment of principal of and interest on, and any other amounts owing in respect of, the Notes and to secure (i) the payment of all amounts due on the Notes in accordance with their terms, (ii) the payment of all other sums payable under the Indenture with respect to the Notes, and (iii) compliance with the provisions of this Indenture, all as provided in this Indenture.

The Indenture Trustee, as indenture trustee on behalf of the Noteholders, acknowledges such Grant, accepts the trusts hereunder and agrees to perform the duties required of it in this Indenture in accordance with its terms.

Each Noteholder, by acceptance of the Notes, and the Indenture Trustee agree and acknowledge that each item of Collateral that is physically delivered to the Indenture Trustee will be held by the Indenture Trustee (or its custodian) in trust for the benefit of the Noteholders under the terms of this Agreement.

ARTICLE I. DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01. Definitions.

Except as otherwise specified herein or as the context may otherwise require, (i) capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Sale and Servicing Agreement for all purposes of this Indenture and (ii) the following terms have the respective meanings set forth below for all purposes of this Indenture.

Act: The meaning specified in Section 11.03(a).

Actual Knowledge: With respect to the Indenture Trustee or the Administrator, any officer within the Corporate Trust Office of the Indenture Trustee or the Administrator responsible for performing obligations hereunder, or under the Operative Agreements, who has actual knowledge of an action taken or an action not taken with regard to the Issuer. Actions taken or actions not taken of which the Indenture Trustee or the Administrator should have had knowledge, or has constructive knowledge, do not meet the definition of Actual Knowledge hereunder.

Administration Agreement: The Administration Agreement dated as of April 1, 2006 among the Issuer, the Administrator, Wilmington Trust Company, as owner trustee and the Depositor.

Administrator: Deutsche Bank Trust Company Americas, or any successor thereto.

Affiliate: With respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

Authorized Officer: With respect to the Issuer, (i) any officer of the Owner Trustee who is authorized to act for the Owner Trustee in matters relating to the Issuer and who is identified on the list of Authorized Officers delivered by the Owner Trustee to the Indenture Trustee on the Closing Date (as such list may be modified or supplemented from time to time thereafter) (ii) so long as the Administration Agreement is in effect, any Vice President, trust officer or other officer of the Administrator or the Depositor who is authorized to act for the Administrator or the Depositor in matters relating to the Issuer and to be acted upon by the Administrator or the Depositor pursuant to the Administration Agreement and who is identified on the list of Authorized Officers delivered by the Administrator and the Depositor to the Indenture Trustee on the Closing Date (as such list may be modified or supplemented from time to time thereafter) and (iii) any Officer of the Trust pursuant to Section 11.01 of the Trust Agreement.

Book-Entry Notes: A beneficial interest in any Class of Notes, ownership and transfers of which shall be made through book entries by a Clearing Agency as described in Section 2.09.

Certificate of Trust: The certificate of trust of the Issuer substantially in the form of Exhibit C to the Trust Agreement.

Certificates: As defined in the Trust Agreement.

Class: All Notes bearing the same class designation.

Class A Notes: The Class A-1, Class A-2A, Class A-2B, Class A-2C and Class A-2D Notes issued under this Indenture.

Class A-1 Notes: The Class A-1 Notes due March 25, 2036 issued under this Indenture in the original aggregate principal amount set forth in Section 2.02.

Class A-2A Notes: The Class A-2A Notes due March 25, 2036 issued under this Indenture in the original aggregate principal amount set forth in Section 2.02.

Class A-2B Notes: The Class A-2B Notes due March 25, 2036 issued under this Indenture in the original aggregate principal amount set forth in Section 2.02.

Class A-2C Notes: The Class A-2C Notes due March 25, 2036 issued under this Indenture in the original aggregate principal amount set forth in Section 2.02.

Class A-2D Notes: The Class A-2D Notes due March 25, 2036 issued under this Indenture in the original aggregate principal amount set forth in Section 2.02.

Class B Notes: The Class B-1, Class B-2 and Class B-3 Notes issued under this Indenture.

Class B-1 Notes: The Class B-1 Notes due March 25, 2036 issued under this Indenture in the original aggregate principal amount set forth in Section 2.02.

Class B-2 Notes: The Class B-2 Notes due March 25, 2036 issued under this Indenture in the original aggregate principal amount set forth in Section 2.02.

Class B-3 Notes: The Class B-3 Notes due March 25, 2036 issued under this Indenture in the original aggregate principal amount set forth in Section 2.02.

Class M Notes: The Class M-1, Class M-2, Class M-3, Class M-4 and Class M-5 Notes issued under this Indenture.

Class M-1 Notes: The Class M-1 Notes due March 25, 2036 issued under this Indenture in the original aggregate principal amount set forth in Section 2.02.

Class M-2 Notes: The Class M-2 Notes due March 25, 2036 issued under this Indenture in the original aggregate principal amount set forth in Section 2.02.

Class M-3 Notes: The Class M-3 Notes due March 25, 2036 issued under this Indenture in the original aggregate principal amount set forth in Section 2.02.

Class M-4 Notes: The Class M-4 Notes due March 25, 2036 issued under this Indenture in the original aggregate principal amount set forth in Section 2.02.

Class M-5 Notes: The Class M-5 Notes due March 25, 2036 issued under this Indenture in the original aggregate principal amount set forth in Section 2.02.

Class X Certificate: As defined in the Trust Agreement.

Clearing Agency: An organization registered as a “clearing agency” pursuant to Section 17A of the Securities Exchange Act of 1934, as amended. As of the Closing Date, the Clearing Agency shall be The Depository Trust Company.

Clearing Agency Participant: A broker, dealer, bank, other financial institution or other Person for which from time to time a Clearing Agency effects book-entry transfers and pledges of securities deposited with the Clearing Agency.

Collateral: The meaning specified in the Granting Clause of this Indenture.

Commission: The Securities and Exchange Commission.

Controlling Class Notes: The Class A Notes, as long as any Class A Notes are Outstanding, then the Class M-1 Notes, as long as any Class M-1 Notes are Outstanding, then the Class M-2 Notes, as long as any Class M-2 Notes are Outstanding, then the Class M-3 Notes, as long as any Class M-3 Notes are Outstanding, then the Class M-4 Notes, as long as any Class M-4 Notes are Outstanding, then the Class M-5 Notes, as long as any Class M-5 Notes are Outstanding, then the Class B-1 Notes, as long as any Class B-1 Notes are Outstanding, then the Class B-2 Notes, as long as any Class B-2 Notes are Outstanding, then the Class B-3 Notes, as long as any Class B-3 Notes are Outstanding.

Corporate Trust Office: The principal office of the Indenture Trustee at which at any particular time its corporate trust business shall be administered, which office at date of execution of this Agreement is located at 1761 East St. Andrew Place, Santa Ana, California 92705; Attention: Trust Administration – SX0601, or at such other address as the Indenture Trustee may designate from time to time by notice to the Noteholders, and the Issuer, or the principal corporate trust office of any successor Indenture Trustee at the address designated by such successor Indenture Trustee by notice to the Noteholders and the Issuer.

Default: Any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

Definitive Notes: The meaning specified in Section 2.09.

Depository: DTC or any other Person designated by the Issuer as Depository in the case of Book-Entry Notes.

Depository Institution: Any depository institution or trust company, including the Indenture Trustee, that (a) is incorporated under the laws of the United States of America or any State thereof, (b) is subject to supervision and examination by federal or state banking authorities and (c) has outstanding unsecured commercial paper or other short-term unsecured debt obligations that are rated in the highest rating category by each Rating Agency, or is otherwise acceptable to each Rating Agency.

DTC: The Depository Trust Company.

ERISA: The Employee Retirement Income Security Act of 1974, as amended.

Event of Default: As specified in Section 5.01.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Executive Officer: With respect to any corporation, the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Executive Vice President, any Vice President, the Secretary or the Treasurer of such corporation; and with respect to any partnership, any general partner thereof.

Global Securities: The meaning specified in Section 2.01.

Grant: Mortgage, pledge, bargain, sell, warrant, alienate, remise, release, convey, assign, transfer, create, and grant a lien upon and a security interest in and right of set-off against, deposit, set over and confirm pursuant to this Indenture. A Grant of the Collateral or of any other agreement or instrument shall include all rights, powers and options (but none of the obligations) of the granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for principal and interest payments in respect of the Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the granting party or otherwise, and generally to do and receive anything that the granting party is or may be entitled to do or receive thereunder or with respect thereto.

Holder or Noteholder: The registered holder of any Note as recorded on the books of the Note Registrar except that, solely for the purposes of taking any action or giving any consent pursuant to this Agreement or the Sale and Servicing Agreement, any Note registered in the name of the Indenture Trustee or any Affiliate thereof shall be deemed not to be outstanding in determining whether the requisite percentage necessary to effect any such consent has been obtained, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such consent, only Notes which a Responsible Officer of the Indenture Trustee has Actual Knowledge to be so held shall be disregarded.

Independent: When used with respect to any specified Person, that such Person (a) is in fact independent of the Issuer, any other obligor on the Notes and any Affiliate of any of the foregoing Persons, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

Independent Certificate: A certificate or opinion to be delivered to the Indenture Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of Section 11.01, made by an Independent appraiser or other expert appointed by an Issuer Order, and such opinion or certificate shall state that the signer has read the definition of "Independent" in this Indenture and that the signer is Independent within the meaning thereof.

Issuer: Saxon Asset Securities Trust 2006-1, or any successor and, for purposes of any provision contained herein and required by the TIA, each other obligor on the Notes.

Issuer Order and Issuer Request: A written order or request signed in the name of the Issuer by any one of its Authorized Officers and delivered to the Indenture Trustee.

Majority Controlling Class Noteholders: On any date, the Holders of more than 50% of the Class Principal Balance of outstanding Controlling Class Notes.

Maturity Date: The Payment Date in March 2036.

Non-Priority Class: As of any date of determination, any outstanding Class of Notes other than the Controlling Class Notes.

Note Owner: With respect to a Book-Entry Note, the Person who is the beneficial owner of such Book-Entry Note, as reflected on the books of the Clearing Agency or on the books of a Person maintaining an account with such Clearing Agency (directly as a Clearing Agency Participant or as an indirect participant, in each case in accordance with the rules of such Clearing Agency).

Note Register and Note Registrar: The respective meanings specified in Section 2.03.

Notes: The notes of all Classes issued under this Indenture.

Officer's Certificate: A certificate signed by any Authorized Officer of the Issuer (or by an officer of the Depositor pursuant to the Administration Agreement), under the circumstances described in, and otherwise complying with, the applicable requirements of Section 11.01, and delivered to the Indenture Trustee.

Opinion of Counsel: One or more written opinions of counsel, which counsel may, except as otherwise expressly provided in this Indenture, be an employee or employees of or counsel to the Issuer and who shall be satisfactory to the Indenture Trustee, which opinion or opinions shall be addressed to the Indenture Trustee, as Indenture Trustee, and shall comply with any applicable requirements of Section 11.01 and shall be in form and substance satisfactory to the Indenture Trustee.

Outstanding: With respect to any Note and as of any date of determination, any Note theretofore authenticated and delivered under this Indenture except:

- (i) Notes theretofore canceled by the Note Registrar or delivered to the Note Registrar for cancellation;
- (ii) Notes or portions thereof the payment for which money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the related Noteholders; and
- (iii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture unless proof satisfactory to the Indenture Trustee is presented that any such Notes are held by a bona fide purchaser; provided, that in determining whether the Holders of the requisite Outstanding Amount of the Notes have given any request, demand, authorization, direction, notice, consent, or waiver hereunder or under any other Operative Agreement, Notes owned by the Issuer, any other obligor upon the Notes or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, or waiver, only Notes that a Responsible Officer of the Indenture Trustee has Actual Knowledge to be so owned shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Indenture Trustee the pledgee's right so to act with respect to such Notes and that the pledgee is not the Issuer, any other obligor upon the Notes or any Affiliate of any of the foregoing Persons.

Outstanding Amount: The aggregate of the Note Principal Balances of all Notes, or of all Notes of a Class, as applicable, Outstanding at the date of determination.

Percentage Interest: As defined in the Sale and Servicing Agreement.

Predecessor Note: With respect to any particular Note, every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purpose of this definition, any Note authenticated and delivered under Section 2.04 in lieu of a mutilated, lost, destroyed or stolen Note shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

Proceeding: Any suit in equity, action at law or other judicial or administrative proceeding.

Qualified REIT Subsidiary: As defined in the Trust Agreement.

Rating: The rating assigned to a Class of Notes by a Rating Agency (which shall initially be the Required Rating), as evidenced by a letter from such Rating Agency.

Rating Agency Condition: With respect to any action to which the Rating Agency Condition applies, that each Rating Agency shall have been given 10 days (or such shorter period acceptable to the applicable Rating Agency) prior notice of any action to which the Rating Agency Condition applies and that such Rating Agency shall have notified the Depositor, the Owner Trustee, the Indenture Trustee and the Administrator in writing that such proposed action will not result in a reduction or withdrawal of the then current rating of the applicable Class or Classes of Notes (if then rated).

Record Date: With respect to Fixed Rate Notes and any Payment Date, the close of business on the last Business Day of the month preceding the month in which such Payment Date occurs. With respect to Variable Rate Notes and any Payment Date, the close of business on the Business Day immediately preceding such Payment Date; *provided* that if any such Variable Rate Notes are no longer Book-Entry Notes, the Record Date shall be the close of business on the last Business Day of the month preceding the month in which such Payment Date occurs.

Redemption Date: In the case of a redemption of the Notes pursuant to Section 10.01(b) hereof, the Payment Date specified by the Indenture Trustee pursuant to Section 10.02.

Redemption Price: As defined in the Sale and Servicing Agreement.

Registered Holder: The Person in whose name a Note is registered on the Note Register on the applicable Record Date.

Registered Notes: Those Notes which are in registered form. Each of the Notes will be registered Notes.

REIT: As defined in the Trust Agreement.

Required Rating: The Notes have received, on the Closing Date, the following ratings from the Rating Agencies:

<u>Class</u>	<u>Moody' s Rating</u>	<u>S&P Rating</u>
A-1	Aaa	AAA
A-2A	Aaa	AAA
A-2B	Aaa	AAA
A-2C	Aaa	AAA
A-2D	Aaa	AAA
M-1	Aa2	AA
M-2	Aa3	AA
M-3	A1	AA-
M-4	A2	A+
M-5	A3	A

B-1	Baa1	A-
B-2	Baa2	BBB
B-3	Baa3	BBB-

Retained Note: Any Note held by a person that, for federal income tax purposes, owns or is treated as owning a 100% Percentage Interest of the Class X Certificate and the Trust Certificate.

Sale and Servicing Agreement: The Sale and Servicing Agreement dated as of April 1, 2006, among the Issuer, the Servicer, the Depositor, the Indenture Trustee and the Master Servicer, as such agreement may be amended or supplemented from time to time.

Servicer: Saxon Mortgage Services, Inc., a Texas corporation, and its permitted successors and assigns.

SFM: Saxon Funding Management, Inc., a Delaware corporation.

State: Any one of the 50 States of the United States of America or the District of Columbia.

Trust Certificate: As defined in the Trust Agreement.

Trust Indenture Act or TIA: The Trust Indenture Act of 1939 as in force on the date hereof, unless otherwise specifically provided.

United States: The United States of America.

U.S. Person: A citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any State (other than a partnership that is not treated as a U.S. Person under any applicable Treasury regulations), or an estate whose income is subject to United States federal income tax regardless of its source, or a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. Persons have the authority to control all substantial decisions of the trust. Notwithstanding the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996 and treated as U.S. Persons prior to such date that elect to continue to be treated as U.S. Persons also will be U.S. Persons.

Section 1.02. Incorporation by Reference of Trust Indenture Act.

(a) Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

“Commission” means the Securities and Exchange Commission.

“indenture securities” means the Notes.

“indenture security holder” means a Noteholder.

“indenture to be qualified” means this Indenture.

“indenture trustee” or “institutional trustee” means the Indenture Trustee.

“obligor” on the indenture securities means the Issuer and any other obligor on the indenture securities.

(b) All other TIA terms used in this Indenture that are defined in the TIA, defined by TIA reference to another statute or defined by rule of the Securities and Exchange Commission have the respective meanings assigned to them by such definitions.

Section 1.03. Rules of Construction. Unless the context otherwise requires:

- (i) a term has the meaning assigned to it;
- (ii) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles as in effect from time to time;
- (iii) “or” is not exclusive;
- (iv) “including” means including without limitation;
- (v) words in the singular include the plural and words in the plural include the singular;
- (vi) any agreement, instrument or statute defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as from time to time amended, modified or supplemented (as provided in such agreements) and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; references to a Person are also to its permitted successors and assigns;
- (vii) terms defined in the UCC and not otherwise defined herein shall have the meaning assigned to them in the UCC; and
- (viii) “U.S. dollars,” “dollars,” or the sign “\$” shall be construed as references to United States dollars which are freely transferable by residents and non-residents of the United States of America and convertible by such persons into any other freely convertible currency unless such transferability or convertibility is restricted by any law or regulation of general application in which event references to “U.S. dollars,” “dollars,” or the sign “\$” shall be construed as references to 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 in the United States of America, and “cents” shall be construed accordingly.

ARTICLE II. THE NOTES

Section 2.01. Form. The Notes shall be designated as the “Saxon Asset Securities Trust 2006-1 Mortgage Loan Asset Backed Notes, Series 2006-1.” Each Class of Notes, together with the Indenture Trustee’s certificate of authentication, shall be in substantially the applicable forms set forth in Exhibit A, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their execution thereof. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

The Definitive Notes and the global certificates (“Global Securities”) representing the Book-Entry Notes shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders), all as determined by the officers executing such Notes, as evidenced by their execution of such Notes.

The Notes shall be issued as registered Notes. The Class A Notes, except as otherwise provided by supplement to this Indenture, shall be issued in a denomination of at least \$25,000 in original principal amount and integral multiples of \$1,000 in excess thereof. The Class B Notes and the M Notes, except as otherwise provided by supplement to this Indenture, shall be issued in minimum denominations of at least \$100,000 in original principal amount and integral multiples of \$1,000 in excess thereof. If the Notes are issuable in whole or in part as Book-Entry Notes, any such Note may provide that it shall represent the aggregate amount of Outstanding Notes from time to time endorsed thereon and may provide that the aggregate amount of Outstanding Notes represented thereby may from time

to time be reduced to reflect exchanges or increased to reflect the issuance of an additional principal amount of Notes. Any endorsement of a Book-Entry Note to reflect the amount, or any increase or decrease in the amount, of Outstanding Notes represented thereby shall be made in such manner and by such Person or Persons, as shall be specified therein or in the Issuer Order of authentication delivered to the Indenture Trustee.

The terms of the Notes set forth in Exhibit A are part of the terms of this Indenture.

Section 2.02. Execution, Authentication, Delivery and Dating. The Notes shall be executed on behalf of the Issuer by an Authorized Officer of the Owner Trustee or the Administrator. The signature of any such Authorized Officer on the Notes may be manual or facsimile.

Notes bearing the manual or facsimile signature of individuals who were at any time Authorized Officers of the Owner Trustee or the Administrator shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Notes or did not hold such offices at the date of such Notes.

Subject to the satisfaction of the conditions set forth in Section 2.08 hereof, the Indenture Trustee shall, upon Issuer Order, authenticate and deliver the Notes for original issue in the aggregate principal amounts with respect to each Class as specified below:

<u>Class</u>	<u>Class Principal Balance</u>
A-1	\$199,612,000
A-2A	\$125,644,000
A-2B	\$ 20,671,000
A-2C	\$ 44,178,000
A-2D	\$ 9,124,000
M-1	\$ 36,748,000
M-2	\$ 10,499,000
M-3	\$ 9,499,000
M-4	\$ 9,250,000
M-5	\$ 8,250,000
B-1	\$ 8,250,000
B-2	\$ 7,500,000
B-3	\$ 5,500,000

The aggregate principal amounts of such Classes of Notes outstanding at any time may not exceed such respective amounts.

The Notes that are authenticated and delivered by the Indenture Trustee to or upon the order of the Issuer on the Closing Date shall be dated the Closing Date. All other Notes that are authenticated after the Closing Date as a result of transfer or exchange or for any other purpose under the Indenture shall be dated the date of their authentication.

No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on such Note a certificate of authentication (substantially in the form provided for in the forms of Notes at Exhibit A) executed by the Indenture Trustee by the manual signature of one of its authorized signatories, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

Section 2.03. Registration; Registration of Transfer and Exchange. The Issuer shall cause to be kept a register (the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Notes and the registration of transfers of Notes. The Indenture Trustee initially shall be the "Note Registrar" for the purpose of registering Notes and transfers of Notes as herein provided. Upon any

resignation of any Note Registrar, the Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of Note Registrar.

If a Person other than the Indenture Trustee is appointed by the Issuer as Note Registrar, the Issuer will give the Indenture Trustee prompt written notice of the appointment of such Note Registrar and of the location, and any change in the location, of the Note Register, and the Indenture Trustee shall have the right to inspect the Note Register at all reasonable times and to obtain copies thereof, and the Indenture Trustee shall have the right to conclusively rely upon a certificate executed on behalf of the Note Registrar by an Executive Officer thereof as to the names and addresses of the Holders of the Notes and the principal amounts and number of such Notes.

Upon surrender for registration of transfer of any Note at the office or agency of the Issuer to be maintained as provided in Section 3.02, the Issuer shall execute, and the Indenture Trustee shall authenticate and the Noteholder shall be entitled to obtain from the Indenture Trustee, in the name of the designated transferee or transferees, one or more new Notes of the same Class in any authorized denominations, of a like aggregate principal amount. At the option of the Holder, Notes may be exchanged for other Notes of the same Class in any authorized denominations, of a like aggregate principal amount, upon surrender of the Notes to be exchanged at such office or agency. Whenever any Notes are so surrendered for exchange, the Issuer shall execute, and the Indenture Trustee shall authenticate and the Noteholder shall be entitled to obtain from the Indenture Trustee, the Notes which the Noteholder making the exchange is entitled to receive.

Except for a transfer made to SFM or to an affiliate of SFM, no transfer of a Note in the form of a Definitive Note shall be made unless the Note Registrar shall have received a representation from the transferee of such Note, acceptable to and in form and substance satisfactory to the Note Registrar and the Depositor (such requirement is satisfied only by the Note Registrar's receipt of a transfer affidavit from the transferee substantially in the form of Exhibit B hereto), to the effect that such transferee (i) is not acquiring such Note for, or with the assets of, an employee benefit plan or other retirement arrangement that is subject to Section 406 of ERISA or Section 4975 of the Code or any substantially similar law ("Similar Law"), or any entity deemed to hold the plan assets of the foregoing (collectively, "Benefit Plans"), or (ii) its acquisition and holding of such Note for, or with the assets of, a Benefit Plan will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code which is not covered under Prohibited Transaction Class Exemption ("PTCE") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23 or some other applicable exemption, and will not result in a non-exempt violation of any Similar Law.

In the case of a Note that is a Book-Entry Note, for purposes of clauses (i) or (ii) of the first sentence of the preceding paragraph, such representations shall be deemed to have been made to the Note Registrar by the transferee's acceptance of such Note that is also a Book-Entry Note (or the acceptance by a Note Holder of the beneficial interest in such Note).

To the extent permitted under applicable law (including, but not limited to, ERISA), neither the Indenture Trustee nor the Note Registrar shall have any liability to any Person for any registration of transfer of any Note that is in fact not permitted by this Section 2.03 or for making any payments due on such Note to the Holder thereof or taking any other action with respect to such Holder under the provisions of this Agreement. In addition, neither the Indenture Trustee nor the Note Registrar shall be required to monitor, determine or inquire as to compliance with the transfer restrictions with respect to any Note in the form of a Book-Entry Note, and neither the Indenture Trustee nor the Note Registrar shall have any liability for transfers of a Book-Entry Note or any interest therein made in violation of the restrictions on transfer described in the Prospectus Supplement and this Agreement.

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

Any Note presented or surrendered for registration of transfer or exchange shall be duly endorsed by, or be accompanied by a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by an "eligible

guarantor institution” meeting the requirements of the Note Registrar, which requirements include membership or participation in the Securities Transfer Agent’s Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Note Registrar in addition to, or in substitution for, STAMP, all in accordance with the Exchange Act.

No service charge shall be made to a Noteholder for any registration of transfer or exchange of Notes, but the Issuer or the Note Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Notes, other than exchanges pursuant to Section 2.04 or Section 9.06 not involving any transfer.

The preceding provisions of this Section notwithstanding, the Issuer shall not be required to make and the Note Registrar need not register transfers or exchanges of Notes for a period of 15 days preceding the Payment Date for any payment with respect to such Note.

Section 2.04. Mutilated, Destroyed, Lost or Stolen Notes. If (i) any mutilated Note is surrendered to the Indenture Trustee, or the Indenture Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Indenture Trustee such security or indemnity as may be required by it to hold the Issuer and the Indenture Trustee harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a bona fide purchaser, the Issuer shall execute, and upon its request the Indenture Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a replacement Note of the same Class; *provided, however*, that if any such destroyed, lost or stolen Note, but not a mutilated Note, shall have become or within seven days shall be due and payable, instead of issuing a replacement Note, the Issuer may pay such destroyed, lost or stolen Note when so due or payable without surrender thereof. If, after the delivery of such replacement Note or payment of a destroyed, lost or stolen Note pursuant to the proviso to the preceding sentence, a bona fide purchaser of the original Note in lieu of which such replacement Note was issued presents for payment such original Note, the Issuer and the Indenture Trustee shall be entitled to recover such replacement Note (or such payment) from the Person to whom it was delivered or any Person taking such replacement Note from such Person to whom such replacement Note was delivered or any assignee of such Person, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Indenture Trustee in connection therewith.

Upon the issuance of any replacement Note under this Section, the Issuer may require the payment by the Holder of such Note of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

Every replacement Note issued pursuant to this Section in replacement of any mutilated, destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

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

Section 2.05. Persons Deemed Owners. Prior to due presentment for registration of transfer of any Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name any Note is registered (as of the day of determination) as the owner of such Note for the purpose of receiving payments of principal of and interest, if any, on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee or any agent of the Issuer or the Indenture Trustee shall be affected by notice to the contrary.

Section 2.06. Payment of Principal and Interest. (a) Each Class of Notes shall accrue interest at the Interest Rate as set forth in the Sale and Servicing Agreement, and such interest shall be payable on each Payment

Date, subject to Section 3.01. All interest payments on each Class of Notes shall be made *pro rata* to the Noteholders of such Class entitled thereto. Any installment of interest or principal payable on any Note shall be paid on the applicable Payment Date to the Person in whose name such Note (or one or more Predecessor Notes) is registered on the Record Date by check mailed first-class postage prepaid to such Person's address as it appears on the Note Register on such Record Date or, upon written request made to the Indenture Trustee at least five Business Days prior to the related Record Date, by the Holder of a Note by wire transfer in immediately available funds to an account specified in the request and at the expense of such Noteholder, except that, unless Definitive Notes have been issued pursuant to Section 2.11, with respect to Notes registered on the Record Date in the name of the nominee of the Clearing Agency (initially, such nominee to be Cede & Co.), payment will be made by wire transfer in immediately available funds to the account designated by such nominee, except for the final installment of principal payable with respect to such Note on a Payment Date or on the applicable Maturity Date for such Class of Notes (and except for the Redemption Price for any Note being redeemed pursuant to Section 10.01 hereof), which shall be payable as provided below. The funds represented by any such checks returned undelivered shall be held in accordance with Section 3.03.

The principal of each Note shall be payable in installments on each Payment Date as provided in the Sale and Servicing Agreement and in the forms of the Notes set forth in Exhibit A hereto. Notwithstanding the foregoing, the entire unpaid principal amount of a Class of Notes, shall be due and payable, if not previously paid, on the earlier of (i) the applicable Maturity Date, (ii) the applicable Redemption Date following an Optional Redemption pursuant to Section 7.2 of the Sale and Servicing Agreement, or (iii) the date on which an Event of Default shall have occurred and be continuing, if the Indenture Trustee or the Majority Controlling Class Noteholders shall have declared the Notes to be immediately due and payable in the manner provided in Section 5.02 hereof.

On each Payment Date, all principal payments on each Class of Notes shall be made *pro rata* to the Noteholders of such Class entitled thereto based on their respective Note Principal Balances immediately prior to such Payment Date. The Indenture Trustee shall notify the Person in whose name a Note is registered at the close of business on the Record Date preceding the Payment Date on which the Issuer expects that the final installment of principal of and interest on such Note will be paid. Such notice shall be mailed or transmitted by facsimile prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of such Note and shall specify the place where such Note may be presented and surrendered for payment of such installment. Notices in connection with redemptions of Notes shall be mailed to Noteholders as provided in Section 10.02 hereof.

Section 2.07. Cancellation. All Notes surrendered for payment, registration of transfer or exchange shall, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and shall be promptly canceled by the Indenture Trustee. The Issuer shall deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly canceled by the Indenture Trustee. No Notes shall be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Notes may be held or disposed of by the Indenture Trustee in accordance with its standard retention or disposal policy as in effect at the time unless the Issuer shall direct by an Issuer Order that they be destroyed or returned to it; *provided*, that such Issuer Order is timely and the Notes have not been previously disposed of by the Indenture Trustee.

Section 2.08. Authentication of Notes.

(a) The Notes shall be authenticated by the Indenture Trustee, upon Issuer Request and upon receipt by the Indenture Trustee of the following:

- (i) An Issuer Order authorizing the execution and authentication of such Notes;
- (ii) All of the items of Collateral that are to be delivered to the Indenture Trustee or its designee;
- (iii)

An executed counterpart of the Trust Agreement, the Indenture, the Administration Agreement, and the Sale and Servicing Agreement and an executed original of the Class X Certificate, the Trust Certificate and the Certificate of Trust;

(iv) Except to the extent provided in subsection (b) below, Opinions of Counsel addressed to the Indenture Trustee to the effect that:

(A) the Issuer has been duly formed and is validly existing as a statutory trust under the laws of the State of Delaware, and has power, authority and legal right to execute and deliver this Indenture and the other Operative Agreements to which it is a party;

(B) the issuance of the Notes has been duly and validly authorized by the Issuer;

(C) the Notes, when executed and authenticated in accordance with the provisions of this Indenture and delivered against payment therefor, will be the legal, valid and binding obligations of the Issuer pursuant to the terms of this Indenture and will be entitled to the benefits of this Indenture, and will be enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent or preferential conveyance and other similar laws of general application affecting the rights of creditors generally and to general principles of equity (regardless of whether such enforcement is considered in a Proceeding in equity or at law);

(D) all conditions precedent provided for in this Indenture relating to the authentication of the Notes have been complied with;

(E) assuming due authorization, execution and delivery thereof by the Indenture Trustee, this Indenture has been duly executed and delivered by Issuer and constitutes the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent or preferential conveyance and other similar laws of general application affecting the rights of creditors generally and to general principles of equity (regardless of whether such enforcement is considered in a Proceeding in equity or at law);

(F) the Issuer is not required to be registered under the Investment Company Act of 1940, as amended;

(G) the Issuer will not be characterized as an association (or publicly traded partnership) taxable as a corporation;

(H) the provisions of this Indenture are sufficient to create a valid security interest in favor of the Indenture Trustee in the Collateral;

(I) this Indenture has been duly qualified under the Trust Indenture Act; and

(J) upon the filing of a Form UCC1 against the Issuer in the appropriate filing office in the State of Delaware, the Indenture Trustee will have a perfected, first priority security interest in the Mortgage Notes under the UCC.

(v) An Officer's Certificate of the Depositor on behalf of the Issuer complying with the requirements of Section 11.01 and stating that:

(A) the Issuer is not in Default under this Indenture and the issuance of the Notes will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument to which the

Issuer is a party or by which it is bound, or any order of any court or administrative agency entered in any Proceeding to which the Issuer is a party or by which it may be bound or to which it may be subject;

(B) the Issuer (i) has good and marketable title to the Mortgage Loans being Granted to the Indenture Trustee hereunder and has acquired its ownership in such Collateral in good faith without notice of any adverse claim, (ii) has not assigned, pledged or otherwise encumbered any interest or participation in the Mortgage Loans and has acquired its ownership in such Collateral in good faith without notice of any adverse claim (or, if any such interest or participation has been assigned, it has been released) other than interests Granted pursuant to this Indenture and (iii) has the right to Grant a security interest in and pledge all of its right, title and interest in the Mortgage Loans to the Indenture Trustee;

(C) this Indenture creates a valid and continuing security interest (as defined in the applicable Uniform Commercial Code) in the Mortgage Loans in favor of the Indenture Trustee on behalf of the Noteholders, which security interest is prior to all other liens, and is enforceable as such as against creditors of and purchasers from the Issuer;

(D) the Mortgage Notes constitute “instruments” and the Issuer’s rights under the Sale and Servicing Agreement and the Administration Agreement constitute “general intangibles” as such terms are defined in the applicable Uniform Commercial Code;

(E) the Issuer has Granted to the Indenture Trustee all of its right, title, and interest in the Collateral and has delivered or caused the same to be delivered to the Indenture Trustee registered in the name of the Indenture Trustee or the Custodian;

(F) other than the security interest Granted to the Indenture Trustee in the Collateral pursuant to the provisions to this Indenture, the Issuer has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any interest in the Collateral. The Issuer is not aware of any judgment or tax lien filings against the Issuer which would constitute a lien against the Collateral and has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement (i) relating to the security interest granted to the Indenture Trustee hereunder or (ii) that has been terminated;

(G) a Form UCC1 against the Issuer for the benefit of the Indenture Trustee and the Noteholders with respect to the Collateral shall be filed no later than ten days after the Closing Date and name the Indenture Trustee as secured party in such Collateral;

(H) none of the security certificates that constitute or evidence the Collateral have any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person other than the Indenture Trustee;

(I) attached thereto is a true and correct copy of each letter signed by each Rating Agency to the effect that the Notes have been assigned the Required Rating; and

(J) all conditions precedent provided for in this Indenture relating to the authentication and delivery of the Notes have been complied with.

(b) The representations and warranties made pursuant to the foregoing Officer’s Certificate shall survive the discharge of this Indenture and may not be waived by any party hereto. The Opinions of Counsel to be delivered pursuant to subsection (a)(iv) above may differ from the Opinions of Counsel described in such subsection so long as such Opinions of Counsel so delivered are acceptable to the Rating Agencies, which shall be conclusively evidenced

by the Rating Agencies' issuance of their letters pursuant to subsection (a)(v)(I) above and such acceptable opinions shall be deemed to be the Opinions of Counsel required pursuant to subsection (a)(iv) above.

Section 2.09. Book-Entry Notes. Each Class of Notes will be issued in the form of typewritten Notes or Global Securities representing the Book-Entry Notes, to be delivered to DTC, the initial Clearing Agency, by, or on behalf of, the Issuer. The Book-Entry Notes shall be registered initially on the Note Register in the name of Cede & Co., the nominee of DTC, and no owner thereof will receive a definitive Note representing such Note Owner's interest in such Note, except as provided in Section 2.11. Unless and until definitive, fully registered Notes (the "Definitive Notes") have been issued to such Note Owners pursuant to Section 2.11:

(i) the provisions of this Section shall be in full force and effect;

(ii) the Note Registrar and the Indenture Trustee shall be entitled to deal with the Clearing Agency for all purposes of this Indenture (including the payment of principal of and interest on the Notes and the giving of instructions or directions hereunder) as the sole Holder of the Notes, and shall have no obligation to the Note Owners;

(iii) to the extent that the provisions of this Section conflict with any other provisions of this Indenture, the provisions of this Section shall control;

(iv) the rights of Note Owners shall be exercised only through the Clearing Agency and shall be limited to those established by law and agreements between such Note Owners and the Clearing Agency and/or the Clearing Agency Participants pursuant to the procedures of the Clearing Agency. Unless and until Definitive Notes are issued pursuant to Section 2.11, the initial Clearing Agency will make Book-Entry transfers among the Clearing Agency Participants and receive and transmit payments of principal of and interest on the Notes to such Clearing Agency Participants; and

(v) whenever this Indenture requires or permits actions to be taken based upon instructions or directions of Holders of Notes evidencing a specified percentage of the Outstanding Amount of the Notes, the Clearing Agency shall be deemed to represent such percentage only to the extent that it has received instructions to such effect from Note Owners and/or Clearing Agency Participants owning or representing, respectively, such required percentage of the beneficial interest in the Notes and has delivered such instructions to the Indenture Trustee.

Section 2.10. Notices to Clearing Agency. Whenever a notice or other communication to the Noteholders is required under this Indenture, unless and until Definitive Notes shall have been issued to such Note Owners pursuant to Section 2.11, the Indenture Trustee shall give all such notices and communications specified herein to be given to Holders of the Notes to the Clearing Agency, and shall have no obligation to such Note Owners.

Section 2.11. Definitive Notes. If (i) DTC or the Issuer advises the Indenture Trustee in writing that the Clearing Agency is no longer willing or able to properly discharge its responsibilities with respect to the Book-Entry Notes and the Indenture Trustee is unable to locate a qualified successor or (ii) after the occurrence of an Event of Default, Owners of the Book-Entry Notes representing beneficial interests aggregating at least a majority of the Outstanding Amount of Book-Entry Notes advise the Clearing Agency in writing that the continuation of a Book-Entry system through the Clearing Agency is no longer in the best interests of such Note Owners, then the Clearing Agency shall notify all Note Owners and the Indenture Trustee of the occurrence of such event and of the availability of Definitive Notes to Note Owners requesting the same. Upon surrender to the Indenture Trustee of the typewritten Notes representing the Book-Entry Notes by the Clearing Agency, accompanied by registration instructions, the Issuer shall execute and the Indenture Trustee shall authenticate the Definitive Notes in accordance with the instructions of the Clearing Agency. None of the Issuer, the Note Registrar or the Indenture Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. Upon the issuance of Definitive Notes, the Indenture Trustee shall recognize the Holders of the Definitive Notes as Noteholders.

Section 2.12. Tax. The Issuer has entered into this Indenture, and the Notes will be issued, with the intention that, for federal, state and local income, single business and franchise tax purposes, the Notes will qualify as indebtedness secured by the Collateral (except that any Retained Note shall not be treated as outstanding indebtedness for such purposes). The Issuer, by entering into this Indenture, and each Noteholder, by its acceptance of a Note (and each Note Owner by its acceptance of an interest in the applicable Book-Entry Note), agree to treat the Notes for federal, state and local income, single business and franchise tax purposes in a manner consistent with this intention.

ARTICLE III.

COVENANTS

Section 3.01. Payment of Principal and Interest. The Issuer will duly and punctually pay (or will cause to be duly and punctually paid) the principal of and interest on the Notes in accordance with the terms of the Notes and this Indenture. Without limiting the foregoing, unless the Notes have been declared due and payable pursuant to Section 5.02 and monies collected by the Indenture Trustee are being applied in accordance with Section 5.04(b), subject to and in accordance with Section 8.02, the Issuer will cause to be paid amounts on deposit in the Payment Account on each Payment Date, pursuant to the Sale and Servicing Agreement and to the extent provided by Section 4.1 thereof, to the Holders of each Class of Notes. Amounts properly withheld under the Code by any Person from a payment to any Noteholder of interest and/or principal shall be considered as having been paid by the Issuer to such Noteholder for all purposes of this Indenture.

The Notes shall be non-recourse obligations of the Issuer and shall be limited in right of payment to amounts available from the Collateral as provided in this Indenture. The Issuer shall not otherwise be liable for payments of the Notes, and none of the owners, agents, officers, directors, employees, trustees or successors or assigns of the Issuer shall be personally liable for any amounts payable, or performance due, under the Notes or this Indenture. If any other provision of this Indenture shall be deemed to conflict with the provisions of this Section 3.01, the provisions of this Section 3.01 shall control.

Section 3.02. Maintenance of Office or Agency. The Issuer will or will cause the Indenture Trustee to maintain in an office or agency where Notes may be surrendered for registration of transfer or exchange. As of the Closing Date, the Indenture Trustee designates the following office for such purposes: DB Services Tennessee, 648 Grassmere Park Road, Nashville, Tennessee 37211-3658, Attention: Transfer Unit. Notices to or upon the Issuer in respect of the Notes and this Indenture may be delivered to the Corporate Trust Office. The Issuer hereby initially appoints the Indenture Trustee to serve as its agent for the foregoing purposes and to serve as Paying Agent with respect to the Notes. The Issuer will give prompt written notice to the Indenture Trustee of the appointment of new or additional paying agents for the Notes, the location, and of any change in the location, of any such office or agency. If at any time the Issuer shall fail to maintain any such office or agency or shall fail to furnish the Indenture Trustee with the address thereof, such notices and demands may be made or delivered to the Corporate Trust Office, and the Issuer hereby appoints the Indenture Trustee as its agent to receive all such notices and demands.

Section 3.03. Money for Payments To Be Held in Trust. All payments of amounts due and payable with respect to any Notes that are to be made from amounts withdrawn from the Payment Account, pursuant to Article 4 of the Sale and Servicing Agreement shall be made on behalf of the Issuer by the Indenture Trustee or by the Paying Agent.

On or before the Business Day preceding each Payment Date or Redemption Date, the Issuer shall deposit or cause to be deposited in the Payment Account an aggregate sum sufficient to pay the amounts then becoming due under the Notes, such sum to be held in trust for the benefit of the Persons entitled thereto, and (unless the Paying Agent is the Indenture Trustee) shall promptly notify the Indenture Trustee of its action or failure so to act.

Any Paying Agent other than the Indenture Trustee shall be appointed by Issuer Order with written notice thereof to the Indenture Trustee. Any Paying Agent appointed by the Issuer shall be a Person who would be eligible to

be Indenture Trustee hereunder as provided in Section 6.11. The Issuer shall not appoint any Paying Agent (other than the Indenture Trustee) which is not, at the time of such appointment, a Depository Institution.

The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent shall agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section, that such Paying Agent will:

- (i) hold all sums held by it for the payment of amounts due with respect to the Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;
- (ii) give the Indenture Trustee notice of any default by the Issuer (or any other obligor upon the Notes) of which it has Actual Knowledge in the making of any payment required to be made with respect to the Notes;
- (iii) at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;
- (iv) immediately resign as a Paying Agent and forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Notes if at any time it ceases to meet the standards required to be met by a Paying Agent at the time of its appointment; and
- (v) comply with all requirements of the Code with respect to the withholding from any payments made by it on any Notes of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith; *provided, however*, that with respect to withholding and reporting requirements applicable to original issue discount (if any) on the Notes, the Issuer shall have first provided the calculated amounts pertaining thereto to the Indenture Trustee.

The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Order direct any Paying Agent to pay to the Indenture Trustee all sums held in trust by such Paying Agent, such sums to be held by the Indenture Trustee upon the same trusts as those upon which the sums were held by such Paying Agent. Upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Subject to applicable laws with respect to escheat of funds or abandoned property, any money held by the Indenture Trustee or any Paying Agent in trust for the payment of any amount due with respect to any Note and remaining unclaimed for two years after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer on Issuer Request; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Indenture Trustee or such Paying Agent with respect to such trust money shall thereupon cease; *provided, however*, that the Indenture Trustee or such Paying Agent, before being required to make any such repayment, shall at the expense and direction of the Issuer cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Indenture Trustee shall also adopt and employ, at the expense and direction of the Issuer, any other reasonable means of notification of such repayment (including, but not limited to, mailing notice of such repayment to Holders whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Indenture Trustee or of any Paying Agent, at the last address of record for each such Holder).

Section 3.04. Existence. (a) The Issuer will keep in full effect its existence, rights and franchises as a statutory trust under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other State or of the United States of America, in which case

the Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the Notes and the Collateral.

(b) Any successor to the Owner Trustee appointed pursuant to Section 9.02 of the Trust Agreement shall be the successor Owner Trustee under this Indenture without the execution or filing of any paper, instrument or further act to be done on the part of the parties hereto.

(c) Upon any consolidation or merger of or other succession to the Owner Trustee, the Person succeeding to the Owner Trustee under the Trust Agreement may exercise every right and power of the Owner Trustee under this Indenture with the same effect as if such Person had been named as the Owner Trustee herein.

Section 3.05. Protection of Collateral. The Issuer will from time to time, and upon direction of the Majority Controlling Class Noteholders, execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action necessary or advisable to:

- (i) provide further assurance with respect to the Grant of all or any portion of the Collateral;
- (ii) maintain or preserve the lien and security interest (and the priority thereof) of this Indenture or carry out more effectively the purposes hereof;
- (iii) perfect, publish notice of or protect the validity of any Grant made or to be made by this Indenture;
- (iv) enforce any rights with respect to the Collateral; or
- (v) preserve and defend title to the Collateral and the rights of the Indenture Trustee and the Noteholders in such Collateral against the claims of all Persons and parties.

The Issuer hereby designates the Administrator its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument provided to the Administrator by the Depositor and required to be executed pursuant to this Section 3.05.

Section 3.06. Performance of Obligations.

(a) The Issuer will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's material covenants or obligations under any instrument or agreement included in the Collateral or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except as expressly provided in this Indenture, the Sale and Servicing Agreement or such other instrument or agreement.

(b) The Issuer may contract with or otherwise obtain the assistance of other Persons (including, without limitation, the Administrator or the Depositor under the Administration Agreement) to assist it in performing its duties under this Indenture, and any performance of such duties by a Person identified to the Indenture Trustee in an Officer's Certificate of the Issuer shall be deemed to be action taken by the Issuer. Initially, the Issuer has contracted with the Depositor and the Administrator to assist the Issuer in performing its duties under the Indenture. The Administrator must at all times be the same Person as the Indenture Trustee.

(c) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, any other Operative Agreements to which it is a party and in the instruments and agreements included in the Collateral, including but not limited to (i) filing or causing to be filed all UCC financing statements and continuation statements required to be filed by the terms of this Indenture and the Sale and Servicing Agreement and (ii) recording

or causing to be recorded all Mortgages, Assignments of Mortgage, all intervening Assignments of Mortgage and all assumption and modification agreements required to be recorded by the terms of the Sale and Servicing Agreement, in accordance with and within the time periods provided for in this Indenture and/or the Sale and Servicing Agreement, as applicable. Except as otherwise expressly provided therein, the Issuer shall not waive, amend, modify, supplement or terminate any Operative Agreement or any provision thereof without the consent of the Indenture Trustee and the Holders of a majority of the Outstanding Amount of the Notes.

(d) If the Issuer shall have knowledge of the occurrence of an Event of Default under the Sale and Servicing Agreement, the Issuer shall promptly notify the Indenture Trustee and the Rating Agencies thereof in writing, and shall specify in such notice the action, if any, the Issuer is taking with respect to such default.

(e) As promptly as possible after the giving of notice to the Master Servicer of the termination of the Master Servicer's rights and powers pursuant to Section 8.3 of the Sale and Servicing Agreement, the Indenture Trustee shall proceed in accordance with Section 8.3 of the Sale and Servicing Agreement.

(f) Without derogating from the absolute nature of the assignment granted to the Indenture Trustee under this Indenture or the rights of the Indenture Trustee hereunder, the Issuer agrees that it will not, without the prior written consent of the Majority Controlling Class Noteholders (i) amend, modify, waive, supplement, terminate or surrender, or agree to any amendment, modification, supplement, termination, waiver or surrender of, the terms of any Collateral (except to the extent otherwise provided in the Sale and Servicing Agreement) or (ii) waive timely performance or observance by the Depositor under the Sale and Servicing Agreement. If any such amendment, modification, supplement or waiver shall be so consented to by such Holders, the Issuer agrees, promptly following a request by the Indenture Trustee, to execute and deliver, in its own name and at its own expense, such agreements, instruments, consents and other documents as may be deemed necessary or appropriate in the circumstances.

Section 3.07. Negative Covenants. So long as any Notes are Outstanding, the Issuer shall not:

(a) except as expressly permitted by this Indenture, any Sales Agreement or Subsequent Sales Agreement, the Trust Agreement or the Sale and Servicing Agreement, sell, transfer, exchange or otherwise dispose of any of the properties or assets of the Issuer, including those included in the Collateral, unless directed to do so by the Indenture Trustee;

(b) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes (other than amounts properly withheld from such payments under the Code) or assert any claim against any present or former Noteholder by reason of the payment of the taxes levied or assessed upon any part of the Collateral;

(c) engage in any business or activity other than as permitted by the Trust Agreement or the Sale and Servicing Agreement or other than in connection with, or relating to, the issuance of Notes pursuant to this Indenture, or take any action under Section 5.06 of the Trust Agreement that requires prior written consent of the Noteholders without such consent;

(d) issue debt obligations under any other indenture;

(e) incur or assume any indebtedness or guarantee any indebtedness of any Person, except for such indebtedness as may be incurred by the Issuer in connection with the issuance of the Notes pursuant to this Indenture;

(f) dissolve or liquidate in whole or in part or merge or consolidate with any other Person;

(g) (A) permit the validity or effectiveness of this Indenture to be impaired, or permit the lien of this Indenture to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the Notes under this Indenture except as may be expressly permitted hereby, (B) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than the lien of this Indenture) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof (other than any junior liens or tax liens, mechanics' liens and other liens that

arise by operation of law, in each case on any of the Mortgaged Properties and arising solely as a result of an action or omission of the related Mortgagors), or (C) permit the lien of this Indenture not to constitute a valid first priority (other than with respect to any such tax, mechanic' s or other lien) security interest in the Collateral;

(h) remove the Administrator without cause unless the Rating Agency Condition shall have been satisfied in connection with such removal; or

(i) take any other action or fail to take any action which may cause the Issuer to be taxable as (a) an association pursuant to Section 7701 of the Code and the corresponding regulations, (b) a publicly traded partnership pursuant to Section 7704 of the Code and the corresponding regulations or (c) as a taxable mortgage pool pursuant to Section 7701(i) of the Code and the corresponding regulations.

Section 3.08. Covenants of the Issuer. All covenants of the Issuer in this Indenture are covenants of the Issuer and are not covenants of the Owner Trustee. The Owner Trustee is, and any successor Owner Trustee under the Trust Agreement will be, executing this Indenture solely as Owner Trustee under the Trust Agreement and not in its respective individual capacity, and in no case whatsoever shall the Owner Trustee or any such successor Owner Trustee be personally liable on, or for any loss in respect of, any of the statements, representations, warranties or obligations of the Issuer hereunder, as to all of which the parties hereto agree to look solely to the property of the Issuer.

Section 3.09. Restricted Payments. The Issuer shall not, directly or indirectly, (i) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to the Owner Trustee or any owner of a beneficial interest in the Issuer or otherwise with respect to any ownership or equity interest or security in or of the Issuer, (ii) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or security or (iii) set aside or otherwise segregate any amounts for any such purpose; *provided, however*, that the Issuer may make, or cause to be made, (x) distributions to the Indenture Trustee, the Owner Trustee, the Master Servicer, any Servicer and the Securityholders as contemplated by, and to the extent funds are available for such purpose under the Indenture, the Sale and Servicing Agreement or the Trust Agreement and (y) payments to the Indenture Trustee or the Administrator pursuant to the Administration Agreement. The Issuer will not, directly or indirectly, make or cause to be made payments to or distributions from the Trust Accounts except in accordance with this Indenture and the other Operative Agreements.

Section 3.10. Treatment of Notes as Debt for Tax Purposes. The Issuer shall, and shall cause the Administrator and the Master Servicer to, treat the Notes as indebtedness for all federal, state and local, single business and franchise tax purposes (except that any Retained Note shall not be treated as outstanding indebtedness for such purposes).

Section 3.11. Notice of Events of Default. The Issuer shall give the Indenture Trustee and the Rating Agencies prompt written notice of each Event of Default hereunder and each default on the part of the Servicer or the Master Servicer under the Sale and Servicing Agreement.

Section 3.12. Further Instruments and Acts. Upon request of the Indenture Trustee, the Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

Section 3.13. Annual Statement as to Compliance. So long as the Notes are outstanding, the Issuer will deliver to the Indenture Trustee, on or before March 1 of each calendar year (commencing with the fiscal year 2007), an Officer' s Certificate stating, as to the Authorized Officer signing such Officer' s Certificate, that:

(i) a review of the activities of the Issuer during the previous year and of its performance under this Indenture has been made under such Authorized Officer' s supervision; and

(ii) to the best of such Authorized Officer' s knowledge, based on such review, the Issuer has complied with all conditions and covenants under this Indenture throughout the previous year, or, if there has

been a default in its compliance with any such condition or covenant, specifying each such default known to such Authorized Officer and the nature and status thereof.

ARTICLE IV. SATISFACTION AND DISCHARGE

Section 4.01. Satisfaction and Discharge of Indenture. This Indenture shall be discharged and cease to be of further effect with respect to the Notes and Collateral securing the Notes when either (i) the Sale and Servicing Agreement has been terminated pursuant to Article 7 thereof or (ii) all of the following have occurred:

(a) either

(1) all Notes theretofore authenticated and delivered (other than (A) Notes that have been mutilated, destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.04 and (B) Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 3.03) have been delivered to the Indenture Trustee for cancellation; or

(2) all Notes not theretofore delivered to the Indenture Trustee for cancellation (A) have become due and payable, (B) will become due and payable within one year of the Maturity Date (or, if one or more Classes of Notes have different Maturity Dates, the latest Maturity Date), or (C) are to be called for redemption within one year under arrangements satisfactory to the Indenture Trustee for the giving of notice of redemption by the Indenture Trustee in the name, and at the expense, of the Issuer, and the Issuer has irrevocably deposited or caused to be irrevocably deposited with the Indenture Trustee cash or direct obligations of or obligations guaranteed by the United States of America (which will mature prior to the date such amounts are payable), in trust for such purpose, in an amount sufficient to pay and discharge the entire indebtedness on such Notes on the applicable Maturity Date of such Class of Notes or the Redemption Date (if Notes are called for redemption pursuant to Section 10.01(a) hereof), as the case may be;

(b) the date on which the Issuer has paid or caused to be paid all other sums payable hereunder and no other amounts will become due and payable by the Issuer; and

(c) the Issuer has delivered to the Indenture Trustee an Officer' s Certificate and an Opinion of Counsel (at the Issuer' s expense) and (if required by Section 3.14(c) of the TIA or the Indenture Trustee) an Independent Certificate from a firm of certified public accountants, each meeting the applicable requirements of Section 11.01(a) hereof and, subject to Section 11.02 hereof (and with respect to any Independent Certificate, subject to Section 11.01(f) hereof), each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Notes have been complied with, then, upon Issuer Request, this Indenture and the lien, rights, and interests created hereby shall cease to be of further effect with respect to the Notes (except as to (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Notes, (iii) rights of Noteholders to receive payments of principal thereof and interest thereon, (iv) Sections 3.03, 3.05, 3.07 and 3.08 hereof, (v) the rights, obligations and immunities of the Indenture Trustee hereunder (including the rights of the Indenture Trustee under Section 6.07) and the obligations of the Indenture Trustee under Section 4.02 and (vi) the rights of Noteholders as beneficiaries hereof with respect to the property so deposited with the Indenture Trustee payable to all or any of them). For purposes of providing any tax information to Noteholders pursuant to Section 6.06 hereof, the Indenture Trustee shall not treat a deposit made by the Issuer (or that the Issuer has caused to be made), pursuant to Section 4.01(a)(2) hereof, prior to the time at which the Notes become due and payable, or prior to the date on which such Notes are called for redemption, as a payment by the Issuer on, or in retirement of, the Notes.

The Indenture Trustee, on demand of and at the expense of the Issuer, shall execute and deliver proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Notes, and shall pay, or assign or transfer and deliver, to or at the direction of the Issuer, all Collateral held by it after satisfaction of the conditions specified in clauses (a), (b) and (c) above.

Section 4.02. Application of Trust Money. All moneys deposited with the Indenture Trustee pursuant to Sections 3.03 and 4.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent, as the Indenture Trustee may determine, to the Holders of the Notes for the payment of all sums due and to become due thereon for principal and interest; but such moneys need not be segregated from other funds except to the extent required herein or in the Sale and Servicing Agreement or otherwise required by law.

Section 4.03. Repayment of Moneys Held by Paying Agent. In connection with the satisfaction and discharge of this Indenture with respect to the Notes, all moneys then held by any Paying Agent other than the Indenture Trustee under the provisions of this Indenture with respect to such Notes shall, upon demand of the Issuer, be paid to the Indenture Trustee to be held and applied according to Section 3.03 and thereupon such Paying Agent shall be released from all further liability with respect to such monies.

ARTICLE V. EVENTS OF DEFAULT; REMEDIES

Section 5.01. Events of Default.

(a) “Event of Default,” wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) a default in the payment of Current Interest in respect of any Class of Notes when the same becomes due and payable, and the continuance of such default for a period of thirty (30) days; or

(ii) a default in the payment of the entire Class Principal Balance of any Note on the applicable Maturity Date; or

(iii) either the Issuer or the pool of Collateral becomes an “investment company” required to be registered under the Investment Company Act of 1940, as amended; or

(iv) default in the observance or performance of any covenant or agreement of the Issuer made in this Indenture (other than a covenant or agreement, a default in the observance or performance of which is elsewhere in this Section specifically dealt with), or any representation or warranty of the Issuer made in this Indenture, the Sale and Servicing Agreement or in any certificate or other writing delivered pursuant hereto or in connection herewith proving to have been incorrect in any material respect as of the time when the same shall have been made, and such default shall continue or not be cured, or the circumstance or condition in respect of which such representation or warranty was incorrect shall not have been eliminated or otherwise cured, for a period of 60 days after there shall have been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Holders of at least 25% of the Outstanding Amount of the Notes, a written notice specifying such default or incorrect representation or warranty and requiring it to be remedied and stating that such notice is a notice of Default hereunder; or

(v) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of the Issuer or any substantial part of the Collateral in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the Collateral, or ordering the winding-up or liquidation of the Issuer’s affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days;

(vi) the commencement by the Issuer of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by the Issuer to the entry of an order for relief in an involuntary case under any such law, or the consent by the Issuer to the appointment

or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the Collateral, or the making by the Issuer of any general assignment for the benefit of creditors, or the failure by the Issuer generally to pay its debts as such debts become due, or the taking of any action by the Issuer in furtherance of any of the foregoing;

(vii) the receipt of notice from the Holder of the Trust Certificate or the Class X Certificate to the Indenture Trustee of such Holder's failure to qualify as a REIT or a Qualified REIT Subsidiary; or

(viii) a transfer of the Class X Certificate or the Trust Certificate that causes the Class X Certificate and the Trust Certificate not to be beneficially owned (directly or indirectly through Qualified REIT Subsidiaries) by the same REIT.

(b) The Issuer shall deliver to a Responsible Officer of the Indenture Trustee, within five days after the occurrence thereof, written notice in the form of an Officer's Certificate of any event which with the giving of notice and the lapse of time would become an Event of Default, its status and what action the Issuer is taking or proposes to take with respect thereto.

Section 5.02. Acceleration of Maturity; Rescission and Annulment.

(a) If an Event of Default should occur and be continuing of which a Responsible Officer of the Indenture Trustee has Actual Knowledge, then and in every such case the Indenture Trustee may, and shall at the written direction of the Majority Controlling Class Noteholders, declare all the Notes to be immediately due and payable, by a notice in writing to the Issuer, and upon any such declaration the unpaid principal amount of such Notes, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable.

(b) At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter in this Article V provided, the Majority Controlling Class Noteholders, by written notice to the Issuer and the Indenture Trustee, may rescind and annul such declaration and its consequences if the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay:

(i) all payments of principal of and interest on all Controlling Class Notes and all other amounts that would then be due hereunder or upon such Controlling Class Notes if the Event of Default giving rise to such acceleration had not occurred; and

(ii) all sums paid or advanced by the Indenture Trustee and Administrator hereunder and the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee and its agents and counsel; and

(iii) all Events of Default, other than the nonpayment of the principal of the Notes that has become due solely by such acceleration, have been cured or waived as provided in Section 5.11.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

The Holders of Notes of a Non-Priority Class shall have no right to exercise any remedies of Noteholders under this Article V, except to the extent otherwise expressly provided herein.

Section 5.03. Collection of Indebtedness and Suits for Enforcement by Indenture Trustee.

(a) If an Event of Default occurs and is continuing, the Indenture Trustee may and shall, at the written direction of the Majority Controlling Class Noteholders, as more particularly provided in Section 5.04, proceed to protect and enforce its rights and the rights of the Noteholders, by such appropriate Proceedings as shall be deemed most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or

agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Indenture Trustee by this Indenture or by law.

(b) In case there shall be pending, relative to the Issuer or any other obligor upon the Notes or any Person having or claiming an ownership interest in the Collateral, Proceedings 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 Person, or in case of any other comparable judicial Proceedings relative to the Issuer or other obligor upon the Notes, or to the creditors or property of the Issuer or such other obligor, the Indenture Trustee, irrespective of whether the principal of any Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Indenture Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, upon the direction of the Majority Controlling Class Noteholders, by intervention in such Proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee (including any claim for reasonable compensation to the Indenture Trustee and the Administrator, each predecessor Indenture Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee (except as a result of negligence or bad faith)), and of the Noteholders allowed in such Proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Holders of Notes in any election of a trustee, a standby trustee or Person performing similar functions in any such Proceedings;

(iii) 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 Noteholders and the Indenture Trustee on their behalf;

(iv) to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee or the Holders of Notes allowed in any judicial Proceedings relative to the Issuer, its creditors and its property; and any trustee, receiver, liquidator, custodian or other similar official in any such Proceeding is hereby authorized by each of such Noteholders to make payments to the Indenture Trustee and, in the event that the Indenture Trustee shall consent to the making of payments directly to such Noteholders, to pay to the Indenture Trustee such amounts as shall be sufficient to cover reasonable compensation to the Indenture Trustee, each predecessor Indenture Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee except as a result of negligence or bad faith;

(v) nothing herein contained shall be deemed to authorize the Indenture Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof or to authorize the Indenture Trustee to vote in respect of the claim of any Noteholder in any such Proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar Person;

(vi) all rights of action and of asserting claims under this Indenture, or under any of the Notes, may be enforced by the Indenture Trustee without the possession of any of the Notes or the production thereof in any trial or other Proceedings relative thereto, and any such action or Proceedings instituted by the Indenture 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 Indenture Trustee, each predecessor Indenture Trustee and their respective agents and attorneys, shall be for the benefit of the Holders of the Notes; and

(vii)

in any Proceedings brought by the Indenture Trustee (and also any Proceedings involving the interpretation of any provision of this Indenture to which the Indenture Trustee shall be a party), the Indenture Trustee shall be held to represent all the Noteholders, and it shall not be necessary to make any Noteholder a party to any such Proceedings.

Section 5.04. Remedies; Priorities.

(a) If an Event of Default shall have occurred and be continuing, of which a Responsible Officer of the Indenture Trustee has Actual Knowledge, the Indenture Trustee may, and at the written direction of the Majority Controlling Class Noteholders shall, do one or more of the following (if it shall have grounds for believing that reimbursement of its expenses incurred in connection herewith and indemnity satisfactory to it against such risk or liability is assured to it) (subject to Section 5.05 and Section 5.15):

- (i) institute Proceedings in its own name (as Indenture Trustee) and as trustee of an express trust for the collection of all amounts then payable on the Notes or under this Indenture with respect thereto, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Issuer and any other obligor upon such Notes monies adjudged due;
- (ii) institute Proceedings from time to time for the complete or partial foreclosure of this Indenture with respect to the Collateral;
- (iii) exercise any remedies of a secured party under the UCC and take any other appropriate action to protect and enforce the rights and remedies of the Indenture Trustee or the Noteholders; and
- (iv) sell the Collateral or any portion thereof or rights or interest therein in a commercially reasonable manner, at one or more public or private sales called and conducted in any manner permitted by law;

provided, however, that the Indenture Trustee may not sell or otherwise liquidate the Collateral following an Event of Default, unless (A) the Holders of at least 66 2/3% of the Outstanding Amount of the Notes of the Controlling Class consent thereto, (B) the proceeds of such sale or liquidation distributable to the Noteholders are sufficient to discharge in full all amounts then due and unpaid upon the Notes for principal and interest or (C) the Indenture Trustee determines that the Collateral will not continue to provide sufficient funds for the payment of principal of and interest on the Notes as they would have become due if the Notes had not been declared due and payable, and the Indenture Trustee obtains the consent of the Holders of at least 66 2/3% of the Outstanding Amount of the Notes of the Controlling Class. In determining such sufficiency or insufficiency with respect to clauses (B) and (C), the Indenture Trustee shall obtain at the cost of the Issuer and conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose.

(b) If the Indenture Trustee collects any money or property pursuant to this Article V, it shall pay out the money or property in the following order:

first: to the Indenture Trustee, for any costs or expenses incurred by it in connection with the enforcement of the remedies provided for in this Article V and for any other unpaid amounts due to the Indenture Trustee hereunder, to the Administrator for any amounts due and owing to it under the Administration Agreement, and to the Owner Trustee, to the extent of any amounts due and owing to it under the Operative Agreements (including pursuant to Section 7.02 of the Trust Agreement) and for any other unpaid amounts due to the Owner Trustee hereunder;

second: pro rata to the Master Servicer and the Servicer for any Master Servicing Fees, Retained Interest or Servicing Fees then due and unpaid and any unreimbursed Advances and other servicing

advances, to the payment of any unpaid PMI Insurance Premium and to the payment to the Counterparty of any Priority Swap Termination Payment or Net Swap Payment payable to it;

third: to the Notes, all accrued and unpaid interest thereon and amounts in respect of principal (i) first, *pro rata* to the Class A Notes, based on the accrued but unpaid interest thereon or the outstanding principal amount thereof, as applicable, (ii) second, to the remaining Classes of Notes, in the order of priority set forth in Section 4.1(a) of the Sale and Servicing Agreement; *provided, however,* that accrued and unpaid interest shall be paid to Noteholders of each Class before any payments in respect of principal;

fourth: to the Counterparty for any Swap Termination Payment other than a Priority Swap Termination Payment payable to it, and

fifth: to the Certificate Account for distribution to the holder of the Certificates.

The Indenture Trustee may fix a record date and payment date for any payment to be made to the Noteholders pursuant to this Section. At least 15 days before such record date, the Indenture Trustee shall mail to each Noteholder and the Issuer a notice that states the record date, the payment date and the amount to be paid.

Section 5.05. Limitation of Suits. No Holder of any Note shall have any right to institute any Proceeding under Title 11 of the United States Code or any other applicable federal or state bankruptcy, insolvency or other similar law, judicial or otherwise, with respect to this Indenture or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

- (a) such Holder has previously given written notice to the Indenture Trustee of a continuing Event of Default;
- (b) Majority Controlling Class Noteholders have made written request to the Indenture Trustee to institute such Proceeding in respect of such Event of Default in its own name as Indenture Trustee hereunder;
- (c) such Holder or Holders have offered to the Indenture Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request;
- (d) the Indenture Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute such Proceedings; and
- (e) no direction inconsistent with such written request has been given to the Indenture Trustee during such 60-day period by the Majority Controlling Class Noteholders.

It is understood and intended that no one or more Holders of Notes shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders of Notes or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided.

Section 5.06. Unconditional Rights of Noteholders To Receive Principal and Interest.

Notwithstanding any other provisions in this Indenture, the Holder of any Note shall have the right, which is absolute and unconditional, to receive payment of the principal of and interest, if any, on such Note on or after the Maturity Date (or, in the case of redemption, on or after the Redemption Date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

Section 5.07. Restoration of Rights and Remedies. If the Indenture Trustee or any Noteholder has instituted any Proceeding to enforce any right or remedy under this Indenture and such Proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Indenture Trustee or to such Noteholder, then and in every such case the Issuer, the Indenture Trustee and the Noteholders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and

thereafter all rights and remedies of the Indenture Trustee and the Noteholders shall continue as though no such Proceeding had been instituted.

Section 5.08. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Noteholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.09. Delay or Omission Not a Waiver. No delay or omission of the Indenture Trustee or any Holder of any Note to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default or Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Indenture Trustee or to the Noteholders may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Noteholders, as the case may be.

Section 5.10. Control by Noteholders.

The Majority Controlling Class Noteholders shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Indenture Trustee with respect to the Notes or exercising any trust or power conferred on the Indenture Trustee; *provided that*:

(a) such direction shall not be in conflict with any rule of law or with this Indenture;

(b) subject to the express terms of Section 5.04, any direction to the Indenture Trustee to sell or liquidate the Collateral shall be by Holders of Notes representing not less than 100% of the Outstanding Amount of the Controlling Class Notes; and

(c) the Indenture Trustee may take any other action deemed proper by the Indenture Trustee that is not inconsistent with such direction.

Notwithstanding the rights of the Noteholders set forth in this Section, subject to Section 6.01, the Indenture Trustee need not take any action that it determines might involve it in liability or might materially adversely affect the rights of any Noteholders not consenting to such action.

The Indenture Trustee shall be under no obligation to exercise any of the rights or powers vested in it by or pursuant to this Indenture at the request, order or direction of any of the Majority Controlling Class Noteholders, unless such Holders shall have offered to the Indenture Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities that might be incurred by it in compliance with such request, order or direction.

Section 5.11. Waiver of Past Defaults. Prior to the declaration of the acceleration of the maturity of the Notes as provided in Section 5.02, the Majority Controlling Class Noteholders may waive any past Default or Event of Default and its consequences except a Default (a) in the payment of interest on any of the Notes or (b) in respect of a covenant or provision hereof that cannot be modified or amended, in each case without the consent of the Holder of each Note, as applicable. In the case of any such waiver, the Issuer, the Indenture Trustee and the Holders of the Notes 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 thereto.

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 thereto.

Section 5.12. Undertaking for Costs. All parties to this Indenture agree, and each Holder of any Note by such Holder's acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Indenture Trustee for any action taken, suffered or omitted by it as Indenture Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to (a) any suit instituted by the Indenture Trustee, (b) any suit instituted by any Noteholder, or group of Noteholders, in each case holding in the aggregate more than 10% of the Outstanding Amount of the Notes or (c) any suit instituted by any Noteholder for the enforcement of the payment of principal of or interest on any Note on or after the respective due dates expressed in such Note and in this Indenture.

Section 5.13. Waiver of Stay or Extension Laws. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 5.14. Action on Notes.

The Indenture Trustee's right to seek and recover judgment on the Notes or under this Indenture shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Indenture. Neither the lien of this Indenture nor any rights or remedies of the Indenture Trustee or the Noteholders shall be impaired by the recovery of any judgment by the Indenture Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the Collateral or upon any of the assets of the Issuer. Any money or property collected by the Indenture Trustee shall be applied in accordance with Section 5.04(b).

Section 5.15. Optional Preservation of the Collateral. If the Notes have been declared to be due and payable under Section 5.02 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Indenture Trustee may, but need not, elect to maintain possession of the Collateral. In determining whether to maintain possession of the Collateral, the Indenture Trustee may, but need not, obtain and rely upon an opinion (at the expense of the Issuer) of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose.

Section 5.16. Performance and Enforcement of Certain Obligations.

(a) Promptly following a request from the Indenture Trustee to do so and at the Issuer's expense, the Issuer shall take all such lawful action as the Indenture Trustee may request to compel or secure the performance and observance by the Seller, the Depositor and the Master Servicer, as applicable, of each of their obligations to the Issuer under or in connection with the Sales Agreement and the Sale and Servicing Agreement, and to exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with the Sale and Servicing Agreement to the extent and in the manner directed by the Indenture Trustee, including the transmission of notices of default on the part of the Seller thereunder and the institution of legal or administrative actions or Proceedings to compel or secure performance by the Seller, the Depositor or the Master Servicer of each of their obligations under the Sale and Servicing Agreement and the Sales Agreement.

(b) If an Event of Default of which a Responsible Officer of the Indenture Trustee has Actual Knowledge has occurred and is continuing, the Indenture Trustee may, and at the direction (which direction shall be in writing) of the Majority Controlling Class Noteholders shall, exercise all rights, remedies, powers, privileges and claims of the Issuer against the Depositor or the Master Servicer under or in connection with the Sale and Servicing Agreement or the Seller under or in connection with the Sales Agreement, including the right or power to take any action to compel or

secure performance or observance by the Seller, the Depositor or the Master Servicer of each of their obligations to the Issuer thereunder and to give any consent, request, notice, direction, approval, extension, or waiver under the Sale and Servicing Agreement or Sales Agreement, and any right of the Issuer to take such action shall be suspended.

ARTICLE VI.
THE INDENTURE TRUSTEE

Section 6.01. Duties of Indenture Trustee.

(a) If an Event of Default has occurred and is continuing, the Indenture Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, the Indenture 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 Indenture Trustee; and

(ii) in the absence of bad faith on its part, the Indenture Trustee may conclusively rely and shall be fully protected in acting or refraining from acting, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; however, the Indenture Trustee shall examine the certificates and opinions to determine whether or not they conform on their face to the requirements of this Indenture.

(c) The Indenture Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Indenture Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved by a court of competent jurisdiction that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with this Agreement or upon a direction received by it pursuant to Sections 3.03, 5.02, 5.10 and 5.16 or any other direction of the Majority Controlling Class Noteholders relating to the time, method and place of conducting any Proceeding for any remedy available to the Indenture Trustee, or exercising or omitting to exercise any trust or power conferred upon the Indenture Trustee under this Indenture;

(iv) the Indenture Trustee shall not be liable for interest on any money received by it;

(v) money held in trust by the Indenture Trustee shall be segregated from other funds except to the extent permitted by law or the terms of this Indenture or the Sale and Servicing Agreement;

(vi) no provision of this Indenture shall require the Indenture Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it;

(vii) every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee shall be subject to the provisions of this Section and to the provisions of the TIA;

(viii) the Indenture Trustee shall not be required to take notice or be deemed to have notice or knowledge of any default or Event of Default (except an Event of Default described in Section 5.01(a)(i)) unless a Responsible Officer of the Indenture Trustee shall have Actual Knowledge thereof; in the absence of such Actual Knowledge, the Indenture Trustee may conclusively assume that there is no default or Event of Default; and

(ix) anything in this Agreement to the contrary notwithstanding, in no event shall the Indenture Trustee be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Indenture Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(d) The Indenture Trustee shall not have any duty or obligation to manage, make any payment with respect to, register, record, sell, dispose of, or otherwise deal with the Collateral, or to otherwise take or refrain from taking any action under, or in connection with, any document contemplated hereby to which the Indenture Trustee is a party, except as expressly provided (i) in accordance with the powers granted to and the authority conferred upon the Indenture Trustee pursuant to this Agreement or any other Operative Agreement, and (ii) in accordance with any document or instruction delivered to the Indenture Trustee pursuant to the terms of this Agreement or any other Operative Agreement to which it is a party; and no implied duties or obligations shall be read into this Agreement or any Operative Agreement against the Indenture Trustee. The Indenture Trustee shall have no responsibility for filing any financing or continuation statement in any public office at any time or to otherwise perfect or maintain the perfection of any security interest or lien granted to it hereunder or to prepare or file any tax return for the Issuer. The Indenture Trustee nevertheless agrees that it will, at its own cost and expense, promptly take all action as may be necessary to discharge any liens on any part of the Collateral that result from actions by, or claims against itself that are not related to the administration of the Collateral.

(e) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee shall be subject to the provisions of this Section and to the provisions of the TIA.

Section 6.02. Rights of Indenture Trustee.

(a) The Indenture Trustee may conclusively rely on and shall be fully protected in acting in good faith upon any document believed by it to be genuine and to have been signed or presented by the proper person. The Indenture Trustee need not investigate any fact or matter stated in any such document.

(b) Before the Indenture Trustee acts or refrains from acting, it may require an Officer' s Certificate or an Opinion of Counsel. The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on an Officer' s Certificate or an Opinion of Counsel.

(c) The Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian or nominee and the Indenture Trustee shall not be responsible for any misconduct or negligence on the part of such agent, attorney, custodian or nominee appointed by the Indenture Trustee with due care.

(d) The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; *provided, however*, that such action or omission by the Indenture Trustee does not constitute willful misconduct, negligence or bad faith.

(e) The Indenture Trustee may consult with counsel, and the advice or opinion of counsel or any Opinion of Counsel with respect to legal matters relating to or arising out of the Operative Agreements shall be full and complete authorization and protection from liability with respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel. The Issuer shall be responsible for the reasonable costs and expenses of any such counsel.

(f)

The Indenture Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond or other paper or document, unless requested in writing to do so by the Majority Controlling Class Noteholders; *provided, however*, that if the payment within a reasonable time to the Indenture 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 Indenture Trustee, not reasonably assured to the Indenture Trustee by the security afforded to it by the terms of this Indenture, the Indenture Trustee may require indemnity reasonably satisfactory to it against such cost, expense or liability as a condition to taking any such action. The expense of every such investigation shall be paid by the Issuer or, if paid by the Indenture Trustee, shall be repaid by the Issuer upon demand.

(g) The right of the Indenture Trustee to perform any discretionary act enumerated in this Agreement shall not be construed as a duty, and the Indenture Trustee shall not be answerable for other than its negligence or willful misconduct in the performance of such act.

(h) The Indenture Trustee shall not be required to give any bond or surety in respect of the execution of the powers granted hereunder.

(i) The Indenture Trustee or its Affiliates are permitted to receive additional compensation that could be deemed to be in the Indenture Trustee's economic self-interest for (i) serving as investment adviser, administrator, shareholder servicing agent, custodian or sub-custodian with respect to certain of the Permitted Investments, (ii) using Affiliates to effect transactions in certain Permitted Investments and (iii) effecting transactions in certain Permitted Investments.

(j) In order to comply with its duties under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, the Indenture Trustee shall obtain and verify certain information and documentation from the other parties hereto, including, but not limited to, such party's name, address, and other identifying information.

Section 6.03. Individual Rights of Indenture Trustee.

The Indenture Trustee in its individual or any other capacity other than as Indenture Trustee may, and in its capacity as Indenture Trustee may not, become the owner or pledgee of Notes and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not Indenture Trustee. Any Paying Agent, Note Registrar, co-registrar or co-paying agent may do the same with like rights.

Section 6.04. Indenture Trustee's Disclaimer.

The Indenture Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture, any other Operative Agreement or the Notes or the Issuer's use of the proceeds from the Notes, or responsible for any statement of the Issuer in the Indenture or in any document issued in connection with the sale of the Notes or in the Notes other than the Indenture Trustee's certificate of authentication.

Section 6.05. Notice of Default.

If a Default occurs and is continuing and if a Responsible Officer of the Indenture Trustee has Actual Knowledge, the Indenture Trustee shall mail to each Noteholder, with a copy to the Seller, notice of the Default within 30 days after it acquires knowledge of such Default.

Section 6.06. Reports by Indenture Trustee to Holders. Upon written request by a Noteholder, the Indenture Trustee shall deliver or cause to be delivered to each Noteholder such information as may be required to enable such holder to prepare its federal and state income tax returns.

Section 6.07. Compensation and Indemnity. As compensation for its services hereunder and under the Operative Agreements (including in its capacity as Paying Agent, Securities Intermediary, Note Registrar,

Certificate Registrar, Certificate Paying Agent, Administrator and Custodian), the Indenture Trustee shall be entitled to receive on each Payment Date a fee equal to the Indenture Trustee Fee payable from the Master Servicing Fee. Reimbursement for all reasonable out-of-pocket expenses incurred or made by the Indenture Trustee, including costs of collection, shall be payable by the Issuer. Such expenses shall include the reasonable compensation and expenses, disbursements and advances, if any, of the Indenture Trustee's agents, counsel, accountants and experts.

The Issuer agrees to indemnify the Indenture Trustee (including in its capacity as Paying Agent, Securities Intermediary, Certificate Paying Agent, Administrator and Custodian) and its officers, directors, employees and agents against any and all loss, liability or expense (including attorneys' fees and expenses) incurred by the Indenture Trustee in connection with the administration of this trust and the performance of its duties under the Operative Agreements.

The Indenture Trustee shall notify the Issuer and the Master Servicer promptly of any claim for which it may seek indemnity. Failure by the Indenture Trustee to so notify the Issuer or the Master Servicer shall not relieve the Issuer of its obligations hereunder. The obligation of the Issuer to pay and reimburse the Indenture Trustee pursuant to this Section 6.07 shall survive the termination of this Agreement or the earlier resignation or removal of the Indenture Trustee; *provided, however*, that payment of any amounts by the Issuer pursuant to this Section and pursuant to any other indemnification obligation of the Issuer to the Indenture Trustee (in any of its capacities) or the Owner Trustee shall not exceed \$100,000 during any calendar year.

The payment and indemnification obligations of the Issuer to the Indenture Trustee (including in its capacities as Paying Agent, Certificate Paying Agent, Administrator, Custodian, Note Registrar, Certificate Registrar and Securities Intermediary) pursuant to this Section shall survive the resignation or removal of the Indenture Trustee or discharge of this Indenture. When the Indenture Trustee incurs expenses in connection with the occurrence of a Default specified in Section 5.01(v) or (vi) with respect to the Issuer, the expenses are intended to constitute expenses of administration under Title 11 of the United States Code or any other applicable federal or State bankruptcy, insolvency or similar law.

Section 6.08. Replacement of Indenture Trustee. No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee shall become effective until the acceptance of appointment by the successor Indenture Trustee pursuant to this Section. The Indenture Trustee may resign at any time by so notifying the Issuer. The Holders of a majority in Outstanding Amount of the Notes may remove the Indenture Trustee by so notifying the Indenture Trustee and may appoint a successor Indenture Trustee. The Issuer shall remove the Indenture Trustee if:

- (a) the Indenture Trustee fails to comply with Section 6.11;
- (b) the Indenture Trustee is adjudged a bankrupt or insolvent;
- (c) a receiver or other public officer takes charge of the Indenture Trustee or its property; or
- (d) the Indenture Trustee otherwise becomes incapable of acting.

If the Indenture Trustee resigns or is removed or if a vacancy exists in the office of Indenture Trustee for any reason (the Indenture Trustee in such event being referred to herein as the "resigning or removed Indenture Trustee"), the Issuer shall promptly appoint a successor Indenture Trustee that satisfies the eligibility requirements of Section 6.11.

The resigning or removed Indenture Trustee agrees to cooperate with any successor Indenture Trustee in effecting the termination of the resigning or removed Indenture Trustee's responsibilities and rights hereunder and shall promptly provide such successor Indenture Trustee all documents and records reasonably requested by it to enable it to assume the Indenture Trustee's functions hereunder. Any successor Indenture Trustee shall have all the rights, powers and duties of the Indenture Trustee under this Indenture.

The resigning or removed Indenture Trustee shall Grant to the successor Indenture Trustee the Collateral, and the Seller, the Issuer and the resigning or removed Indenture Trustee shall execute and deliver such instruments and do

such other things as may reasonably be required for more fully and certainly vesting and confirming in the successor Indenture Trustee all rights, powers, duties and obligations under this Indenture.

The successor Indenture Trustee shall deliver a written acceptance of its appointment to the resigning or removed Indenture Trustee and the Issuer. The successor Indenture Trustee shall mail a notice of its succession to Noteholders. The resigning Indenture Trustee shall promptly transfer all property held by it as Indenture Trustee to the successor Indenture Trustee.

If a successor Indenture Trustee does not take office within 60 days after the retiring Indenture Trustee resigns or is removed, the resigning or removed Indenture Trustee, the Issuer or the Holders of the Majority Controlling Class Notes may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee. If the Indenture Trustee fails to comply with Section 6.11, any Noteholder may petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

Notwithstanding the replacement of the Indenture Trustee pursuant to this Section, the Issuer's obligations under Section 6.07 shall continue for the benefit of the retiring Indenture Trustee.

Section 6.09. Successor Indenture Trustee by Merger. If the Indenture Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Indenture Trustee; *provided*, that such corporation or banking association shall be otherwise qualified and eligible under Section 6.11.

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

Section 6.10. Appointment of Co-Indenture Trustee or Separate Indenture Trustee.

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the Collateral may at the time be located, the Indenture Trustee at the expense of the Issuer shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Trust Estate, and to vest in such Person or Persons, in such capacity and for the benefit of the Noteholders, such title to the Collateral, or any part thereof, and, subject to the other provisions of this Section, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to Noteholders of the appointment of any co-trustee or separate trustee shall be required under this Section 6.10 hereof.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Indenture Trustee shall be incompetent or unqualified

to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Collateral or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article VI. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, jointly with the Indenture Trustee, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Indenture Trustee its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

Section 6.11. Eligibility. The Indenture Trustee shall at all times (i) satisfy the requirements of TIA Section 310(a), (ii) have a combined capital and surplus of at least \$50,000,000 as set forth in its most recently published annual report of condition, (iii) have a long-term debt rating equivalent to “A” or better by the Rating Agencies or be otherwise acceptable to the Rating Agencies and (iv) not be an Affiliate of the Issuer or the Owner Trustee. The Indenture Trustee shall comply with TIA Section 310(b), including the optional provision permitted by the second sentence of TIA Section 310(b)(9); *provided, however*, that there shall be excluded from the operation of TIA Section 310(b)(1) any indenture or indentures under which other securities of the Issuer are outstanding if the requirements for such exclusion set forth in TIA Section 310(b)(1) are met.

Section 6.12. Representations and Warranties. The Indenture Trustee hereby represents that:

(a) the Indenture Trustee is duly organized and validly existing as a banking corporation under the laws of the State of New York with power and authority to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted; and

(b) the Indenture Trustee has the power and authority to execute and deliver this Indenture and to carry out its terms; and the execution, delivery and performance of this Indenture have been duly authorized by the Indenture Trustee by all necessary corporate action;

Section 6.13. Preferential Collection of Claims Against Issuer. The Indenture Trustee shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). An Indenture Trustee which has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

Section 6.14. Reporting Requirements of the Commission

(a) On or before March 15 of each calendar year (or March 24 if there is no requirement to file a Form 10-K in that calendar year), the Indenture Trustee shall deliver to the Owner Trustee, the Administrator and the Depositor a report regarding its assessment of compliance with the criteria specified in paragraph (d) of Item 1122 of Regulation AB (§ 229.1122(d)), as of and for the period ending the end of each fiscal year, with respect to asset-backed security transactions taken as a whole involving the Depositor, the Servicer, the Master Servicer and the Issuer, as applicable,

and that are backed by the same asset type as the Mortgage Loans. Each such report shall include all of the statements required to be provided by the Indenture Trustee under paragraph (a) of Item 1122 of Regulation AB (§ 229.1122(a)) as set forth in Exhibit C hereto.

(b) On or before March 15 of each calendar year (or March 24 if there is no requirement to file a Form 10-K in that calendar year), the Indenture Trustee shall deliver to the Owner Trustee, the Administrator and the Depositor a report by a registered public accounting firm that attests to, and reports on, the assessment made by the Indenture Trustee pursuant to subsection (a) above. Each such report shall be made in accordance with standards for attestation engagements issued or adopted by the Public Company Accounting Oversight Board.

(c) The Indenture Trustee shall promptly notify the Owner Trustee, the Administrator and the Depositor of any legal proceedings pending against the Indenture Trustee of the type described in Item 1117 (§ 229.1117) of Regulation AB.

(d) In order to comply with laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including those relating to the funding of terrorist activities and money laundering (“Applicable Law”), the Indenture Trustee is required to obtain, verify and record certain information relating to individuals and entities which maintain a business relationship with the Indenture Trustee. Accordingly, each of the parties agrees to provide to Indenture Trustee upon its request from time to time such identifying information and documentation as may be available for such party in order to enable the Indenture Trustee to comply with Applicable Law.

ARTICLE VII. NOTEHOLDERS’ LISTS AND REPORTS

Section 7.01. Issuer To Furnish Indenture Trustee Names and Addresses of Noteholders. The Issuer will furnish or cause to be furnished to the Indenture Trustee not more than five days after each Record Date, a list, in such form as the Indenture Trustee may reasonably require, of the names and addresses of the Holders of Notes as of such Record Date; *provided, however*, that so long as the Indenture Trustee is the Note Registrar, no such list shall be required to be furnished.

Section 7.02. Preservation of Information; Communications to Noteholders.

(a) The Indenture Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Holders of Notes contained in the most recent list furnished to the Indenture Trustee as provided in Section 7.01 and the names and addresses of Holders of Notes received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee may destroy any list furnished to it as provided in such Section 7.01 upon receipt of a new list so furnished.

(b) Noteholders may communicate pursuant to TIA Section 312(b) with other Noteholders with respect to their rights under this Indenture or under the Notes.

(c) The Issuer and the Indenture Trustee shall have the protection of TIA Section 312(c).

Section 7.03. Reports by Issuer.

(a) The Issuer shall:

(i) file with the Indenture Trustee and the Commission in accordance with the rules and regulations prescribed from time to time by the Commission such additional information, documents and reports with

respect to compliance by the Issuer with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(ii) supply to the Indenture Trustee (and the Indenture Trustee shall transmit by mail to all Noteholders described in TIA Section 313(c)) such summaries of any information, documents and reports required to be filed by the Issuer pursuant to clause (i) of this Section 7.03(a) and by rules and regulations prescribed from time to time by the Commission.

(b) Unless the Issuer otherwise determines, the fiscal year of the Issuer shall end on December 31 of each year.

Section 7.04. Reports by Indenture Trustee. If required by TIA Section 313(a), within 60 days after each March 1, beginning in 2007, the Indenture Trustee shall mail to each Noteholder as required by TIA Section 313(c) a brief report dated as of such date that complies with TIA Section 313(a). The Indenture Trustee also shall comply with TIA Section 313(b).

A copy of each report at the time of its mailing to Noteholders shall be filed by the Indenture Trustee with the Commission and each securities exchange, if any, on which the Notes are listed. The Issuer shall notify the Indenture Trustee if and when the Notes are listed on any securities exchange.

ARTICLE VIII. ACCOUNTS, DISBURSEMENTS AND RELEASES

Section 8.01. Collection of Money. Except as otherwise expressly provided herein, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture. The Indenture Trustee shall apply all such money received by it as provided in this Indenture. Except as otherwise expressly provided in this Indenture, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Collateral, the Indenture Trustee may take such action as may be appropriate to enforce such payment or performance, including the institution and prosecution of appropriate Proceedings. Any such action shall be without prejudice to any right to claim a Default or Event of Default under this Indenture and any right to proceed thereafter as provided in Article V.

Section 8.02. Establishment of Payment Account; Payments on the Notes.

(a) On or prior to the Closing Date, the Indenture Trustee shall establish and maintain the Payment Account as provided in Article 3 of the Sale and Servicing Agreement.

(b) On each Payment Date, the Paying Agent (or, if the Indenture Trustee acts as Paying Agent, the Indenture Trustee) shall distribute all amounts on deposit in the Payment Account in accordance with the report of the Calculation Agent, as provided in Section 4.1 of the Sale and Servicing Agreement.

(c) On each Payment Date and each Redemption Date, the Indenture Trustee hereby authorizes the Owner Trustee or the Certificate Paying Agent, as applicable, to make the distributions from the Certificate Account as required pursuant to Section 3.22 of the Sale and Servicing Agreement.

Section 8.03. Release of Collateral.

(a) Subject to the payment of its fees and expenses pursuant to Section 6.07, the Indenture Trustee may, and when required by the provisions of this Indenture or the Sale and Servicing Agreement shall, execute instruments to release property from the lien of this Indenture, or convey the Indenture Trustee's interest in the same, in a manner and under circumstances that are not inconsistent with the provisions of this Indenture or the Sale and Servicing Agreement. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article VIII shall be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any monies.

(b) Except as otherwise provided in subsections (c) and (d) of this Section and the terms of the Operative Agreements to which it is a party, the Indenture Trustee shall release property from the lien of this Indenture only upon receipt by it of an Issuer Request accompanied by (i) an Officer's Certificate, (ii) an Opinion of Counsel, (iii) certificates in accordance with TIA Sections 314(c) and (d)(1), and (iv)(A) Independent Certificates in accordance with TIA Sections 314(c) and 314(d)(1) and meeting the applicable requirements of Section 11.01 hereof or (B) an Opinion of Counsel in lieu of such Independent Certificates to the effect that the TIA does not require any such Independent Certificates; provided that no such Independent Certificates or Opinion of Counsel in lieu of such Independent Certificates shall be necessary in respect of property released from the lien of the Indenture in accordance with the provisions hereof if such property consists solely of cash distributed in accordance with the terms hereof and the Sale and Servicing Agreement.

(c) The Master Servicer or any Servicer, on behalf of the Issuer, shall be entitled to obtain a release from the lien of this Indenture for any Mortgage Loan and the Mortgaged Property at any time (i) after a payment by the Seller or the Issuer of the Purchase Price of the Mortgage Loan, (ii) after a Substitute Mortgage Loan is substituted for such Mortgage Loan in accordance with the Sale and Servicing Agreement, (iii) after liquidation of the Mortgage Loan in accordance with the Sale and Servicing Agreement and the deposit of all Liquidation Proceeds and Insurance Proceeds in the Collection Account, (iv) upon the termination of a Mortgage Loan (due to, among other causes, a prepayment in full of the Mortgage Loan and sale or other disposition of the related Mortgaged Property), or (v) as contemplated by Article 3 of the Sale and Servicing Agreement.

(d) The Indenture Trustee shall, if requested by the Master Servicer or any Servicer in writing, temporarily release (or cause its custodian to temporarily release) to such party the Mortgage File pursuant to the provisions of Section 3.12 of the Sale and Servicing Agreement.

(e) The Indenture Trustee shall, at such time as there are no Notes Outstanding and all sums due to the Noteholders pursuant to the Sale and Servicing Agreement and all fees and expenses of the Indenture Trustee, the Master Servicer, the Administrator, the Securities Intermediary and the Custodian pursuant to this Indenture have been paid, release any remaining portion of the Collateral that secured the Notes from the lien of this Indenture and release to the holder of the Certificates or any other Person entitled thereto any funds then on deposit in the Trust Accounts.

ARTICLE IX. SUPPLEMENTAL INDENTURES

Section 9.01. Supplemental Indentures Without Consent of Noteholders.

(a) Without the consent of the Holders of any Notes but with prior written notice to the Rating Agencies and with the prior written consent of the Issuer (which requires the consent of the holder of the Trust Certificate), the Indenture Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien of this Indenture additional property;

(ii) to evidence the succession, in compliance with the applicable provisions hereof, of another person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes contained;

(iii) to add to the covenants of the Issuer, for the benefit of the Holders of the Notes, or to surrender any right or power herein conferred upon the Issuer;

(iv)

to (A) cure any ambiguity, (B) correct or supplement any provision herein or in any supplemental indenture that may be inconsistent with any other provisions herein or in any supplemental indenture or to conform the provisions hereof to those of any Offering Document, (C) obtain a rating for a Class of Notes from a nationally recognized statistical rating organization, or (D) make any other provisions with respect to matters or questions arising under this Indenture; provided, however, that no such supplemental indenture entered into pursuant to clause (D) of this subparagraph (iv) shall adversely affect in any material respect the interests of any Holder not consenting thereto as evidenced by an Opinion of Counsel (or, in lieu thereof, written confirmation from each Rating Agency that such supplemental indenture will not cause it to reduce or withdraw its then-current ratings on any Class of Notes) furnished to the Indenture Trustee at the Issuer' s expense;

(v) to evidence and provide for the acceptance of the appointment hereunder of a successor trustee with respect to the Notes and to add to or change any of the provisions of this Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Article VI; or

(vi) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the TIA or under any similar federal statute hereafter enacted and to add to this Indenture such other provisions as may be expressly required by the TIA (as evidenced by an Opinion of Counsel furnished to the Indenture Trustee at the Issuer' s expense).

provided, however, that no such supplemental indenture shall be entered into unless the Indenture Trustee shall have received an Opinion of Counsel stating that entering into such supplemental indenture will not cause the Issuer to be subject to federal income tax as long as an entity that qualifies as a REIT under the Code holds directly, or indirectly through one or more Qualified REIT Subsidiaries, a 100% Percentage Interest in the Class X Certificate and the Trust Certificate, and the Indenture Trustee receives an officer' s certificate from the Holder of the Class X Certificate and the Trust Certificate to the effect that such Holder either qualifies as a REIT or a Qualified REIT Subsidiary under the Code and owns a 100% Percentage Interest in the Class X Certificate and the Trust Certificate.

The Indenture Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(b) The Issuer and the Indenture Trustee, when authorized by an Issuer Order, may also, without the consent of any Noteholder but with prior written notice to the Rating Agencies, 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 modifying in any manner the rights of the Noteholders under this Indenture; provided, however, that such action shall not, as evidenced by either (i) an Opinion of Counsel or (ii) satisfaction of the Rating Agency Condition, adversely affect in any material respect the interests of any Noteholder.

Section 9.02. Supplemental Indentures with Consent of Noteholders. The Issuer and the Indenture Trustee, when authorized by an Issuer Order, also may, with the prior consent of the Rating Agencies, the written consent of the holder of the Trust Certificate and with the consent of Holders of not less than 50% of the Outstanding Amount of Notes, 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 modifying in any manner the rights of the Holders of the Notes under this Indenture; *provided, however*, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Note affected thereby:

(a) change the date of payment of any installment of principal of or interest on any Note, or reduce the principal amount thereof, the interest rate thereon, change the provisions of this Indenture relating to the application of collections on, or the proceeds of the sale of, the Collateral to payment of principal of or interest on the Notes, or change any place of payment where, or the coin or currency in which, any Note or the interest thereon is payable, or impair the right to institute suit for the enforcement of the provisions of this Indenture requiring the application of funds available therefor, as provided in Article V, to the payment of any such amount due on the Notes on or after the respective due dates thereof (or, in the case of redemption, on or after the Redemption Date);

(b) reduce the percentage of the Outstanding Amount of the Notes, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture;

(c) modify or alter the provisions of the proviso to the definition of the term “Outstanding”;

(d) reduce the percentage of the Outstanding Amount of the Notes required to direct the Indenture Trustee to direct the Issuer to sell or liquidate the Collateral pursuant to Section 5.04;

(e) modify any provision of this Section except to increase any percentage specified herein or to provide that certain additional provisions of this Indenture or the Operative Agreements cannot be modified or waived without the consent of the Holder of each Outstanding Note affected thereby;

(f) modify any of the provisions of this Indenture in such manner as to affect the calculation of the amount of any payment of interest or principal due on any Note on any Payment Date or to affect the rights of the Holders of Notes to the benefit of any provision for the mandatory redemption of the Notes contained herein; or

(g) permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any part of the Collateral or, except as otherwise permitted or contemplated herein, terminate the lien of this Indenture on any property at any time subject hereto or deprive the Holder of any Note of the security provided by the lien of this Indenture.

The Indenture Trustee may conclusively rely on an Opinion of Counsel (at the expense of the party requesting the supplemental indenture) regarding whether or not any Notes would be affected by any supplemental indenture and any such determination shall be conclusive upon the Holders of all Notes, whether theretofore or thereafter authenticated and delivered hereunder.

In connection with requesting the consent of the Noteholders and the holder of the Trust Certificate pursuant to this Section, the Issuer shall mail to the Holders of the Notes to which such amendment or supplemental indenture relates and to the Owner Trustee (which shall in turn mail to the holder of the Trust Certificate) a notice setting forth in general terms the substance of such supplemental indenture. It shall not be necessary for any Act of Noteholders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

(h) Notwithstanding anything to the contrary in Section 9.01 or this Section 9.02, the Issuer may not, without the consent of the Counterparty, modify this Agreement if such amendment, supplement or modification would materially adversely affect the Counterparty, as solely determined by the Counterparty, in its reasonable discretion (provided that without limiting the foregoing, any reduction in the priority of payments to the Counterparty, any change in the timing of payments to the Counterparty or any reduction in quantity or quality of collateral available with respect to payments owing to the Counterparty shall automatically be considered for the purposes of this clause to be materially adverse to the Counterparty).

Section 9.03. Execution of Supplemental Indentures. In executing, or permitting the additional trusts created by, any supplemental indenture permitted by this Article IX or the modification thereby of the trusts created by this Indenture, the Indenture Trustee shall be entitled to receive, and subject to Sections 6.01 and 6.02, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Indenture Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects the Indenture Trustee’s own rights, duties, liabilities or immunities under this Indenture or otherwise.

Section 9.04. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and shall be deemed to be modified and amended in accordance therewith with respect to the Notes affected thereby, and the respective rights, limitations of rights,

obligations, duties, liabilities and immunities under this Indenture of the Indenture Trustee, the Issuer and the Holders of the Notes 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 9.05. Conformity with Trust Indenture Act. Every amendment of this Indenture and every supplemental indenture executed pursuant to this Article IX shall conform to the requirements of the Trust Indenture Act as then in effect so long as this Indenture shall then be qualified under the Trust Indenture Act.

Section 9.06. Reference in Notes to Supplemental Indentures. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this Article IX may, and if required by the Indenture Trustee shall, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such supplemental indenture. If the Issuer shall so determine, new Notes so modified as to conform, in the opinion of the Issuer, to any such supplemental indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

Section 9.07. Amendments to Trust Agreement. The Indenture Trustee shall, upon Issuer Order, consent to any proposed amendment to the Trust Agreement or an amendment to or waiver of any provision of any other document relating to the Trust Agreement, such consent to be given without the necessity of obtaining the consent of the Holders of any Notes upon satisfaction of the requirements under Section 10.01 of the Trust Agreement.

Nothing in this Section shall be construed to require that any Person obtain the consent of the Indenture Trustee to any amendment or waiver or any provision of any document where the making of such amendment or the giving of such waiver without obtaining the consent of the Indenture Trustee is not prohibited by this Indenture or by the terms of the document that is the subject of the proposed amendment or waiver.

ARTICLE X. DISPOSITION OF THE COLLATERAL; REDEMPTION OF THE NOTES

Section 10.01. Redemption of the Notes.

(a) The Notes may be redeemed following the sale of the Trust Estate pursuant to an auction or to the Holder of the Trust Certificate in the manner specified in and subject to the provisions of Section 7.2 of the Sale and Servicing Agreement.

(b) The Indenture Trustee shall furnish the Rating Agencies notice of any such redemption in accordance with Section 10.02 hereof.

(c) No redemption of any Note shall be permitted without retiring the then-outstanding Notes.

Section 10.02. Form of Redemption Notice. Notice of redemption under Section 10.01 hereof shall be given by the Indenture Trustee by first-class mail, postage prepaid, or by facsimile mailed or transmitted not later than 10 days prior to the applicable Redemption Date to each then Holder of each Class of Notes to be redeemed at such Holder's address or facsimile number appearing in the Note Register.

All notices of redemption shall state:

(a) the Redemption Date;

(b) the Redemption Price;

(c) that on a Redemption Date, (i) interest thereon shall cease to accrue on the date specified on the notice and (ii) that the payment of all other amounts described in Section 7.2 of the Sale and Servicing Agreement will be made; and

(d) the place where such Notes are to be surrendered for payment of the Redemption Price (which shall be the office or agency of the Issuer to be maintained as provided in Section 3.02 hereof).

Notice of redemption of the Notes shall be given by the Indenture Trustee in the name of the Issuer and at the expense of the Holder of the Trust Certificate or its assignee. Failure to give to any Holder of any Note notice of redemption, or any defect therein, shall not impair or affect the validity of the redemption of any other Note.

Section 10.03. Notes Payable on Redemption Date or Note Payment Date. Each Class of Notes to be redeemed shall, following notice of such redemption as required by Section 10.02 hereof on the applicable Redemption Date become due and payable at the Redemption Price and (unless the purchaser of the Trust Estate shall default in the payment of the Redemption Price) no interest shall accrue thereon for any period after the date to which accrued interest is calculated for purposes of calculating the Redemption Price. The Issuer may not redeem any Class of Notes unless (i) all outstanding obligations under such Class of Notes have been paid in full and (ii) the Indenture Trustee has been paid all amounts to which it is entitled hereunder.

ARTICLE XI. MISCELLANEOUS

Section 11.01. Compliance Certificates and Opinions, etc.

(a) Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer shall furnish to the Indenture Trustee (a) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, (b) an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, and (c) (if required by Section 3.14(c) of the TIA) an Independent Certificate from a firm of certified public accountants meeting the applicable requirements of this Section, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture, no additional certificate or opinion need be furnished. Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

- (i) a statement that each signatory of such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;
- (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (iii) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (iv) a statement as to whether or not, in the opinion of each such signatory, such condition or covenant has been complied with.

(b) Prior to the deposit of any Collateral or other property or securities with the Indenture Trustee that is to be made the basis for the release of any property or securities subject to the lien of this Indenture, the Issuer shall, in addition to any obligation imposed in Section 11.01(a) hereof or elsewhere in this Indenture, furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within 90 days of such deposit) to the Issuer of the Collateral or other property or securities to be so deposited.

(c) Whenever the Issuer is required to furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in subsection (b) above, the Issuer shall also deliver to the Indenture Trustee an Independent Certificate as to the same matters, if the fair value to the Issuer of the

securities to be so deposited and of all other such securities made the basis of any such withdrawal or release since the commencement of the then-current fiscal year of the Issuer, as set forth in the certificates delivered pursuant to subsection (b) above and this subsection (c), is 10% or more of the Outstanding Amount of the Notes, but such a certificate need not be furnished with respect to any securities so deposited, if the fair value thereof to the Issuer as set forth in the related Officer' s Certificate is less than \$25,000 or less than one percent of the Outstanding Amount of the Notes.

(d) Whenever any property or securities are to be released from the lien of this Indenture, the Issuer shall also furnish to the Indenture Trustee an Officer' s Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within 90 days of such release) of the property or securities proposed to be released and stating that in the opinion of such person the proposed release will not impair the security under this Indenture in contravention of the provisions hereof.

(e) Whenever the Issuer is required to furnish to the Indenture Trustee an Officer' s Certificate certifying or stating the opinion of any signer thereof as to the matters described in subsection (d) above, the Issuer shall also furnish to the Indenture Trustee an Independent Certificate as to the same matters if the fair value of the property or securities and of all other property or securities released from the lien of this Indenture since the commencement of the then-current calendar year, as set forth in the certificates required by subsection (d) above and this subsection (e), equals 10% or more of the Note Principal Balance of the Notes, but such certificate need not be furnished in the case of any release of property or securities if the fair value thereof as set forth in the related Officer' s Certificate is less than \$25,000 or less than one percent of the then Note Principal Balance of the Notes.

(f) The provisions set forth in Sections 11.01(b), (c), (d) and (e) hereof shall not apply to any repurchases, optional purchases, substitutions, redemptions or optional terminations carried out in accordance with the provisions of Article X of this Indenture or Article 7 of the Sale and Servicing Agreement.

Section 11.02. Form of Documents Delivered to Indenture Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an Authorized Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which such officer' s certificate or opinion is based are erroneous. Any such certificate of an Authorized Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Seller, the Depositor or the Issuer stating that the information with respect to such factual matters is in the possession of the Seller, the Depositor or the Issuer unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Whenever in this Indenture, in connection with any application or certificate or report to the Indenture Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer' s compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed

to affect the Indenture Trustee's right to rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI.

Section 11.03. Acts of Noteholders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Noteholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by agents duly appointed in writing; and except as herein otherwise expressly provided such action shall become effective when such instrument or instruments are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Noteholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section.

(b) The fact and date of the execution by any person of any such instrument or writing may be proved in any manner that the Indenture Trustee deems sufficient.

(c) The ownership of Notes shall be proved by the Note Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Notes shall bind the Holder of every Note issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Note.

Section 11.04. Notices, etc. to Indenture Trustee, the Issuer and Rating Agencies.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Noteholders or other documents provided or permitted by this Indenture shall be in writing and if such request, demand, authorization, direction, notice, consent, waiver or act of Noteholders is to be made upon, given or furnished to or filed with:

(a) the Indenture Trustee by any Noteholder or by the Issuer shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Indenture Trustee at its Corporate Trust Office, or

(b) the Issuer by the Indenture Trustee or by any Noteholder shall be sufficient for every purpose hereunder if in writing and mailed first-class, postage prepaid to the Issuer addressed to: Saxon Asset Securities Trust 2006-1, in care of Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, Attention: Corporate Trust Administrator (SAST 2006-1), or at any other address previously furnished in writing to the Indenture Trustee by the Issuer or the Administrator. The Issuer shall promptly transmit any notice received by it from the Noteholders to the Indenture Trustee.

Notices required to be given to the Rating Agencies by the Issuer, the Indenture Trustee or the Owner Trustee shall be in writing, personally delivered or mailed by certified mail, return receipt requested by overnight courier or facsimile, if to Moody's: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007, Attention: Residential Mortgage Surveillance, and if to S&P: Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041, Attention: Residential Mortgage Surveillance.

Section 11.05. Notices to Noteholders; Waiver. Where this Indenture provides for notice to Noteholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and delivered by first-class mail, postage prepaid, overnight courier or facsimile to each Noteholder affected by such event, at his address as it appears on the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Noteholders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed to any particular Noteholder shall affect

the sufficiency of such notice with respect to other Noteholders, and any notice that is mailed in the manner herein provided shall conclusively be presumed to have been duly given.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholders shall be filed with the Indenture Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver.

In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to Noteholders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Indenture Trustee shall be deemed to be a sufficient giving of such notice.

Section 11.06. Conflict with Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof that is required to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required provision shall control.

The provisions of TIA Sections 310 through 317 that impose duties on any person (including the provisions automatically deemed included herein unless expressly excluded by this Indenture) are a part of and govern this Indenture, whether or not physically contained herein.

Section 11.07. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 11.08. Successors and Assigns. All covenants and agreements in this Indenture and the Notes by the Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents.

Section 11.09. Severability. In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11.10. Benefits of Indenture and Consent of Noteholders. Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Noteholders, and any other party secured hereunder, and any other Person with an ownership interest in any part of the Collateral, any benefit or any legal or equitable right, remedy or claim under this Indenture. Each Noteholder and Note Owner, by acceptance of a Note or, in the case of a Note Owner, a beneficial interest in a Note, consents to and agrees to be bound by the terms and conditions of this Indenture.

Section 11.11. Legal Holidays. In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

Section 11.12. Governing Law. THIS INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 11.13. Counterparts. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 11.14. Recording of Indenture. If this Indenture is subject to recording in any appropriate public recording offices, such recording is to be effected by the Issuer and at its expense accompanied by an Opinion of Counsel at its expense (which may be counsel to the Indenture Trustee or any other counsel reasonably acceptable to the Indenture Trustee) to the effect that such recording is necessary either for the protection of the Noteholders or any other Person secured hereunder or for the enforcement of any right or remedy granted to the Indenture Trustee under this Indenture.

Section 11.15. Issuer Obligations. No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer, the Owner Trustee or the Indenture Trustee on the Notes or under this Indenture or any certificate or other writing delivered in connection herewith or therewith, against (i) the Indenture Trustee or the Owner Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, shareholder, member, beneficiary, agent, officer, director or employee of the Indenture Trustee or the Owner Trustee in its individual capacity, any holder of a beneficial interest in the Issuer, the Owner Trustee or the Indenture Trustee or of any successor or assign of the Indenture Trustee or the Owner Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Indenture Trustee and the Owner Trustee have no such obligations in their individual capacity). For all purposes of this Indenture, in the performance of any duties or obligations of the Issuer hereunder, the Owner Trustee shall be subject to, and entitled to the benefits of, the terms and provisions of Article V, VI and VII of the Trust Agreement.

Section 11.16. No Petition. The Indenture Trustee, by entering into this Indenture, and each Noteholder, by its acceptance of a Note (and the third party beneficiary hereto, by its acceptance of its rights under Section 11.21), hereby covenant and agree that they will not at any time institute against the Seller, the Depositor or the Issuer or join in any institution against the Seller, the Depositor or the Issuer, any bankruptcy, reorganization, arrangement, insolvency or liquidation Proceedings, or other Proceedings under any United States federal or state bankruptcy or similar law in connection with any obligations relating to the Notes, this Indenture or any of the other Operative Agreements, *provided, however*, that nothing herein shall be deemed to prohibit the Indenture Trustee from filing proofs of claim for itself and on behalf of the Noteholders.

Section 11.17. Inspection.

The Issuer agrees that, on reasonable prior notice, it will permit any representative of the Indenture Trustee during the Issuer's normal business hours, to examine all the books of account, records, reports and other papers of the Issuer, to make copies and extracts therefrom, to cause such books to be audited by Independent certified public accountants, and to discuss the Issuer's affairs, finances and accounts with the Issuer's officers, employees, and Independent certified public accountants, all at such reasonable times and as often as may be reasonably requested. The Indenture Trustee shall and shall cause its representatives to hold in confidence all such information except to the extent disclosure may be required by law (and all reasonable applications for confidential treatment are unavailing) and except to the extent that the Indenture Trustee may reasonably determine that such disclosure is consistent with its obligations hereunder.

Section 11.18. Execution by the Issuer. It is expressly understood and agreed by the parties and the third party beneficiary hereto that (a) this Indenture is executed and delivered by Wilmington Trust Company, not individually or personally but solely as Owner Trustee of the Issuer, in the exercise of the powers and authority conferred and vested in its as trustee, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose of binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties and by any person claiming by, through or under the parties hereto and (d) under no circumstances shall Wilmington

Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representations, warranty or covenant made or undertaken by the Issuer under this Indenture or any other document.

Section 11.19. Indenture Trustee May File Proofs of Claim.

The Indenture Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, subject to the limitations contained herein) and the Holders allowed in any judicial Proceedings relative to the Issuer or any guarantor (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to participate as a member, voting or otherwise, of any official committee of creditors appointed in such matter and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial Proceeding is hereby authorized by each Holder to make such payments to the Indenture Trustee, and in the event that the Indenture Trustee shall consent to the making of such payments directly to the Holders, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel, and any other amounts due the Indenture Trustee under Section 6.07 hereof subject to the limitations contained herein. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due the Indenture Trustee under Section 6.07 hereof subject to the limitation contained herein out of the estate in any such Proceeding, shall be denied for any reason, payment of the same shall be paid out of any and all distributions, dividends, money, securities and other property that the Holders may be entitled to receive in such Proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Indenture Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Indenture Trustee to vote in respect of the claim of any Holder in any such Proceeding.

Section 11.20. Confidentiality.

Notwithstanding anything herein to the contrary, the foregoing shall not be construed to prohibit (i) disclosure of any and all information that is or becomes publicly known, or information obtained by the Indenture Trustee from sources other than the Issuer, the Seller, the Depositor or Owner Trustee, (ii) disclosure of any and all information (A) if required to do so by any applicable statute, law, rule or regulation, (B) to any government agency or regulatory body having or claiming authority to regulate or oversee any respects of the Indenture Trustee's business or that of its affiliates, (C) pursuant to any subpoena, civil investigative demand or similar demand or request of any court, regulatory authority, arbitrator or arbitration to which the Indenture Trustee or an affiliate or an officer, director, employer or shareholder thereof is a party, (D) in any document pertaining to the transactions contemplated by this Agreement approved in advance by the Issuer, the Seller, the Depositor or Owner Trustee or (E) to any affiliate, independent or internal auditor, agent, employee or attorney of the Indenture Trustee having a need to know the same, *provided* that the Indenture Trustee advises such recipient of the confidential nature of the information being disclosed, or (iii) any other disclosure authorized by the Issuer, the Seller, the Depositor or Owner Trustee.

Section 11.21. Third Party Beneficiary

The parties hereto agree that the Counterparty is intended to be, and shall have all rights of, a third-party beneficiary to this Indenture with respect to the provisions of Sections 5.04 and 9.02(h) relating to it.

STATE OF DELAWARE)
)
COUNTY OF NEWCASTLE)

BEFORE ME, the undersigned authority, a Notary Public in and for said county and state, on this day personally appeared Michele C. Harra, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said WILMINGTON TRUST COMPANY, not in its individual capacity, but solely as Owner Trustee on behalf of SAXON ASSET SECURITIES TRUST 2006-1, a Delaware statutory trust, and that such person executed the same as the act of said statutory trust for the purpose and consideration therein expressed, and in the capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 24th day of April 2006.

J. Christopher Murphy
Notary Public in and for the State of Delaware

My commission expires:

June 23, 2007



STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

BEFORE ME, the undersigned authority, a Notary Public in and for said county and state, on this day personally appeared Benvenuto, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, and that such person executed the same as the act of said corporation for the purpose and consideration therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 26th day of April 2006.

 /s/ Mei Nghia
Notary Public in and for the State of California

My commission expires:

Nov 19,2008



STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

BEFORE ME, the undersigned authority, a Notary Public in and for said county and state, on this day personally appeared Hang Luu, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, and that such person executed the same as the act of said corporation for the purpose and consideration therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 26th day of April 2006.

Mei Nghia
Notary Public in and for the State of California

My commission expires:

11/19/08



EXHIBIT A
FORM OF NOTES



IN WITNESS WHEREOF, the Investor has caused this instrument to be executed on its behalf, pursuant to proper authority, by its duly authorized officer, duly attested, this ____ day of _____ 20__.

[NAME OF INVESTOR]

By: _____

Name:

Title:

ATTEST:

STATE OF)
) ss.:
COUNTY OF)

Personally appeared before me the above-named _____, known or proved to me to be the same person who executed the foregoing instrument and to be the _____ of the Investor, and acknowledged that s/he executed the same as her/his free act and deed and the free act and deed of the Investor.

Subscribed and sworn before me this ____ day of _____ 20__.

NOTARY PUBLIC

My commission expires the

___ day of _____ 20__.

EXHIBIT C

SERVICING CRITERIA TO BE ADDRESSED IN ASSESSMENT OF COMPLIANCE

The assessment of compliance to be delivered by the Indenture Trustee shall address, at a minimum, the criteria identified below:

Reference	Servicing Criteria
1122(d)(1)(i)	Policies and procedures are instituted to monitor any performance or other triggers and events of default in accordance with the transaction agreements.
1122(d)(1)(ii)	If any material servicing activities are outsourced to third parties, policies and procedures are instituted to monitor the third party's performance and compliance with such servicing activities.
1122(d)(2)(ii)	Disbursements made via wire transfer on behalf of an obligor or to an investor are made only by authorized personnel.
1122(d)(2)(iv)	The related accounts for the transaction, such as cash reserve accounts or accounts established as a form of overcollateralization, are separately maintained (e.g. with respect to commingling of cash) as set forth in the transaction documents.
1122(d)(2)(v)	Each custodial account is maintained by a federally insured depository institution as set forth in the transaction documents.
1122(d)(2)(vi)	Unissued checks are safeguarded so as to prevent unauthorized access.
1122(d)(2)(vii)	Reconciliations are prepared on a monthly basis for all asset-backed securities related bank accounts, including custodial accounts and related bank clearing accounts. These reconciliations are (A) mathematically accurate; (B) prepared within 30 calendar days after the bank statement cutoff date, or such other number of days specified in the transaction documents; (C) reviewed and approved by someone other than the person who prepared the reconciliation; and (D) contain explanations for reconciling items. These reconciling items are resolved within 90 calendar days of their original identification, or such other number of day specified in the transaction agreements.
1122(d)(3)(i)	Reports to investors, including those to be filed with the Commission, are maintained in accordance with the transaction

	agreements and applicable Commission requirements. Specifically, such reports (A) are prepared in accordance with timeframes and other terms set forth in the transaction agreements; (B) provide information calculated in accordance with the terms specified in the transaction agreements; (C) are filed with the Commission as required by its rules and regulations and (D) agree with investors' or the indenture trustee's records as to the total unpaid principal balance and number of mortgage loans.
1122(d)(3)(ii)	Amounts due to investors are allocated and remitted in accordance with the timeframes, distribution priority and other terms set forth in the transaction agreements.
1122(d)(3)(iii)	Disbursements made to an investor are posted within two business days to the servicer's investor records, or such other number of days specified in the transaction documents.
1122(d)(3)(iv)	Amounts remitted to investors per the investor reports agree with cancelled checks, or other forms of payment, or custodial bank statements.
1122(d)(4)(i)	Collateral or security on mortgage loans is maintained as required by the transaction agreements or related mortgage loan documents.
1122(d)(4)(ii)	Mortgage loan and related documents are safeguarded as required by the transaction agreements.
1122(d)(4)(iii)	Any additions, removals or substitutions to the asset pool are made, reviewed and approved in accordance with any conditions or requirements in the transaction agreements.
1122(d)(4)(xv)	Any external enhancement or other support, identified in Item 1114(a)(1) through (3) or Item 1115 of Regulation AB, is maintained as set forth in the transaction agreements.

SAXON ASSET SECURITIES TRUST 2006-1,

Issuer

SAXON ASSET SECURITIES COMPANY,

Depositor

SAXON FUNDING MANAGEMENT, INC.,

Master Servicer

SAXON MORTGAGE SERVICES, INC.,

Servicer

and

DEUTSCHE BANK TRUST COMPANY AMERICAS

Indenture Trustee

SALE AND SERVICING AGREEMENT

Dated as of April 1, 2006

SAXON ASSET SECURITIES TRUST 2006-1

MORTGAGE LOAN ASSET BACKED NOTES, SERIES 2006-1

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THIS SALE AND SERVICING AGREEMENT, dated as of April 1, 2006 (this "Agreement") among SAXON ASSET SECURITIES TRUST 2006-1, a Delaware statutory trust, as issuer (the "Issuer"), SAXON ASSET SECURITIES COMPANY, a Virginia corporation, as depositor (the "Depositor"), SAXON FUNDING MANAGEMENT, INC., a Delaware corporation, as master servicer (the "Master Servicer"), SAXON MORTGAGE SERVICES, INC., a Texas corporation, as servicer (the "Servicer"), and DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, as indenture trustee (the "Indenture Trustee"),

WITNESSETH THAT

In consideration of the mutual agreements herein contained, the parties hereto agree as follows:

PRELIMINARY STATEMENT

WHEREAS, the Depositor has acquired the Mortgage Loans from SFM pursuant to the Sales Agreement, and at the Closing Date is the owner of such Mortgage Loans and the other property being conveyed by it to the Issuer hereunder for inclusion in the Trust Estate on the Closing Date;

WHEREAS, on the Closing Date, the Depositor will acquire the Notes and the Certificates (the "Securities") from the Issuer, as consideration for its transfer to the Issuer of the Mortgage Loans and the other property constituting the Trust Estate;

WHEREAS, the Depositor has duly authorized the execution and delivery of this Agreement to provide for the conveyance to the Issuer of the Mortgage Loans and the other property constituting the Trust Estate and the servicing of the Mortgage Loans; and

WHEREAS, pursuant to the Indenture, the Issuer will pledge the Mortgage Loans, the Yield Maintenance Agreement and the other property constituting the Trust Estate to the Indenture Trustee as security for the Notes;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the Issuer, the Depositor, the Master Servicer, the Servicer and the Indenture Trustee agree as follows:

ARTICLE 1.

DEFINITIONS

Section 1.1. Defined Terms

Whenever used in this Agreement, in addition to any capitalized terms defined in the Preliminary Statement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

Account Designation: Saxon Asset Securities Trust 2006-1 Mortgage Loan Asset Backed Notes, Series 2006-1.

Accrual Period: With respect to any Payment Date, the period from the preceding Payment Date (or from the Closing Date in the case of the first Payment Date) to and including the day prior to the current Payment Date.

Administration Agreement: The Administration Agreement dated as of April 1, 2006 among the Issuer, the Administrator, the Owner Trustee and the Depositor, as such may be amended or supplemented from time to time.

Administrator: Deutsche Bank Trust Company Americas, in its capacity of administrator under the Administration Agreement.

Advance: Each P&I Advance and Servicing Advance.

Affiliate: Any Person or entity controlling, controlled by or under common Control with Saxon Mortgage Services, Inc. “Control” means the power to direct the management and policies of a Person or entity, directly or indirectly, whether through ownership of voting securities, by contract or otherwise. “Controlling” and “controlled” shall have meanings correlative to the foregoing.

Agreement: This Sale and Servicing Agreement and all amendments or supplements hereto.

Assumed Principal Balance: As of any Payment Date, the sum of the aggregate Stated Principal Balances of the Mortgage Loans as of the related Determination Date.

Available Funds: As of any Payment Date, the sum of all Principal Funds and Interest Funds for such date.

Available Funds Rate: As of any Payment Date and any Class of Notes, a per annum rate equal to the product of (i) the quotient of Interest Funds *divided by* the Class Principal Balances of the Notes before taking into account any payments of principal on such Payment Date, *multiplied by* (ii) a fraction the numerator of which is 360 and the denominator of which is the actual number of days in the Accrual Period.

Available Funds Shortfall: For any Class of Notes and any Payment Date, the sum of (a) the excess, if any, of (i) the amount that would have been the Current Interest for such Class had the Interest Rate for such Class been determined without regard to the Available Funds Rate over (ii) the actual amount of Current Interest paid for such Class, *plus* (b) any excess described in clause (a) for any prior Payment Date that remains unpaid, *plus* (c) interest accrued during the Accrual Period related to such Payment Date on the amount described in clause (b) at the Interest Rate applicable to such Class, determined without regard to the Available Funds Rate.

Bankruptcy Code: The United States Bankruptcy Reform Act of 1978, as amended.

Blanket Mortgage: The mortgage or mortgages encumbering a Cooperative Property.

Business Day: Any day other than (i) a Saturday or a Sunday, or (ii) a day on which banking institutions in New York City or the city in which any of the Custodian, the Servicer, the Master Servicer, or the Corporate Trust Office of the Indenture Trustee or the Owner Trustee is located are authorized or obligated by law or executive order to be closed.

Calculation Agent: Deutsche Bank Trust Company Americas, a New York banking corporation, and its successors and assigns in such capacity.

Certificate Account: The account maintained by the Administrator pursuant to Section 3.22.

Certificateholder: As defined in the Trust Agreement.

Certificate Owner: As defined in the Trust Agreement.

Certificate Register and Certificate Registrar: As defined in the Trust Agreement.

Certificates: The Trust Certificate and the Class X Certificate.

Class: All Notes bearing the same class designation. The definition of each Class of Notes in the Indenture is incorporated into this Agreement by reference.

Class B Notes: Any Class of Notes issued under the Indenture including the letter “B” in its Class designation.

Class M Notes: Any Class of Notes issued under the Indenture including the letter “M” in its Class designation.

Class B-1 Principal Payment Amount: With respect to any Payment Date before the Stepdown Date or for which a Trigger Event is in effect, zero, and with respect to any Payment Date on or after the Stepdown Date and as long as a Trigger Event is not in effect the excess of:

- (i) the sum of:
 - (A) the aggregate Class Principal Balance of the Class A Notes (after giving effect to payments on such date),
 - (B) the aggregate Class Principal Balance of the Class M Notes (after giving effect to payments on such date), and
 - (C) the Class Principal Balance of the Class B-1 Notes immediately prior to such Payment Date, over
- (ii) the lesser of:
 - (A) the related Target Percentage of the Assumed Principal Balance on the related Determination Date, and
 - (B) the Assumed Principal Balance on the related Determination Date less 0.50% of such Assumed Principal Balance as of the Cut Off Date (but in no event less than zero).

Class B-2 Principal Payment Amount: With respect to any Payment Date before the Stepdown Date or for which a Trigger Event is in effect, zero, and with respect to any Payment Date on or after the Stepdown Date and as long as a Trigger Event is not in effect the excess of:

- (i) the sum of:
 - (A) the aggregate Class Principal Balance of the Class A Notes (after giving effect to payments on such date),
 - (B) the aggregate Class Principal Balance of the Class M Notes (after giving effect to payments on such date),
 - (C) the Class Principal Balance of the Class B-1 Notes (after giving effect to payments on such date), and
 - (D) the Class Principal Balance of the Class B-2 Notes immediately prior to such Payment Date, over
- (ii) the lesser of:
 - (A) the related Target Percentage of the Assumed Principal Balance on the related Determination Date, and
 - (B) the Assumed Principal Balance on the related Determination Date less 0.50% of such Assumed Principal Balance as of the Cut Off Date (but in no event less than zero).

Class B-3 Principal Payment Amount: With respect to any Payment Date before the Stepdown Date or for which a Trigger Event is in effect, zero, and with respect to any Payment Date on or after the Stepdown Date and as long as a Trigger Event is not in effect the excess of:

- (i) the sum of:

- (A) the aggregate Class Principal Balance of the Class A Notes (after giving effect to payments on such date),
 - (B) the aggregate Class Principal Balance of the Class M Notes (after giving effect to payments on such date),
 - (C) the Class Principal Balance of the Class B-1 Notes (after giving effect to payments on such date),
 - (D) the Class Principal Balance of the Class B-2 Notes (after giving effect to payments on such date), and
 - (E) the Class Principal Balance of the Class B-3 Notes immediately prior to such Payment Date, over
- (ii) the lesser of:
- (A) the related Target Percentage of the Assumed Principal Balance on the related Determination Date, and
 - (B) the Assumed Principal Balance on the related Determination Date less 0.50% of such Assumed Principal Balance as of the Cut Off Date (but in no event less than zero).

Class M-1/M-2 Principal Payment Amount: With respect to any Payment Date before the Stepdown Date or for which a Trigger Event is in effect, zero, and with respect to any Payment Date on or after the Stepdown Date and as long as a Trigger Event is not in effect the excess of:

- (i) the sum of:
 - (A) the aggregate Class Principal Balance of the Class A Notes (after giving effect to payments on such date), and
 - (B) the aggregate Class Principal Balances of the Class M-1 and Class M-2 Notes immediately prior to such Payment Date, over
- (ii) the lesser of:
 - (A) the related Target Percentage of the Assumed Principal Balance on the related Determination Date, and
 - (B) the Assumed Principal Balance on the related Determination Date less 0.50% of such Assumed Principal Balance as of the Cut Off Date (but in no event less than zero).

Class M-3 Principal Payment Amount: With respect to any Payment Date before the Stepdown Date or for which a Trigger Event is in effect, zero, and with respect to any Payment Date on or after the Stepdown Date and as long as a Trigger Event is not in effect the excess of:

- (i) the sum of:
 - (A) the aggregate Class Principal Balance of the Class A Notes (after giving effect to payments on such date),
 - (B) the Class Principal Balance of the Class M-1 Notes (after giving effect to payments on such date),

- (C) the Class Principal Balance of the Class M-2 Notes (after giving effect to payments on such date), and
 - (D) the Class Principal Balance of the Class M-3 Notes immediately prior to such Payment Date, over
- (ii) the lesser of:
- (A) the related Target Percentage of the Assumed Principal Balance on the related Determination Date; and
 - (B) the Assumed Principal Balance on the related Determination Date less 0.50% of such Assumed Principal Balance as of the Cut Off Date (but in no event less than zero).

Class M-4 Principal Payment Amount: With respect to any Payment Date before the Stepdown Date or for which a Trigger Event is in effect, zero, and with respect to any Payment Date on or after the Stepdown Date and as long as a Trigger Event is not in effect the excess of:

- (i) the sum of:
- (A) the aggregate Class Principal Balance of the Class A Notes (after giving effect to payments on such date),
 - (B) the Class Principal Balance of the Class M-1 Notes (after giving effect to payments on such date),
 - (C) the Class Principal Balance of the Class M-2 Notes (after giving effect to payments on such date),
 - (D) the Class Principal Balance of the Class M-3 Notes (after giving effect to payments on such date), and
 - (E) the Class Principal Balance of the Class M-4 Notes immediately prior to such Payment Date, over
- (ii) the lesser of:
- (A) the related Target Percentage of the Assumed Principal Balance on the related Determination Date, and
 - (B) the Assumed Principal Balance on the related Determination Date less 0.50% of such Assumed Principal Balance as of the Cut Off Date (but in no event less than zero).

Class M-5 Principal Payment Amount: With respect to any Payment Date before the Stepdown Date or for which a Trigger Event is in effect, zero, and with respect to any Payment Date on and after the Stepdown Date and as long as a Trigger Event is not in effect the excess of:

- (i) the sum of:
- (A) the aggregate Class Principal Balance of the Class A Notes (after giving effect to payments on such date),
 - (B) the Class Principal Balance of the Class M-1 Notes (after giving effect to payments on such date),

- (C) the Class Principal Balance of the Class M-2 Notes (after giving effect to payments on such date),
 - (D) the Class Principal Balance of the Class M-3 Notes (after giving effect to payments on such date),
 - (E) the Class Principal Balance of the Class M-4 Notes (after giving effect to payments on such date), and
 - (F) the Class Principal Balance of the Class M-5 Notes immediately prior to such Payment Date, over
- (ii) the lesser of:
- (A) the related Target Percentage of the Assumed Principal Balance on the related Determination Date, and
 - (B) the Assumed Principal Balance on the related Determination Date less 0.50% of such Assumed Principal Balance as of the Cut Off Date (but in no event less than zero).

Class Principal Balance: With respect to any Class of Notes and as of any Payment Date, the aggregate of the Note Principal Balances of all Notes of such Class as of such date.

Class X Certificate: Any Certificate evidencing the right to payment of certain residual cashflows received by the Issuer, substantially in the form attached as Exhibit B of the Trust Agreement.

Closing Date: May 2, 2006.

Code: The Internal Revenue Code of 1986, including any successor or amendatory provisions.

Collection Account: The separate Eligible Account or Accounts created and maintained by the Servicer pursuant to Section 3.5 with a depository institution for the benefit of the Indenture Trustee on behalf of the Noteholders and designated with the Account Designation.

Commission: As defined in Section 6.3.

Compensating Interest: As to any Payment Date and any Principal Prepayment in Full in respect of a Mortgage Loan that is received during the period from the eighteenth day of the month prior to the month of such Payment Date through the last day of such month, an additional payment made by the Servicer or the Master Servicer, as the case may be, to the extent funds are available from the total Servicing Fee or Master Servicing Fee, as applicable, payable for such Payment Date, equal to the amount of interest at the Net Rate for such Mortgage Loan from the date of the prepayment through the last day of the month of such Payment Date. For the avoidance of doubt, no Compensating Interest payment shall be required in connection with any shortfalls resulting from Principal Prepayments in part or the application of the Relief Act.

Control: The meaning specified in Section 8-106 of the New York UCC.

Controlling Class Notes: As defined in the Indenture.

Cooperative Corporation: The entity that holds title (fee or an acceptable leasehold estate) to the real property and improvements constituting the Cooperative Property and which governs the Cooperative Property, which Cooperative Corporation must qualify as a Cooperative Housing Corporation under Section 216 of the Code.

Coop Shares: Shares issued by a Cooperative Corporation.

Cooperative Loan: Any Mortgage Loan secured by Coop Shares and a Proprietary Lease.

Cooperative Property: The real property and improvements owned by the Cooperative Corporation, including the allocation of individual dwelling units to the holders of the Coop Shares of the Cooperative Corporation.

Cooperative Unit: A single-family dwelling located in a Cooperative Property.

Corporate Trust Office: With respect to the Indenture Trustee and the Administrator, as defined in the Indenture and, with respect to the Owner Trustee, as defined in the Trust Agreement.

Counterparty: The Royal Bank of Scotland plc, as counterparty under the Yield Maintenance Agreement, and any permitted successor thereto.

Current Interest: With respect to any Payment Date and any Class of Notes, interest accrued on the Class Principal Balance thereof immediately prior to such Payment Date during the related Accrual Period at the applicable Interest Rate. All calculations of interest on the Notes will be made on the basis of the actual number of days elapsed in the related Accrual Period and a 360-day year.

Custody Agreement: The Custody Agreement between the Custodian and Indenture Trustee dated as of April 1, 2006.

Custodian: Deutsche Bank Trust Company Americas, and its successors and assigns in such capacity.

Cut Off Date: The close of business on April 1, 2006.

Debt Service Reduction: With respect to any Mortgage Loan, a reduction by a court of competent jurisdiction in a proceeding under the Bankruptcy Code in the Scheduled Payment for such Mortgage Loan which became final and non-appealable, except such a reduction resulting from a Deficient Valuation or any reduction that results in a permanent forgiveness of principal.

Deficient Valuation: With respect to any Mortgage Loan, a valuation by a court of competent jurisdiction of the related Mortgage Property in an amount less than the then-outstanding indebtedness under such Mortgage Loan, or any reduction in the amount of principal to be paid in connection with any Scheduled Payment on such Mortgage Loan that results in a permanent forgiveness of principal, which valuation or reduction results from an order of such court which is final and non-appealable in a proceeding under the Bankruptcy Code.

Deleted Mortgage Loan: As defined in Section 2.3(d).

Delinquent: A Mortgage Loan is delinquent and considered “under 30 days Delinquent” if any payment due thereon is not made by the close of business as of the end of the calendar month in which such payment was due. A Mortgage Loan is considered “30 - 59 days Delinquent” if such payment has not been received by the end of the calendar month following the month in which such payment was categorized as Delinquent. Similarly for “60 - 89 days Delinquent,” “over 90 days Delinquent” and so on.”

Denomination: With respect to each Note, the amount set forth on the face thereof as the “Initial Principal Balance of this Note,” or, in the case of the Trust Certificate or the Class X Certificate, the Percentage Interest appearing on the face thereof.

Depositor: Saxon Asset Securities Company, a Virginia corporation, or its successor in interest.

Determination Date: As to any Payment Date, the earlier of (i) the 17th day of the month in which such Payment Date occurs, or (ii) if such day is not a Business Day, the immediately preceding Business Day.

Due Date: With respect to any Payment Date and any Mortgage Loan, the day of the month in which each Payment Date occurs on which the related mortgage payment is due (or, in the case of an Odd Due Date Mortgage Loan, such day in the preceding month).

Due Period: With respect to any Payment Date, the period from and including the second day of the previous month through and including the first day of the current month.

Eligible Account: Any of (i) an account or accounts maintained with a federal or state chartered depository institution or trust company the short-term unsecured debt obligations of which (or, in the case of a depository institution or trust company that is the principal subsidiary of a holding company, the debt obligations of such holding company) have the highest short-term ratings of each Rating Agency at the time any amounts are held on deposit therein, or (ii) an account or accounts in a depository institution or trust company in which such accounts are insured by the FDIC or the SAIF (to the limits established by the FDIC or the SAIF, as applicable) and the uninsured deposits in which accounts are otherwise secured such that, as evidenced by an Opinion of Counsel delivered to the Indenture Trustee and to each Rating Agency, the Indenture Trustee, on behalf of the Noteholders, has a claim with respect to the funds in such account or a perfected first priority security interest against any collateral (which shall be limited to Permitted Investments) securing such funds that is superior to claims of any other depositors or creditors of the depository institution or trust company in which such account is maintained, or (iii) a trust account or accounts maintained with (a) the trust department of a federal or state chartered depository institution or (b) a trust company, acting in its fiduciary capacity or (iv) any other account acceptable to each Rating Agency. Eligible Accounts may bear interest, and may include, if otherwise qualified under this definition, accounts maintained with the Indenture Trustee or an Affiliate.

Entitlement Holder: The meaning specified in Section 8-102(a)(7) of the New York UCC.

Entitlement Order: The meaning specified in Section 8-102(a)(8) of the New York UCC.

ERISA: The Employee Retirement Income Security Act of 1974, as amended.

Escrow Account: The Eligible Account or Accounts established and maintained pursuant to Section 3.6(a).

Event of Default: As defined in Section 6.1.

Excess Cashflow: As to each Payment Date, the sum of the following amounts:

- (i) Any Released Principal Amount for such date;
- (ii) Any remaining Principal Funds for such date pursuant to Section 4.1(b)(ix) or 4.1(c)(x);
- (iii) Any Pledged Prepayment Penalties for such date; and
- (iv) Any remaining Interest Funds for such date pursuant to Section 4.1(a)(xi).

Excess Proceeds: With respect to any Liquidated Mortgage Loan, the amount, if any, by which the sum of any Liquidation Proceeds of such Mortgage Loan received during the Prepayment Period in which such Mortgage Loan became a Liquidated Mortgage Loan, net of any amounts previously reimbursed to the Master Servicer as Nonrecoverable Advance(s) with respect to such Mortgage Loan pursuant to Section 3.8(a)(iii), exceeds (i) the unpaid principal balance of such Liquidated Mortgage Loan as of the Due Date in the month in which such Mortgage Loan became a Liquidated Mortgage Loan plus (ii) accrued interest at the Mortgage Rate from the Due Date as to which interest was last paid or advanced (and not reimbursed) to Securityholders up to the Due Date applicable to the Payment Date immediately following the Prepayment Period during which such liquidation occurred.

Notwithstanding the foregoing, Excess Proceeds with respect to any Nonrecoverable Mortgage Loan shall be equal to the amount, if any, by which Subsequent Recoveries with respect to such Nonrecoverable Mortgage Loan exceed the Realized Loss with respect thereto.

Exchange Act: As defined in Section 6.3(a).

Extra Principal Payment Amount: With respect to any Payment Date, the lesser of

- (x) the sum of Interest Funds available pursuant to Section 4.1(a)(xi) and Pledged Prepayment Penalties; and
- (y) the excess of:
 - (i) the Required Overcollateralization Amount for such date, over
 - (ii) the Overcollateralization Amount for such date (assuming that all Principal Funds are paid as principal on the Notes on such date).

Fannie Mae: The entity formally known as the Federal National Mortgage Association, a federally chartered and privately owned corporation organized and existing under the Federal National Mortgage Association Charter Act, or any successor thereto.

FDIC: The Federal Deposit Insurance Corporation, or any successor thereto.

Financial Asset: The meaning specified in Section 8-102(a) of the New York UCC.

FIRREA: The Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

Fitch: Fitch Ratings, Inc., or any successor thereto. If Fitch is designated as a Rating Agency in the Preliminary Statement, the address for notices to Fitch shall be Fitch Ratings, Inc., One State Street Plaza, New York, New York 10004, Attention: Residential Mortgage Surveillance Group, or such other address as Fitch may hereafter furnish to the Depositor and the Master Servicer.

Fixed Rate Cap: As to the Notes and any Payment Date, a per annum rate equal to 12.25%.

Freddie Mac: The entity formally known as the Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created and existing under Title III of the Emergency Home Finance Act of 1970, as amended, or any successor thereto.

Group I Mortgage Loans: The Mortgage Loans included in Loan Group I.

Group I Senior Notes: The Class A-1 Notes.

Group II Mortgage Loans: The Mortgage Loans included in Loan Group II.

Group II Senior Notes: The Class A-2A, Class A-2B, Class A-2C and Class A-2D Notes.

Holder: A Securityholder or Noteholder, as specified.

Indenture: The Indenture dated as of April 1, 2006, between the Issuer and the Indenture Trustee, as such may be amended or supplemented from time to time.

Indenture Trustee: Deutsche Bank Trust Company Americas, not in its individual capacity but solely as Indenture Trustee, or any successor in interest which accepts its appointment as Indenture Trustee under the Indenture and this Agreement and agrees to act in such capacity in accordance herewith and with the Indenture.

Indenture Trustee Fee: As to any Payment Date, an amount equal to one-twelfth of the Indenture Trustee Fee Rate multiplied by the Assumed Principal Balance with respect to such Payment Date, to be paid from deductions to the Master Servicing Fee.

Indenture Trustee Fee Rate: 0.0072% per annum.

Initial Adjustment Date: As to each adjustable rate Mortgage Loan, the first date upon which the monthly interest rate thereon is reset.

Initial Auction Call Date: The first Payment Date on or after which the Assumed Principal Balance of the Mortgage Loans is less than 20% of the Assumed Principal Balance of the Mortgage Loans as of the Cut Off Date.

Initial Certification: As defined in Section 2.2.

Initial Clean-Up Call Date: As defined in Section 7.2(b).

Initial Payment Date: May 25, 2006.

Insurance Policy: With respect to any Mortgage Loan included in the Trust Estate, any insurance policy, including all riders and endorsements thereto in effect, including any replacement policy or policies for any Insurance Policies.

Insurance Proceeds: Proceeds paid by an insurer pursuant to any Insurance Policy, in each case other than any amount included in such Insurance Proceeds in respect of Insured Expenses.

Insured Expenses: Expenses covered by an Insurance Policy or any other insurance policy with respect to the Mortgage Loans.

Interest Determination Date: With respect to the first Accrual Period, April 28, 2006, and with respect to any subsequent Accrual Period, the second London Business Day preceding such Accrual Period.

Interest Funds: With respect to any Determination Date, the sum, without duplication, of:

- (i) all scheduled interest on the Mortgage Loans due during the related Due Period (and received by the related Determination Date) less the Retained Interest, the Servicing Fee, the Master Servicing Fee, any applicable PMI Insurance Premium, any Net Swap Payments or Priority Swap Termination Payment payable by the Issuer to the Counterparty (allocated to each Loan Group based on the Interest Percentage), any costs and expenses of entering into a replacement Yield Maintenance Agreement not paid from a Swap Termination Payment made by the original Counterparty and any other fees or expenses payable from amounts on deposit in the Collection Account, the Master Servicer Custodial Account, or the Payment Account,
- (ii) all Advances relating to interest,
- (iii) any Compensating Interest Payment,
- (iv) all Liquidation Proceeds (to the extent such Liquidation Proceeds relate to interest) less all Non-Recoverable Advances relating to interest and expenses reimbursed during the related Due Period,
- (v) any Net Swap Payments or (unless otherwise paid to a replacement Counterparty following the early termination of the Yield Maintenance Agreement as set forth in Section 4.7) Swap Termination Payments payable by the Counterparty to the Issuer (allocated to each Loan Group based on the Interest Percentage), and
- (vi) the interest component of any Subsequent Recoveries.

Interest Percentage: For purposes of determining the Interest Funds attributable to each of the Group I Senior Notes and the Group II Senior Notes on any Payment Date, the percentage equivalent of a fraction, the numerator of

which is the Assumed Principal Balance of the related Loan Group on the related Determination Date, and the denomination of which is the sum of the Assumed Principal Balance of both Loan Groups on the related Determination Date.

Interest Rate: For any Class of Notes, the per annum rate set forth or calculated in the manner described in the Interest Rate Schedule.

Interest Rate Schedule: The Schedule setting forth the Interest Rates of the Notes attached as Schedule II hereto.

Last Endorsee: As defined in Section 2.1(b).

Latest Possible Maturity Date: The Payment Date following the third anniversary of the scheduled maturity date of the Mortgage Loan having the latest scheduled maturity date as of the Cut Off Date.

Liquidated Mortgage Loan: With respect to any Payment Date, a defaulted Mortgage Loan (including any REO Property) which was liquidated by the Servicer or Master Servicer in any manner, including but not limited to a disposition pursuant to Section 3.11(i), in the Prepayment Period for such Payment Date and as to which the Servicer has determined (in accordance with this Agreement) that it has received all amounts it expects to receive in connection with the liquidation of such Mortgage Loan, including the final disposition of an REO Property.

Liquidation Proceeds: Amounts, including Insurance Proceeds, received by the Servicer, Master Servicer or Administrator in connection with the partial or complete liquidation of a defaulted Mortgage Loan, whether through trustee's sale, foreclosure sale, disposition pursuant to Section 3.11(i), or otherwise or amounts received in connection with any condemnation or partial release of a Mortgaged Property and any other proceeds received in connection with any REO Property, less the sum of any related unpaid Servicing Fees and Retained Interest and any related unreimbursed Servicing Advances and P&I Advances.

Loan Group: Either Loan Group I or Loan Group II, as applicable.

Loan Group I: The group of Mortgage Loans designated as such on the Mortgage Loan Schedule.

Loan Group II: The group of Mortgage Loans designated as such on the Mortgage Loan Schedule.

Loan-to-Value Ratio: With respect to any Mortgage Loan and as to any date of determination, the fraction (expressed as a percentage) the numerator of which is the principal balance of the related Mortgage Loan at such date of determination and the denominator of which is the lesser of the purchase price of the related Mortgaged Property and the appraised value of such Mortgaged Property.

London Business Day: A day on which banks are open for dealing in foreign currency and exchange in London and New York City.

Lost Mortgage Note: Any Mortgage Note the original of which was permanently lost or destroyed and has not been replaced.

Maintenance: With respect to any Cooperative Unit, the rent paid by the Mortgagor to the Cooperative Corporation pursuant to the related Proprietary Lease.

Master Servicer: Saxon Funding Management, Inc., a Delaware corporation, and its successors and assigns, in its capacity as master servicer hereunder.

Master Servicer Custodial Account: The separate Eligible Account created and maintained by the Master Servicer pursuant to Section 3.5(c) for the benefit of the Indenture Trustee, on behalf of the Noteholders, and designated with the Account Designation.

Master Servicing Fee: As to each Mortgage Loan and any Payment Date, an amount payable out of each full payment of interest received on such Mortgage Loan and equal to one-twelfth of the Master Servicing Fee Rate multiplied by the Stated Principal Balance of such Mortgage Loan as of the first day of the month prior to the month of such Payment Date.

Master Servicing Fee Rate: 0.05% per annum.

Master Servicer Reporting Date: The opening of business on the third Business Day preceding each Payment Date.

Maturity Date: As defined in the Indenture.

MERS: Mortgage Electronic Registration Systems, Inc., a Delaware corporation, or any successor in interest thereto.

MERS Mortgage Loan: Any Mortgage Loan as to which the related Mortgage, or an effective assignment thereof, has been or will be recorded in the name of MERS, as nominee for the holder from time to time of the Mortgage Note.

Monthly Statement: The statement delivered to each Securityholder and each Rating Agency pursuant to Section 4.5(a).

Moody' s: Moody' s Investors Service, Inc., or any successor thereto. If Moody' s is designated as a Rating Agency, the address for notices to Moody' s shall be Moody' s Investors Service, Inc., 99 Church Street, New York, New York 10007, Attention: Residential Pass-Through Monitoring, or such other address as Moody' s may hereafter furnish to the Depositor or the Master Servicer.

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

Mortgage File: The mortgage documents listed in Section 2.1 pertaining to a particular Mortgage Loan and any additional documents delivered to the Indenture Trustee to be added to the Mortgage File pursuant to this Agreement.

Mortgage Loan Document Requirements: As defined in Section 2.2.

Mortgage Loan Documents: As defined in Section 2.1.

Mortgage Loans: Such mortgage loans transferred and assigned pursuant to the provisions hereof as from time to time are held as a part of the Trust Estate (including any REO Property), the mortgage loans so held being identified in the Mortgage Loan Schedule, notwithstanding foreclosure or other acquisition of title of the related Mortgaged Property.

Mortgage Loan Schedule: The list of Mortgage Loans (as from time to time amended by the Master Servicer to reflect the addition of Substitute Mortgage Loans and the deletion of Deleted Mortgage Loans pursuant to the provisions of this Agreement) transferred to the Indenture Trustee as part of the Trust Estate and from time to time subject to this Agreement, attached hereto as Schedule I, setting forth the following information with respect to each Mortgage Loan:

- (i) the loan number;
- (ii) the Mortgagor' s name;
- (iii) the original principal balance;
- (iv) the Stated Principal Balance as of the Cut Off Date;

- (v) the Mortgage Rate;
- (vi) the Servicing Fee;
- (vii) whether such Mortgage Loan is covered by the PMI Policy;
- (viii) the applicable Seller; and
- (ix) the related Loan Group.

Mortgage Note: The original executed mortgage note or other evidence of indebtedness evidencing the indebtedness of a Mortgagor under a Mortgage Loan.

Mortgage Rate: The annual rate of interest borne by a Mortgage Note from time to time, net of any insurance premium charged by the mortgagee to obtain or maintain any Primary Insurance Policy.

Mortgaged Property: The underlying property securing a Mortgage Loan, which, in the case of a Cooperative Loan, is the related Coop Shares and Proprietary Lease.

Mortgagor: Any obligor on a Mortgage Note.

Net Prepayment Interest Shortfall: As to any Payment Date, the amount by which the aggregate of Prepayment Interest Shortfalls during the related Prepayment Period exceeds an amount equal to the Compensating Interest, if any, for such Payment Date.

Net Rate: As to each Mortgage Loan and Payment Date, the related Mortgage Rate as of the Determination Date immediately preceding such Payment Date less the sum of the Retained Interest Rate, the Servicing Fee Rate, the Master Servicing Fee Rate and any PMI Insurance Premium with respect to each Mortgage Loan.

Net Swap Payment: With respect to each payment date under the Yield Maintenance Agreement, the net payment required to be made pursuant to the terms thereof by the Issuer or the Counterparty, as applicable, which net payment shall not take into account any Swap Termination Payment.

New York UCC: The Uniform Commercial Code as in effect in the State of New York.

Nonrecoverable Advance: Any portion of any P&I Advance or Servicing Advance previously made or proposed to be made by the Servicer or Master Servicer that, in the good faith judgment of the advancing party, will not be ultimately recoverable by such advancing party from the related Mortgagor, related Liquidation Proceeds or otherwise.

Nonrecoverable Mortgage Loan: Any Mortgage Loan that has been determined to be a Nonrecoverable Mortgage Loan pursuant to Section 3.11(e) and is identified in an Officer's Certificate signed by a Servicing Officer delivered to the Master Servicer pursuant to Section 3.11(e). For the avoidance of doubt, Mortgage Loans represented by REO Property shall not constitute Nonrecoverable Mortgage Loans.

Nonrecoverable Mortgage Loan Purchase Price: As to any Nonrecoverable Mortgage Loan, an amount equal to the sum of (i) the Projected Net Liquidation Value thereof on the date of purchase of such loan by the Master Servicer pursuant to Section 3.11(i); and (ii) any accrued interest at the applicable Mortgage Rate from the date through which interest was last paid by the Mortgagor to the Due Date occurring in the Due Period immediately preceding the Payment Date on which the Nonrecoverable Mortgage Loan Purchase Price is to be paid to the Indenture Trustee.

Note: Any note issued under the Indenture.

Noteholder: As defined in the Indenture.

Note Owner: As defined in the Indenture.

Note Principal Balance: With respect to any Note and as of any Payment Date, the “Note Principal Balance” as set forth on the face of such Note on the date of the initial issuance thereof, as reduced by all amounts paid in respect of principal on previous Payment Dates on such Note (including but not limited to such amounts paid pursuant to Section 4.1(b), Section 4.1(c) and Section 4.1(g)(i)).

Note Purchase Price: As defined in the Indenture.

Note Register and Note Registrar: As defined in the Indenture.

Notice Address: For purposes hereof, the addresses of the Depositor, the Master Servicer and the Indenture Trustee, are as follows:

(i) If to the Issuer:

Saxon Asset Securities Trust 2006-1
c/o Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890
Attention: Corporate Trust Administration

(ii) If to the Depositor:

Saxon Asset Securities Company
4860 Cox Road
Glen Allen, Virginia 23060

(iii) If to the Master Servicer:

Saxon Funding Management, Inc.
4860 Cox Road
Glen Allen, Virginia 23060
Attn: Master Servicing

(iv) If to the Indenture Trustee:

Deutsche Bank Trust Company Americas
1761 East St. Andrew Place
Santa Ana, California 92705
Attention: SX0601

(v) If to the Servicer:

Saxon Mortgage Services, Inc.
P.O. Box 161489
Fort Worth, TX 76161-1489
Attn: Executive Administration

Odd Due Date Mortgage Loan: Any Mortgage Loan whose monthly payments are due on a day other than the first day of the month.

Officer' s Certificate: A certificate signed by the Chairman of the Board, the Vice Chairman of the Board, the President, a Managing Director, a Vice President (however denominated), an Assistant Vice President, the Treasurer,

the Secretary, or one of the Assistant Treasurers or Assistant Secretaries of the entity required by the terms of this Agreement to deliver such certificate, or by such officer of such entity as may be required to sign such certificate by the terms of this Agreement relating to such particular certificate.

One Month LIBOR: As of any Interest Determination Date, the rate for one-month U.S. dollar deposits which appears in the Telerate Page 3750, as of 11:00 a.m., London time, on such Interest Determination Date. If such rate does not appear on Telerate Page 3750, the rate for such day will be determined on the basis of the rates at which deposits in United States dollars are offered by the Reference Banks at approximately 11:00 a.m., London time, on such day to prime banks in the London interbank market for a period equal to the relevant Accrual Period (commencing on the first day of such Accrual Period). The Calculation Agent, as agent for the Master Servicer, will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the rate for such day will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for such day will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Master Servicer, at approximately 11:00 a.m., New York City time, on such day for loans in United States dollars to leading European banks for a period equal to the relevant Accrual Period (commencing on the first day of such Accrual Period). The Calculation Agent, as agent for the Master Servicer, shall review Telerate Page 3750 as of the required time, make the required requests to the principal offices of the Reference Banks and selections of major banks in New York City selected by the Master Servicer and shall determine the rate which constitutes One Month LIBOR for each Interest Determination Date.

Operative Agreements: The Trust Agreement, the Certificate of Trust of the Issuer, this Agreement, each Sales Agreement, the Indenture, the Administration Agreement, the Yield Maintenance Agreement and each other document contemplated by any of the foregoing to which the Depositor, the Owner Trustee, the Administrator, the Indenture Trustee or the Issuer is a party.

Opinion of Counsel: A written opinion of counsel, who may be counsel for the Depositor, Servicer or the Master Servicer, including in-house counsel, reasonably acceptable to the Indenture Trustee.

Optional Redemption: Any redemption of the Notes and the termination of the Trust Estate in connection with the purchase of Mortgage Loans pursuant to Article 7.

Original Mortgage Loan: The Mortgage Loan refinanced in connection with the origination of a Refinancing Mortgage Loan.

OTS: The Office of Thrift Supervision.

Outstanding: With respect to the Certificates, as defined in the Trust Agreement and, with respect to the Notes, as defined in the Indenture.

Outstanding Mortgage Loan: As of any Determination Date, a Mortgage Loan with a Stated Principal Balance greater than zero which was not the subject of a Principal Prepayment in Full prior to such Determination Date and which did not become a Liquidated Mortgage Loan prior to such Determination Date.

Overcollateralization Amount: With respect to any Payment Date, the excess, if any, of the Assumed Principal Balance of the Mortgage Loans over the aggregate Note Principal Balance of the Notes after giving effect to principal payments on such Payment Date.

Owner Trustee: Wilmington Trust Company, a Delaware banking corporation, and any successor in interest, not in its individual capacity, but solely as owner trustee under the Trust Agreement.

P&I Advance: The payment required to be made by the Servicer with respect to any Payment Date pursuant to Section 3.19, the amount of any such payment being equal to the aggregate of payments of principal and interest (net of the Servicing Fee and any net income in the case of any REO Property) on the Mortgage Loans that were due during the related Due Period and not received as of the close of business on the related Determination Date, less the

aggregate amount of any such delinquent payments that the Servicer or Master Servicer has determined would constitute a Nonrecoverable Advance if advanced.

Paying Agent: Deutsche Bank Trust Company Americas, a New York banking corporation, and its successors and assigns in such capacity.

Payment Account: The separate Eligible Account created and maintained by the Indenture Trustee pursuant to Section 3.5(d) in the name of the Indenture Trustee for the benefit of the Noteholders and designated with the Account Designation.

Payment Account Deposit Date: As to any Payment Date, the Business Day immediately preceding such Payment Date.

Payment Date: The 25th day of each calendar month after the initial issuance of the Notes, or if such 25th day is not a Business Day, the immediately succeeding Business Day, commencing on the Initial Payment Date.

Percentage Interest: As to any Note or Certificate, the percentage interest evidenced thereby in payments required to be made on the related Class, such percentage interest being set forth on the face thereof or equal to the percentage obtained by dividing the Denomination of such Note or Certificate by the aggregate of the Denominations of all Notes or Certificates of the same Class.

Permitted Investments: At any time, any one or more of the following obligations and securities:

(i) obligations of the United States or any agency thereof, *provided* that such obligations are backed by the full faith and credit of the United States;

(ii) general obligations of or obligations guaranteed by any state of the United States or the District of Columbia receiving the highest long-term debt rating of each Rating Agency, or such lower rating as will not result in the downgrading or withdrawal of the ratings then assigned to the Notes by each Rating Agency;

(iii) commercial or finance company paper which is then receiving the highest commercial or finance company paper rating of each Rating Agency, or such lower rating as will not result in the downgrading or withdrawal of the ratings then assigned to the Notes by each Rating Agency;

(iv) certificates of deposit, demand or time deposits, or bankers' acceptances issued by any depository institution or trust company incorporated under the laws of the United States or of any state thereof and subject to supervision and examination by federal and/or state banking authorities, *provided* that the commercial paper and/or long term unsecured debt obligations of such depository institution or trust company (or in the case of the principal depository institution in a holding company system, the commercial paper or long-term unsecured debt obligations of such holding company, but only if Moody's is not a Rating Agency) are then rated one of the two highest long-term and the highest short-term ratings of each Rating Agency for such securities, or such lower ratings as will not result in the downgrading or withdrawal of the rating then assigned to the Notes by any Rating Agency;

(v) interest-bearing demand or time deposits or certificates of deposit issued by any bank or trust company or savings institution to the extent that such deposits are fully insured by the FDIC;

(vi) guaranteed reinvestment agreements issued by any bank, insurance company or other corporation containing, at the time of the issuance of such agreements, such terms and conditions as will not result in the downgrading or withdrawal of the rating then assigned to the Notes by any Rating Agency;

(vii) repurchase obligations with respect to any security described in clauses (i) and (ii) above, in either case entered into with a depository institution or trust company (acting as principal) described in clause (iv) above, *provided* that the long-term or short-term unsecured debt obligations of the party agreeing to

repurchase such obligations are at the time rated by each Rating Agency in one of its highest long-term unsecured debt rating categories or its highest short-term unsecured debt rating category, respectively;

(viii) securities (other than stripped bonds, stripped coupons or instruments sold at a purchase price in excess of 115% of the face amount thereof) bearing interest or sold at a discount issued by any corporation incorporated under the laws of the United States or any state thereof which, at the time of such investment, have one of the two highest ratings of each Rating Agency (except if the Rating Agency is Moody's, such rating shall be the highest commercial paper rating of Moody's for any such securities), or such lower rating as will not result in the downgrading or withdrawal of the rating then assigned to the Notes by any Rating Agency as evidenced by a signed writing delivered by each Rating Agency;

(ix) units of a taxable money-market portfolio having the highest rating assigned by each Rating Agency (except if Fitch is a Rating Agency and has not rated the portfolio, then the highest rating assigned by Moody's) and restricted to obligations issued or guaranteed by the United States of America or entities whose obligations are backed by the full faith and credit of the United States of America and repurchase agreements collateralized by such obligations; and

(x) such other investments bearing interest or sold at a discount acceptable to each Rating Agency as will not result in the downgrading or withdrawal of the rating then assigned to the Notes by any Rating Agency, as evidenced by a signed writing delivered by each Rating Agency;

provided that no such instrument shall be a Permitted Investment if such instrument evidences the right to receive interest only payments with respect to the obligations underlying such instrument.

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

Pledged Prepayment Penalties: For any Payment Date, an amount equal to the sum of (i) the lesser of (x) Prepayment Penalties collected on the Mortgage Loans during the related Prepayment Period and (y) 100% of the Prepayment Penalties owed and not waived by the Servicer for the related Prepayment Period, and (ii) the aggregate amount, if any, by which (i)(y) exceeded (i)(x) for prior Payment Dates. For purposes of attributing payments of Pledged Prepayment Penalties to the holders of the Senior Notes, each Pledged Prepayment Penalty shall be attributable to the Loan Group from which it was derived.

PMI Insurance Premium: An amount payable to the PMI Insurer equal to the percentage of the Stated Principal Balance of each Mortgage Loan insured under the PMI Policy set forth in the insurance agreement between the PMI Insurer, the Administrator on behalf of the Issuer and the Seller (plus any applicable taxes set forth in such agreement).

PMI Insurer: Mortgage Guaranty Insurance Corporation.

PMI Policy: The loan level primary insurance policy from the PMI Insurer held by the Administrator on behalf of the Issuer on the Closing Date Master Policy No. 04-400-5-2191 with an effective date of April 1, 2006, including Terms and Conditions No. 71-70276.

Pool Principal Balance: As to any Payment Date, the aggregate of the Stated Principal Balances of the Mortgage Loans which were Outstanding Mortgage Loans on the Determination Date in the month preceding the month of such Payment Date. The Pool Principal Balance on any Payment Date shall be calculated for each Loan Group and in the aggregate, as specified.

Prepayment Interest Excess: As to any Principal Prepayment in Full received by the Servicer from the first day through the seventeenth day of any calendar month (other than the calendar month in which the Cut Off Date occurs), all amounts paid by the related Mortgagor in respect of interest on such Principal Prepayment. All Prepayment Interest Excess shall be paid to the Servicer as additional servicing compensation.

Prepayment Interest Shortfall: As to any Payment Date, Mortgage Loan and Principal Prepayment received (a) during the period from the eighteenth day of the month preceding the month of such Payment Date through the last day of such month, in the case of a Principal Prepayment in Full, or (b) during the month preceding the month of such Payment Date, in the case of a partial Principal Prepayment, the amount, if any, by which one month's interest at the related Mortgage Rate (less the Servicing Fee) on such Principal Prepayment exceeds the amount of interest actually paid by the Mortgagor in connection with such Principal Prepayment.

Prepayment Penalty: With respect to any Prepayment Period, any prepayment premium, penalty or charge collected by the Servicer or Master Servicer from a Mortgagor pursuant to the terms of the related Mortgage Note.

Prepayment Period: As to each Payment Date, the period beginning on the day after the Determination Date in the month immediately preceding the month in which such Payment Date occurs (or, in the case of the first Payment Date, the Cut Off Date) and ending on the Determination Date of the month in which such Payment Date occurs.

Primary Insurance Policy: Each policy of primary mortgage guaranty insurance or any replacement policy therefor with respect to any Mortgage Loan.

Principal Funds: With respect to each Loan Group with respect to any Determination Date the sum, without duplication, of:

- (i) all scheduled principal amounts collected by the Servicer on the Mortgage Loans in such Loan Group during the related Due Period or advanced on or before such Determination Date (not including principal payments scheduled to be made following the end of the related Due Period),
- (ii) all Principal Prepayments collected by the Servicer on the Mortgage Loans in such Loan Group in the related Prepayment Period,
- (iii) the Stated Principal Balance of each Mortgage Loan in such Loan Group repurchased by the Depositor in the related Prepayment Period,
- (iv) any related Substitution Adjustment Amount for such date,
- (v) all related Liquidation Proceeds collected during the related Due Period (to the extent such Liquidation Proceeds related to principal) less all Nonrecoverable Advances relating to principal reimbursed during the related Due Period, and
- (vi) the principal component of any Subsequent Recoveries for such Loan Group.

Principal Payment Amount: With respect to each Payment Date, the sum of:

- (i) the excess of:
 - (A) the Principal Funds attributable to each Loan Group or the Loan Groups on such Payment Date, over
 - (B) the Released Principal Amount for such Payment Date, and
- (ii) any Extra Principal Payment Amount for such Payment Date.

Principal Portion: With respect to each of the Group I Senior Notes and the Group II Senior Notes and any Payment Date, the percentage equivalent of a fraction, the numerator of which is the Principal Funds for the related Loan Group on such date, and the denominator of which is the sum of Principal Funds for both Loan Groups on such date.

Principal Prepayment: Any payment of principal by a Mortgagor on a Mortgage Loan that is received in advance of its scheduled Due Date and is not accompanied by an amount representing scheduled interest due on any date or dates in any month or months subsequent to the month of prepayment. Partial Principal Prepayments shall be applied by the Servicer in accordance with the terms of the related Mortgage Note.

Principal Prepayment in Full: Any Principal Prepayment made by a Mortgagor of the entire principal balance of a Mortgage Loan.

Priority Swap Termination Payment: Any Swap Termination Payment resulting from an event of default or termination event (each as defined in the Yield Maintenance Agreement) under the Yield Maintenance Agreement with respect to which the Counterparty was not the sole defaulting or affected party.

Projected Net Liquidation Value: With respect to any Nonrecoverable Mortgage Loan, the amount, set forth in an Officer's Certificate signed by a Servicing Officer in a form acceptable to the Master Servicer, equal to (i) the fair market value of the related Mortgaged Property as determined by a real estate broker meeting the qualifications, and applying broker's price opinion methodology generally acceptable to, residential mortgage servicers, or other property valuation opinion methodology customarily used by residential mortgage servicers with respect to defaulted loans, less (ii) the Servicer's good faith estimate of the total of all related costs of liquidation, Servicing Fees, and Advances reasonably expected to be incurred in the event the Mortgaged Property were the subject of foreclosure or otherwise converted to, and sold as, REO Property.

Proprietary Lease: With respect to any Cooperative Unit, a lease or occupancy agreement between a Cooperative Corporation and a holder of related Coop Shares.

PUD: Planned Unit Development.

Purchase Price: With respect to any Mortgage Loan, an amount equal to the sum of (i) 100% of the unpaid principal balance of such Mortgage Loan on the date of such purchase, (ii) accrued interest thereon at the applicable Mortgage Rate from the date through which interest was last paid by the Mortgagor to the Due Date occurring in the Due Period immediately preceding the Payment Date on which the Purchase Price is to be paid to Noteholders and (iii) any costs and damages incurred by the Issuer in connection with any violation by such Mortgage Loan of any predatory- or abusive-lending law.

Rating Agency: Each of S&P and Moody's. If any such organization or a successor is no longer in existence, "Rating Agency" shall be such nationally recognized statistical rating organization, or other comparable Person, as is designated by the Depositor, notice of which designation shall be given to the Indenture Trustee. References herein to a given rating category of a Rating Agency shall mean such rating category without giving effect to any modifiers.

Realized Loss: With respect to any Mortgage Loan (other than a Nonrecoverable Mortgage Loan), the amount by which the unpaid principal balance thereof exceeds the net amount recovered in liquidation thereof (after payment of expenses of liquidation, any unpaid Retained Interest, unpaid Servicing Fees, and reimbursement of Advances), after payment of accrued interest on such Mortgage Loan and after application of any Insurance Proceeds with respect thereto. With respect to any Nonrecoverable Mortgage Loan, the sum of (i) the amount by which the unpaid principal balance thereof exceeds the Projected Net Liquidation Value thereof and (ii) the amount, if any, by which the Projected Net Liquidation Value thereof exceeds Liquidation Proceeds received in respect thereof. The Realized Loss in respect of any Nonrecoverable Mortgage Loan calculated pursuant to clause (i) of the preceding sentence shall be given effect as of the Prepayment Period during which the Servicer or Master Servicer classifies such loan as a Nonrecoverable Mortgage Loan.

Recognition Agreement: With respect to any Cooperative Loan, an agreement between the Cooperative Corporation and the originator of such Mortgage Loan which establishes the rights of such originator in the Cooperative Property.

Redemption Price: The sum of (1) the aggregate unpaid Class Principal Balance of the then-outstanding Notes, (2) interest accrued and unpaid on such Notes (including any unpaid Available Funds Shortfalls), (3) any unpaid Retained Interest, (4) any unreimbursed Advances, fees and expenses of the Master Servicer, the Servicer and the Indenture Trustee, (5) any Swap Termination Payment payable to the Counterparty and (6) any other unreimbursed administrative expenses of the Issuer.

Reference Bank: Leading banks selected by the Master Servicer and engaged in transactions in U.S. dollar deposits in the London interbank market.

Refinancing Mortgage Loan: Any Mortgage Loan originated in connection with the refinancing of an existing mortgage loan.

Regulation AB: Regulation AB promulgated under the Securities Act and the Exchange Act, as the same may be amended from time to time; and all references to any rule, item, section or subsection of, or definition or term contained in, Regulation AB mean such rule, item, section, subsection, definition or term, as the case may be, or any successor thereto, in each case as the same may be amended from time to time.

Released Principal Amount: With respect to any Payment Date, the amount by which the Overcollateralization Amount (assuming for such purpose that all Principal Funds for such Payment Date are distributed as principal to the Notes) exceeds the Required Overcollateralization Amount for such date.

Relevant UCC: The Uniform Commercial Code as in effect in the applicable jurisdiction.

Relief Act: The Servicemembers Civil Relief Act, as amended.

Relief Act Shortfall: With respect to any Mortgage Loan as to which there has been a reduction in the amount of interest collectible thereon as a result of application of the Relief Act, any amount by which interest collectible on such Mortgage Loan for the Due Date in the related Due Period is less than interest accrued thereon for the applicable one-month period at the Net Rate without giving effect to such reduction.

Remittance Agency Agreement: As defined in Section 2.2.

REO Property: A Mortgaged Property acquired by the Trust Estate through foreclosure or deed-in-lieu of foreclosure in connection with a defaulted Mortgage Loan.

Request for Release: The Request for Release submitted by the Servicer to the Indenture Trustee, substantially in the form of Exhibit C.

Required Overcollateralization Amount: With respect to any Payment Date:

- (i) prior to the Stepdown Date, the product of 3.40% and the Assumed Principal Balance as of the Cut Off Date,
- (ii) on and after the Stepdown Date, if a Trigger Event is not in effect, the greater of:
 - (A) the lesser of (a) 3.40% and the Assumed Principal Balance as of the Cut Off Date and (b) 6.80% of the Assumed Principal Balance on the related Determination Date, and
 - (B) 0.50% of the Assumed Principal Balance as of the Cut Off Date, and
- (iii) on and after the Stepdown Date, if a Trigger Event is in effect, the Required Overcollateralization Amount as of the preceding Payment Date.

Required Recordation States: The states of Florida and Mississippi.

Responsible Officer: When used with respect to the Indenture Trustee, any Vice President, any Assistant Vice President, the Secretary, any Assistant Secretary, Managing Director, Director, Associate or any other officer of the Indenture Trustee customarily performing functions similar to those performed by any of the above designated officers and having direct responsibility for the administration of this Agreement and also to whom, with respect to a particular matter, such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

Retained Interest: With respect to each Payment Date and each Mortgage Loan the amount distributable, if any, to SFM or its designee on such date in respect of such Mortgage Loan pursuant to Section 4.2.

Retained Interest Rate: With respect to each Payment Date and each Mortgage Loan, the rate per annum identified in Section 4.2 as to which Retained Interest is calculated with respect to such date and Mortgage Loan.

Sales Agreement: Each of (i) the Sales Agreement between the Depositor and SFM regarding the sale of SFM Mortgage Loans, and (ii) each Sales Agreement, if any, between the Depositor and the Warehouse Seller specified therein regarding the sale of any related Warehouse Mortgage Loans.

S&P: Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. If S&P is designated as a Rating Agency, the address for notices to S&P shall be Standard & Poor's Ratings Services, 26 Broadway, 15th Floor, New York, New York 10004, Attention: Mortgage Surveillance Monitoring, or such other address as S&P may hereafter furnish to the Depositor and the Master Servicer.

Scheduled Payment: The scheduled monthly payment on a Mortgage Loan due on any Due Date allocable to principal and/or interest on such Mortgage Loan which, unless otherwise specified herein, shall give effect to any related Debt Service Reduction and any Deficient Valuation that affects the amount of the monthly payment due on such Mortgage Loan.

SEC Rules: Any rules promulgated by the Commission, and any interpretations thereof by the staff of the Commission.

Securities: The Notes and the Certificates.

Securities Act: The Securities Act of 1933, as amended.

Securities Intermediary: The Person acting as Securities Intermediary under this Agreement (which is Deutsche Bank Trust Company Americas), its successor in interest, and any successor Securities Intermediary appointed pursuant to Section 3.23.

Security Entitlement: The meaning specified in Section 8-102(a)(17) of the New York UCC.

Securityholders: The Noteholders and the Certificateholders.

Security Release Certification: As defined in Section 2.2.

Seller: Either SFM or any Warehouse Seller. As to any SFM Mortgage Loans, SFM; as to any Warehouse Mortgage Loans, the related Warehouse Seller.

Senior Credit Enhancement Percentage: As of any Payment Date, a fraction, expressed as a percentage, the numerator of which is the sum of the aggregate Class Principal Balance of the Subordinate Notes for such Payment Date and the Overcollateralization Amount for such Payment Date, and the denominator of which is the Assumed Principal Balance as of such Payment Date.

Senior Notes or Class A Notes: Any Class of Notes issued under the Indenture including the letter "A" in its Class designation.

Senior Principal Payment Amount: With respect to any Payment Date before the Stepdown Date or as to which a Trigger Event has occurred, 100% of the Principal Payment Amount for such Payment Date, and with respect to any Payment Date on or after the Stepdown Date and as to which a Trigger Event has not occurred, the excess of:

- (i) the aggregate Class Principal Balance of the Senior Notes immediately prior to such Payment Date over
- (ii) the lesser of:
 - (A) the related Target Percentage of the Assumed Principal Balance on the related Determination Date, and
 - (B) the Assumed Principal Balance on the related Determination Date less 0.50% of such Assumed Principal Balance as of the Cut Off Date (but in no event less than zero).

Servicer: Saxon Mortgage Services, Inc. and its permitted successors and assigns.

Servicer Deposit Date: The twenty-first day of each month, or if such day is not a Business Day, the next succeeding day.

Servicer's Representations and Warranties: The following representations and warranties set forth in Exhibit B to the Sales Agreement delivered by SFM: Paragraph (3), (5), (24), (32) and (38). Such representations and warranties shall be deemed to be made by the Servicer in respect of any Warehouse Mortgage Loans conveyed to the Issuer, in each case, as of the date of conveyance thereto; *provided, however*, that any references in such representations and warranties to "SFM" shall be deemed to refer to the Servicer notwithstanding the text thereof.

Servicing Advances: All customary, reasonable and necessary "out of pocket" costs and expenses incurred in the performance by the Servicer of its servicing obligations hereunder, including, but not limited to, the cost of (i) the preservation, restoration and protection of a Mortgaged Property, (ii) any expenses reimbursable to the Servicer pursuant to Section 3.11 and any enforcement or judicial proceedings, including foreclosures, (iii) the management and liquidation of any REO Property and (iv) compliance with the obligations under Section 3.1 and Section 3.9.

Servicing Criteria: The "servicing criteria" set forth in Item 1122(d) of Regulation AB, as such may be amended from time to time.

Servicing Fee: As to each Mortgage Loan and any Payment Date, an amount payable out of each full payment of interest received on such Mortgage Loan and equal to one-twelfth of the Servicing Fee Rate multiplied by the Stated Principal Balance of such Mortgage Loan as of the Due Date in the month prior to the month of such Payment Date (or, in the case of an Odd Due Date Mortgage Loan, the Due Date occurring in the second month preceding the month of such Payment Date), as may be increased in accordance with Section 4.2.

Servicing Fee Rate: With respect to each Payment Date and each Mortgage Loan which was an Outstanding Mortgage Loan on the first day of the Due Period with respect to such Payment Date, the Stated Principal Balance of such Mortgage Loan on such date, multiplied by one-twelfth of 0.25% per annum.

Servicing Officer: Any of the President, any Vice President (however denominated), or Assistant Vice President of the Servicer involved in, or responsible for, the administration and servicing of one or more Mortgage Loans at the time of performance of the relevant activity of the Servicer.

Servicing Trigger Event: With respect to each determination date, a Servicing Trigger Event exists if Total Calculated Cumulative Losses exceed: (i) 8.50% on any Determination Date up to, and including, the fifth anniversary of the Cut Off Date; or (ii) 10.82% on any Determination Date from the fifth to, and including, the tenth anniversary of the Cut Off Date. Following the tenth anniversary of the Cut Off Date, no Servicing Trigger Event shall exist.

SFM: Saxon Funding Management, Inc., a Delaware corporation, and its successor and assigns.

SFM Mortgage Loans: Any Mortgage Loans sold to the Depositor by SFM pursuant to the related Sales Agreement. Such Mortgage Loans shall be identified in the SFM Mortgage Loan Schedule as amended from time to time to reflect the addition of Substitute Mortgage Loans conveyed to the Depositor by SFM and attached hereto as Schedule IA.

SFM Mortgage Loan Schedule: The schedule attached hereto as Schedule IA reflecting Mortgage Loans conveyed to the Depositor by SFM.

SMS: Saxon Mortgage Services, Inc., a Texas corporation.

Specified Strike Rate: With respect to any Payment Date, the rate specified in the Yield Maintenance Agreement for such date at which payments due under such agreement are calculated.

Stated Principal Balance: As to any Mortgage Loan and Determination Date (or any other specified date of determination), the unpaid principal balance of such Mortgage Loan as of the applicable Due Date as specified in the amortization schedule at the time relating thereto (before any adjustment to such amortization schedule by reason of any moratorium or similar waiver or grace period) after giving effect to (i) any previous partial Principal Prepayments and Liquidation Proceeds allocable to principal (other than with respect to any Liquidated Mortgage Loan), (ii) the payment of principal due on such Due Date, and (iii) in the case of any Nonrecoverable Mortgage Loan, the amount of any Realized Loss in respect thereof (but otherwise determined, in each case, regardless of any delinquency in payment by the related Mortgage Loan).

Stepdown Date: The earlier to occur of:

- (i) the later to occur of:
 - (A) the Payment Date in May 2009, and
 - (B) the first Payment Date on which the Class Principal Balance of the Senior Notes immediately prior to such Payment Date (less the Principal Funds for such Payment Date) is less than or equal to 55.00%, of the Assumed Principal Balance on the related determination date, and
- (ii) the Payment Date after which the Class Principal Balance of the Senior Notes has been reduced to zero.

Subordinate Note: Any Class M or Class B Note.

Subcontractor: Any vendor, subcontractor or other Person that is not responsible for the overall servicing (as “servicing” is commonly understood by participants in the mortgage-backed securities market) of Mortgage Loans but performs one or more discrete functions identified in Item 1122(d) of Regulation AB with respect to Mortgage Loans under the direction or authority of the Master Servicer, the Servicer or a Subservicer.

Subsequent Recoveries: As to any Nonrecoverable Mortgage Loan, the excess of (i) any net Liquidation Proceeds received in respect of such loan; over (ii) the Projected Net Liquidation Value thereof.

Subservicer: Any Person that services Mortgage Loans on behalf of the Master Servicer, the Servicer or any Subservicer, performing the substantial majority of the material functions required to be performed by the Master Servicer or the Servicer under this Agreement that are identified in Item 1122(d) of Regulation AB.

Subservicing Agreement: Any written contract for the subservicing of the Mortgage Loans between the Master Servicer and a Subservicer or between the Servicer and a Subservicer. A list of the Subservicing Agreements with respect to the Subservicers as of the Closing Date is attached hereto as Exhibit F-2.

Substitute Mortgage Loan: A Mortgage Loan substituted by the Depositor or Master Servicer for a Deleted Mortgage Loan which must, on the date of such substitution, as confirmed in a Request for Release, substantially in the form of Exhibit C, (i) have a Stated Principal Balance, after deduction of the principal portion of the Scheduled Payment due in the month of substitution, not in excess of, and not more than 10% less than the Stated Principal Balance of the Deleted Mortgage Loan; (ii) accrue interest on the same basis as the Deleted Mortgage Loan and be accruing interest at a rate no lower than and not more than 1% per annum higher than, that of the Deleted Mortgage Loan; (iii) have a Loan-to-Value Ratio no higher than that of the Deleted Mortgage Loan; (iv) not be a Cooperative Loan unless the Deleted Mortgage Loan was a Cooperative Loan; (v) be covered by the PMI Policy if the Deleted Mortgage Loan was so covered and the Substitute Mortgage Loan has a Loan-to-Value Ratio higher than 80% and (vi) comply with each representation and warranty set forth in Section 2.3. Any of the characteristics described above may be satisfied in the aggregate by one or more Substitute Mortgage Loans.

Substitution Adjustment Amount: The meaning ascribed to such term pursuant to Section 2.3.

Swap Termination Payment: Upon the designation of an “Early Termination Date” as defined in the Yield Maintenance Agreement, the payment to be made by the Issuer to the Counterparty, or by the Counterparty to the Issuer, as applicable, pursuant to the terms of the Yield Maintenance Agreement as a result of such early termination.

Target Percentage: With respect to each specified Class or Classes of Notes, the applicable percentages as set forth below.

Senior Notes	55.00%
Class M-1/Class M-2	73.90%
Class M-3	77.70%
Class M-4	81.40%
Class M-5	84.70%
Class B-1	88.00%
Class B-2	91.00%
Class B-3	93.20%

Telerate Page 3750: The display page currently so designated on the Bridge Telerate Market Report (or such other page as may replace such page on such service for the purpose of displaying comparable rates or prices).

Total Calculated Cumulative Losses: As to any Determination Date, the sum of the aggregate amount of losses that have been experienced as of such Determination Date as a percentage of the Assumed Principal Balance as of the Cut Off Date.

Trigger Event: With respect to any Payment Date on or after the Stepdown Date, a Trigger Event exists if either (x) the quotient (expressed as a percentage) of:

- (i) the Stated Principal Balances of all 60 or more days Delinquent Mortgage Loans (including Mortgage Loans subject to bankruptcy or foreclosure Proceedings and REO Property), divided by
- (ii) the Assumed Principal Balance of the Mortgage Loans as of the preceding Determination Date

exceeds 35.70% of the Senior Credit Enhancement Percentage or (y) Realized Losses occurring since the Closing Date as a percentage of the Assumed Principal Balance as of the Cut Off Date, for the such Payment Date, are greater than:

Payment Date	Cumulative Loss Percentage
25 to 36	1.50% in the first month plus 1/12 th of 1.85% for every month thereafter
37 to 48	3.35% in the first month plus 1/12 th of 1.90% for every month thereafter
49 to 60	5.25% in the first month plus 1/12 th of 1.55% for every month thereafter

Trust Account Property: The Trust Accounts, all amounts and investments held from time to time in the Trust Accounts (whether in the form of deposit accounts, physical property, book-entry securities, uncertificated securities, securities entitlements, investment property or otherwise) and all proceeds of the foregoing.

Trust Accounts: The Payment Account and the Yield Maintenance Account, collectively.

Trust Agreement: The trust agreement dated as of April 1, 2006, among the Depositor, the Administrator and the Owner Trustee, as such may be amended or supplemented from time to time.

Trust Certificate: Any Trust Certificate evidencing the ownership interest in the Issuer, substantially in the form attached as Exhibit A of the Trust Agreement.

Trust Estate: The assets subject to this Agreement and the Indenture (including those transferred by the Depositor to the Issuer) and pledged by the Issuer to the Indenture Trustee, which assets consist of all accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, money, deposit accounts, certificates of deposit, goods, notes, drafts, letters of credit, advices of credit, investment property, uncertificated securities and rights to payment of any and every kind consisting of, arising from or relating to any of the following: (i) the Mortgage Loans, which the Depositor is causing to be delivered to the Indenture Trustee (or the Custodian) herewith (and all Substitute Mortgage Loans substituted therefor), together in each case with the related Mortgage Files and the Depositor's interest in any collateral that secured a Mortgage Loan but that is acquired by foreclosure or deed-in-lieu of foreclosure after the Closing Date, and all Scheduled Payments due after the Cut Off Date and all principal prepayments received with respect to the Mortgage Loans paid by the borrower after the Cut Off Date and proceeds of the conversion, voluntary or involuntary, of the foregoing; (ii) each Sales Agreement (other than the rights of the Depositor under Sections 9 and 12 of the Sales Agreement between the Depositor and SFM); (iii) the Trust Accounts, all amounts and property in the Trust Accounts from time to time, and the Security Entitlements to all Financial Assets credited to the Trust Accounts from time to time; (iv) the Issuer's rights under the Yield Maintenance Agreement described in this Agreement and all payments thereunder; (v) the Pledged Prepayment Penalties; (vi) the Issuer's rights under the PMI Policy, (vii) the Issuer's rights with respect to each of the Collection Account and the Master Servicer Custodial Account and (vi) all proceeds of any of the foregoing (including, but not limited to, all proceeds of any mortgage insurance, hazard insurance, or title insurance policy relating to the Mortgage Loans, cash proceeds, accounts, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, rights to payment of any and every kind, and other forms of obligations and receivables, which at any time constitute all or part or are included in the proceeds of any of the foregoing) to pay the Securities as specified herein (items (i) through (viii) above collectively, the "Trust Estate").

Trustee Series Designation: Saxon 2006-1 (SX0601)

UCC: The Uniform Commercial Code as enacted in the relevant jurisdiction.

Underwriters: Credit Suisse Securities (USA) LLC, Banc of America Securities LLC, Greenwich Capital Markets, Inc., J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Underwritten Securities: The Notes purchased by the Underwriters pursuant to the Underwriting Agreement by and among Saxon Funding Management, Inc., Saxon Asset Securities Company and the Underwriters.

Voting Rights: The voting rights of Securityholders under this Agreement will be allocated to the Controlling Class Notes until all Notes have been repaid in accordance with the Indenture, then to the Holder of the Trust Certificate.

Warehouse Mortgage Loans: Any Mortgage Loans sold to the Depositor by any Warehouse Seller pursuant to the related Sales Agreement. Such Mortgage Loans shall be identified in the Warehouse Mortgage Loan Schedule, as

amended from time to time to reflect the addition of Substitute Mortgage Loans conveyed to the Depositor, and attached hereto as Schedule IB.

Warehouse Mortgage Loan Schedule: The schedule attached hereto as Schedule IB reflecting Mortgage Loans conveyed to the Depositor by the Warehouse Seller.

Warehouse Seller: Each such entity identified as such in Exhibit F-1 hereto, as such exhibit shall be amended from time to time.

Weighted Average Net Rate: The weighted average Net Rates of the Mortgage Loans.

Yield Maintenance Agreement: The interest rate swap agreement relating to the Notes dated May 2, 2006 between the Issuer and the Counterparty, including the long form confirmation and the form of ISDA Master Agreement deemed incorporated into the long form confirmation, and any successor interest rate swap agreement thereto entered into in accordance with Section 4.7.

Yield Maintenance Account: The Eligible Account created hereunder pursuant to Section 4.7.

Section 1.2. Rules of Construction.

Unless the context otherwise requires:

- (i) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles as in effect from time to time;
- (ii) unless otherwise indicated references to any Article, Section, Schedule or Exhibit are references to such Article, Section, Schedule or Exhibit of this Agreement;
- (iii) “or” is not exclusive;
- (iv) “including” means including without limitation;
- (v) words in the singular include the plural and words in the plural include the singular;
- (vi) any agreement, instrument or statute defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as from time to time amended, modified or supplemented (as provided in such agreements) and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; references to a Person are also to its permitted successors and assigns;
- (vii) terms defined in the UCC and not otherwise defined herein shall have the meaning assigned to them in the UCC; and
- (viii) “U.S. dollars,” “dollars,” or the sign “\$” shall be construed as references to United States dollars which are freely transferable by residents and non-residents of the United States of America and convertible by such persons into any other freely convertible currency unless such transferability or convertibility is restricted by any law or regulation of general application in which event references to “U.S. dollars,” “dollars,” or the sign “\$” shall be construed as references to 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 in the United States of America, and “cents” shall be construed accordingly.

ARTICLE 2.

CONVEYANCE OF MORTGAGE LOANS; REPRESENTATIONS AND WARRANTIES

Section 2.1. Conveyance of Mortgage Loans.

(a) In consideration of the Issuer's delivery of the Notes and the Certificates to the Depositor or its designee, and concurrently with the execution and delivery of this Agreement, the Depositor does hereby transfer, assign, set over, deposit with and otherwise convey to the Issuer, without recourse, in trust, all the right, title and interest of the Depositor in and to the Trust Estate, except that the Depositor does not assign to the Issuer any of its rights under Sections 9 and 12 of the Sales Agreement between the Depositor and SFM or under Section 11 of any Sales Agreement between the Depositor and a Warehouse Seller. The Issuer is hereby authorized to enter into the Yield Maintenance Agreement.

Upon the issuance of the Securities, ownership in the Trust Estate shall be vested in the Issuer, subject to the lien created by the Indenture in favor of the Indenture Trustee, for the benefit of the Noteholders. The foregoing sale, transfer, assignment, set-over, deposit and conveyance does not and is not intended to result in creation or assumption by the Indenture Trustee of any obligation of the Depositor, the Seller, or any other Person in connection with the Mortgage Loans or any other agreement or instrument relating thereto except as specifically set forth herein.

With respect to any Mortgage Loan that does not have a first payment date on or before the last day of the Due Period immediately preceding the first Payment Date, the Depositor shall, to the extent required, deposit into the Payment Account on or before the Payment Account Deposit Date relating to the first Payment Date, an amount equal to one month's interest at the related Net Rate on the Stated Principal Balance of such Mortgage Loan on the Cut Off Date.

(b) In connection with the transfer set forth in clause (a) above, the Depositor has delivered or caused to be delivered to the Indenture Trustee or the Custodian on its behalf for the benefit of the Noteholders the following documents or instruments (collectively, the "Mortgage Loan Documents") with respect to each Mortgage Loan so transferred:

(i) (A) the original Mortgage Note endorsed by manual or facsimile signature to the Indenture Trustee or the Custodian or in blank, without recourse, with all intervening endorsements showing a complete chain of endorsement from the originator to the Person endorsing the Mortgage Note (the "Last Endorsee") (each such endorsement being sufficient to transfer all right, title and interest of the party so endorsing, as noteholder or assignee thereof, in and to such Mortgage Note); or

(B) with respect to any Lost Mortgage Note, a lost note affidavit from the Depositor stating that the original Mortgage Note was lost or destroyed, together with a copy of such Mortgage Note;

(ii) except with respect to any Cooperative Loan, the original recorded Mortgage or a copy of such Mortgage certified by the Depositor, the originating lender, settlement agent, or escrow company as being a true and complete copy of the Mortgage;

(iii) except with respect to any Mortgage Loan for which the related Mortgage names the Custodian as nominee for the originating lender (or similar designation satisfactory to the Custodian), as beneficiary or mortgagee, either (A) a duly executed assignment of the Mortgage in blank, or (B) an original recorded assignment of the Mortgage from the Last Endorsee to the Custodian or a copy of such assignment of Mortgage certified by the Depositor, the originating lender, settlement agent, or escrow company as being a true and complete copy thereof which in either case may be included in a blanket assignment or assignments;

(iv) each interim recorded assignment of such Mortgage, or a copy of each such interim recorded assignment of Mortgage certified by the Depositor, the originating lender, settlement agent, or escrow company as being a true and complete copy thereof;

(v) the original or copies of each assumption, modification, written assurance or substitution agreement, if any;

(vi) except as to any second lien Mortgage Loan in the original principal amount of \$50,000.00 or less, either the original or duplicate original title policy (including all riders thereto) with respect to the related Mortgaged Property, if available, provided that the title policy (including all riders thereto) will be delivered as soon as it becomes available, and if the title policy is not available, and to the extent required pursuant to the second paragraph below or otherwise in connection with the rating of the Notes, a written commitment or interim binder or preliminary report of the title issued by the title insurance or escrow company with respect to the Mortgaged Property; and

- (vii) in the case of a Cooperative Loan, the originals of the following documents or instruments:
- (a) The Coop Shares, together with a stock power in blank;
 - (b) The executed Security Agreement;
 - (c) The executed Proprietary Lease;
 - (d) The executed Recognition Agreement;
 - (e) The executed UCC1 financing statement with evidence of recording thereon which have been filed in all places required to perfect the Depositor's interest in the Coop Shares and the Proprietary Lease; and
 - (f) Executed UCC3 financing statements or other appropriate UCC financing statements required by state law, evidencing a complete and unbroken line from the mortgagee to the Indenture Trustee with evidence of recording thereon (or in a form suitable for recordation).

In the event that in connection with any Mortgage Loan the Depositor cannot deliver (a) the original recorded Mortgage or (b) any recorded assignments or interim assignments satisfying the requirements of clause (iii) or (iv) above, respectively, concurrently with the execution and delivery hereof because such document or documents have not been returned from the applicable public recording office, the Depositor shall deliver such documents to the Indenture Trustee or the Custodian on its behalf as promptly as possible upon receipt thereof and, in any event, within 720 days following the Closing Date. The Depositor or Servicer shall forward or cause to be forwarded to the Indenture Trustee or the Custodian on its behalf (a) from time to time additional original documents evidencing an assumption or modification of a Mortgage Loan and (b) any other documents required to be delivered by the Depositor or the Servicer to the Indenture Trustee. In the case where a public recording office retains the original recorded Mortgage or in the case where a Mortgage is lost after recordation in a public recording office, the Depositor shall deliver to the Indenture Trustee a copy of such Mortgage certified (to the extent such certification is reasonably obtainable) by such public recording office to be a true and complete copy of the original recorded Mortgage.

In addition, in the event that in connection with any Mortgage Loan the Depositor cannot deliver the original or duplicate original lender's title policy (together with all riders thereto), satisfying the requirements of clause (vi) above, concurrently with the execution and delivery hereof because the related Mortgage or a related assignment has not been returned from the applicable public recording office, the Depositor shall promptly deliver to the Indenture Trustee or the Custodian on its behalf a true and correct copy of such original or duplicate original lender's title policy (together with all riders thereto).

Subject to the immediately following sentence, as promptly as practicable subsequent to the transfer set forth in clause (a) of this Section 2.1, and in any event, within thirty (30) days thereafter, the Servicer shall as to any Mortgage Loan with respect to which the Depositor delivers an assignment of the Mortgage in blank pursuant to clause (b)(iii)(A) of this Section 2.1, (i) complete each such assignment of Mortgage to conform to clause (b)(iii)(B) of this Section 2.1, (ii) cause such assignment to be in proper form for recording in the appropriate public office for real property records, and (iii) cause to be delivered for recording in the appropriate public office for real property records each such assignment of the Mortgages, except that, with respect to any assignments of Mortgage as to which the Servicer has not received the information required to prepare such assignments in recordable form, the Servicer's obligation to do so and to deliver the same for such recording shall be as soon as practicable after receipt of such information and in any event within thirty (30) days after receipt thereof. Notwithstanding the foregoing, the Servicer

need not cause to be recorded any assignment which relates to a Mortgage Loan in any state other than the Required Recordation States.

Notwithstanding the procedures in the preceding paragraph, with respect to each MERS Mortgage Loan, the Depositor shall take such actions as are necessary to cause the Indenture Trustee to be clearly identified as the owner of each such Mortgage Loan on the records of MERS for purposes of the system of recording transfers of beneficial ownership of mortgages maintained by MERS.

In the case of Mortgage Loans that have been prepaid in full as of the Closing Date, the Depositor, in lieu of delivering the above documents to the Indenture Trustee or the Custodian on its behalf, will deposit in the Collection Account the portion of such payment that is required to be deposited in the Collection Account pursuant to Section 3.8.

(c) It is agreed and understood by the Depositor and the Issuer (and the Depositor so represents and recognizes) that it is not intended that any Mortgage Loan to be included in the Trust Estate be (i) a "High-Cost Home Loan" as defined in the New Jersey Home Ownership Act effective November 27, 2003, (ii) a "High-Cost Home Loan" as defined in the New Mexico Home Loan Protection Act effective January 1, 2004, (iii) a "High-Cost Home Mortgage Loan" as defined in the Massachusetts Predatory Home Loan Practices Act effective November 7, 2004 or (iv) a "High Cost Home Loan" as defined in the Indiana Home Loan Practices Act effective January 1, 2005.

Section 2.2. Acceptance by Trustee of the Mortgage Loans.

The Owner Trustee, on behalf of the Issuer, acknowledges receipt of the documents identified in the initial certification in the form annexed hereto as Exhibit A (the "Initial Certification") and has directed that the documents referred to in Section 2.1 and all other assets included in the definition of "Trust Estate" be delivered to the Indenture Trustee (or the Custodian on its behalf). The Indenture Trustee (or its Custodian on its behalf) acknowledges receipt of the documents identified in the initial certification in the form annexed hereto as Exhibit A and declares that it or the Custodian holds and will hold such documents and the other documents delivered to it constituting the Mortgage Files, and that it or the Custodian holds or will hold such other assets as are included in the Trust Estate, in trust for the exclusive use and benefit of all present and future Noteholders.

The Indenture Trustee agrees to execute and deliver or to cause the Custodian to execute and deliver on the Closing Date to the Issuer, the Depositor, the Master Servicer and the Servicer an Initial Certification in the form annexed hereto as Exhibit A. Based on its or the Custodian's review and examination, and only as to the documents identified in such Initial Certification, the Custodian, on behalf of the Indenture Trustee acknowledges that such documents appear regular on their face and relate to such Mortgage Loan. Neither the Indenture Trustee nor the Custodian shall be under any duty or obligation to inspect, review or examine said documents, instruments, certificates or other papers in the Mortgage File or any of the Mortgage Loans to determine the validity, recordability, enforceability, sufficiency, due authorization or genuineness of any document or the collectibility, insurability, effectiveness or suitability of any Mortgage Loan.

Not later than 360 days after the Closing Date, the Indenture Trustee shall deliver or shall cause the Custodian to deliver to the Issuer, the Depositor, the Master Servicer and the Servicer a Final Certification in the form annexed hereto as Exhibit B, with any applicable exceptions noted thereon. Notwithstanding anything to the contrary contained herein, in the event there are exceptions to the Final Certification, the Indenture Trustee may transmit such exceptions electronically (via email) to the Issuer, the Depositor, the Master Servicer and the Servicer, subject to the prior approval of the Issuer, the Depositor, the Master Servicer and the Servicer.

If, in the course of such review, the Indenture Trustee or the Custodian, on behalf of the Indenture Trustee finds any document constituting a part of a Mortgage File which does not meet the requirements of Section 2.1 (the "Mortgage Loan Document Requirements"), the Indenture Trustee shall list or shall cause the Custodian to list such as an exception in the Final Certification; *provided, however* that neither the Indenture Trustee nor the Custodian shall make any determination as to whether (i) any endorsement is sufficient to transfer all right, title and interest of the

party so endorsing, as noteholder or assignee thereof, in and to such Mortgage Note or (ii) any assignment is in recordable form or is sufficient to effect the assignment of and transfer to the assignee thereof under the mortgage to which the assignment relates. SFM shall promptly correct or cure such defect within 90 days from the date it was so notified of such defect and, if SFM does not correct or cure such defect within such period, SFM shall either (a) substitute for the related Mortgage Loan a Substitute Mortgage Loan, which substitution shall be accomplished in the manner and subject to the conditions set forth in Section 2.3, or (b) purchase such Mortgage Loan from the Issuer within 90 days from the date SFM was notified of such defect in writing at the Purchase Price of such Mortgage Loan. Any such substitution pursuant to (a) above shall not be effected prior to the additional delivery to the Indenture Trustee of a Request for Release substantially in the form of Exhibit C. No substitution is permitted to be made in any calendar month after the Determination Date for such month. The Purchase Price for any such Mortgage Loan shall be deposited by SFM in the Collection Account on or prior to the Servicer Deposit Date for the Payment Date in the month following the month of repurchase and, upon receipt of such deposit and certification with respect thereto in the form of Exhibit C hereto, the Indenture Trustee shall cause the Custodian to release the related Mortgage File to SFM and shall execute and deliver at SFM's request such instruments of transfer or assignment prepared by SFM, in each case without recourse, as shall be necessary to vest in SFM, or a designee, the Indenture Trustee's interest in any Mortgage Loan released pursuant hereto. With respect to any SFM Mortgage Loans, the foregoing remedy against SFM for failure to deliver Mortgage Loans that satisfy the Mortgage Loan Document Requirements is provided in the related Sales Agreement (which, in turn, has been assigned to the Indenture Trustee pursuant to Section 2.1); and with respect to any Warehouse Mortgage Loans, the foregoing remedy against SFM has been assigned by the related Warehouse Seller pursuant to the applicable Sales Agreement (which, in turn, has been assigned to the Indenture Trustee pursuant to Section 2.1).

The Indenture Trustee shall retain or shall cause the Custodian to retain possession and custody of each Mortgage File in accordance with and subject to the terms and conditions set forth herein. The Servicer shall promptly deliver to the Indenture Trustee or the Custodian on its behalf, upon the execution or receipt thereof, the originals of such other documents or instruments constituting the Mortgage File as come into the possession of the Servicer from time to time.

It is understood and agreed that the obligation of SFM to substitute for or to purchase any Mortgage Loan which does not meet the requirements of Section 2.1 shall constitute the sole remedy respecting such defect available to the Issuer, the Indenture Trustee and any Securityholder against the Depositor or SFM.

In order to facilitate sales and deliveries of Mortgage Loans to the Issuer, the Indenture Trustee may execute and deliver one or more remittance agency agreements in substantially the form of Exhibit D hereto (each, a "Remittance Agency Agreement"), and in such event the Indenture Trustee: (i) shall perform the duties of Remittance Agent (as that term is defined in the related Remittance Agency Agreement); and (ii) may accept as conclusive evidence of the release of the related security interests one or more security release certifications in substantially the form attached as Exhibit E hereto (each, a "Security Release Certification").

Section 2.3. Representations, Warranties and Covenants of the Depositor, Servicer and Master Servicer.

(a) The Servicer represents and warrants to the Issuer and the Indenture Trustee that, as of the Closing Date:

(i) the Servicer is a corporation or limited partnership (or comparable entity) duly organized, validly existing and in good standing under the laws of the state of its organization and has, and had at all relevant times, full corporate or limited partnership power to service the Mortgage Loans, to own its property, to carry on its business as presently conducted and to enter into and perform its obligations under this Agreement. The Servicer has all necessary licenses and is qualified to transact business in and is in good standing under the laws of each state where any Mortgaged Property is located or is otherwise exempt under applicable law from such qualification or is otherwise not required under applicable law to effect such qualification and no demand for such qualification has been made upon the Servicer by any state having jurisdiction;

(ii) the execution and delivery of this Agreement by the Servicer and the performance by it of and compliance with the terms of this Agreement will not (A) violate the Servicer's articles of incorporation or by-laws (or, if applicable, limited partnership agreement or other organizational documents) or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the breach or acceleration of, any material contract, agreement or other instrument to which the Servicer is a party or which may be applicable to the Servicer or any of its assets or (B) result in the creation or imposition of any lien, charge or encumbrance upon any of its properties pursuant to the terms of any such contract, agreement or other instrument;

(iii) the Servicer has the full power and authority to enter into and consummate all transactions contemplated by this Agreement to be consummated by it, has duly authorized the execution, delivery and performance of this Agreement, and has duly executed and delivered this Agreement. This Agreement, assuming due authorization, execution and delivery by the other parties hereto, constitutes a valid, legal and binding obligation of the Servicer, enforceable against it in accordance with the terms hereof, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the rights of creditors generally, and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law);

(iv) the Servicer is not in violation of, and the execution and delivery of this Agreement by the Servicer and the performance by it and compliance with the terms of this Agreement will not constitute a violation with respect to, any order or decree of any court or any order or regulation of any federal, state, municipal or governmental agency having jurisdiction, which violation would materially and adversely affect the condition (financial or otherwise) or operations of the Servicer or any of its properties or materially and adversely affect the performance of any of its duties hereunder; and

(v) there are no actions or proceedings against, or investigations of, the Servicer pending or, to the knowledge of the Servicer, threatened, before any court, administrative agency or other tribunal (A) that, if determined adversely, would prohibit its entering into this Agreement, (B) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or (C) that, if determined adversely, would prohibit or materially and adversely affect the performance by the Servicer of any of its obligations under, or the validity or enforceability of, this Agreement.

(b) The Master Servicer represents and warrants to the Issuer and the Indenture Trustee that, as of the Closing Date:

(i) the Master Servicer is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation and has, and had at all relevant times, full corporate power to service the Mortgage Loans, to own its property, to carry on its business as presently conducted and to enter into and perform its obligations under this Agreement. The Master Servicer has all necessary licenses and is qualified to transact business in and is in good standing under the laws of each state where a Mortgaged Property is located or is otherwise exempt under applicable law from such qualification or is otherwise not required under applicable law to effect such qualification and no demand for such qualification has been made upon the Master Servicer by any state having jurisdiction;

(ii) the execution and delivery of this Agreement by the Master Servicer and the performance by it of and compliance with the terms of this Agreement will not (A) violate the Master Servicer's articles of incorporation or by-laws or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the breach or acceleration of, any material contract, agreement or other instrument to which the Master Servicer is a party or which may be applicable to the Master Servicer or any of its assets or (B) result in the creation or imposition of any lien, charge or encumbrance upon any of its properties pursuant to the terms of any such contract, agreement or other instrument;

(iii) the Master Servicer has the full power and authority to enter into and consummate all transactions contemplated by this Agreement to be consummated by it, has duly authorized the execution,

delivery and performance of this Agreement, and has duly executed and delivered this Agreement. This Agreement, assuming due authorization, execution and delivery by the other parties hereto, constitutes a valid, legal and binding obligation of the Master Servicer, enforceable against it in accordance with the terms hereof, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the rights of creditors generally, and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law);

(iv) the Master Servicer is not in violation of, and the execution and delivery of this Agreement by the Master Servicer and the performance by it and compliance with the terms of this Agreement will not constitute a violation with respect to, any order or decree of any court or any order or regulation of any federal, state, municipal or governmental agency having jurisdiction, which violation would materially and adversely affect the condition (financial or otherwise) or operations of the Master Servicer or any of its properties or materially and adversely affect the performance of any of its duties hereunder; and

(v) there are no actions or proceedings against, or investigations of, the Master Servicer pending or, to the knowledge of the Master Servicer, threatened, before any court, administrative agency or other tribunal (A) that, if determined adversely, would prohibit its entering into this Agreement, (B) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or (C) that, if determined adversely, would prohibit or materially and adversely affect the performance by the Master Servicer of any of its obligations under, or the validity or enforceability of, this Agreement.

(c) The Depositor represents and warrants to the Issuer and the Indenture Trustee that, as of the Closing

Date:

(i) the Depositor is a corporation, duly organized, validly existing and in good standing under the laws of the state of its incorporation and has, and had at all relevant times, full corporate power to own its property, to carry on its business as presently conducted and to enter into and perform its obligations under this Agreement;

(ii) the execution and delivery of this Agreement by the Depositor and the performance by it of and compliance with the terms of this Agreement will not (A) violate the Depositor's articles of incorporation or by-laws or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the breach or acceleration of, any material contract, agreement or other instrument to which the Depositor is a party or which may be applicable to the Depositor or any of its assets or (B) result in the creation or imposition of any lien, charge or encumbrance upon any of its properties pursuant to the terms of any such contract, agreement or other instrument;

(iii) the Depositor has the full power and authority to enter into and consummate all transactions contemplated by this Agreement to be consummated by it, has duly authorized the execution, delivery and performance of this Agreement, and has duly executed and delivered this Agreement. This Agreement, assuming due authorization, execution and delivery by the other parties hereto, constitutes a valid, legal and binding obligation of the Depositor, enforceable against it in accordance with the terms hereof, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the rights of creditors generally, and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law);

(iv) the Depositor is not in violation of, and the execution and delivery of this Agreement by the Depositor and the performance by it and compliance with the terms of this Agreement will not constitute a violation with respect to, any order or decree of any court or any order or regulation of any federal, state, municipal or governmental agency having jurisdiction, which violation would materially and adversely affect the condition (financial or otherwise) or operations of the Depositor or any of its properties or materially and adversely affect the performance of any of its duties hereunder; and

(v)

there are no actions or proceedings against, or investigations of, the Depositor pending or, to the knowledge of the Depositor, threatened, before any court, administrative agency or other tribunal (A) that, if determined adversely, would prohibit its entering into this Agreement, (B) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or (C) that, if determined adversely, would prohibit or materially and adversely affect the performance by the Depositor of any of its obligations under, or the validity or enforceability of, this Agreement.

(d) Pursuant to Section 2.1(a)(iii), the Depositor has assigned to the Issuer, for the benefit of Securityholders, its rights under each Sales Agreement, including each representation and warranty applicable to the Mortgage Loans (and the applicable remedies) set forth in such Sales Agreement in respect of the Mortgage Loans and the Issuer has pledged such rights to the Indenture Trustee under the Indenture. Each Sales Agreement provides remedies against SFM directly to the Depositor.

Upon discovery by any of the parties hereto of a breach of a representation or warranty made by the applicable Seller in respect of any of the Mortgage Loans that (i) materially and adversely affects the interests of the Noteholders in any such Mortgage Loan or (ii) is set forth in subsection (B) of Exhibit B to the Sales Agreement between the Depositor and SFM, the party discovering such breach shall give prompt notice thereof to the other parties. SFM hereby covenants that within 90 days of the earlier of its discovery or its receipt of written notice from any party of a breach such of any representation or warranty which (x) materially and adversely affects the interests of the Noteholders in any Mortgage Loan (it being understood that any such breach shall be deemed to materially and adversely affect the value of such Mortgage Loan or the interest of the Trust Estate therein, if the Trust Estate incurs a loss as the result of such breach) or (y) is set forth in subsection (B) of Exhibit B to the Sales Agreement between the Depositor and SFM, it shall cure such breach in all material respects, and if such breach is not so cured, shall, (i) remove such Mortgage Loan (a "Deleted Mortgage Loan") from the Trust Estate and substitute in its place a Substitute Mortgage Loan, in the manner and subject to the conditions set forth in this Section; or (ii) repurchase the affected Mortgage Loan or Mortgage Loans from the Issuer at the Purchase Price in the manner set forth below; *provided, however*, that any such substitution pursuant to (i) above shall not be effected prior to the additional delivery to the Indenture Trustee or the Custodian on its behalf of a Request for Release substantially in the form of Exhibit C and the Mortgage File for any such Substitute Mortgage Loan. SFM shall promptly reimburse the Servicer and the Indenture Trustee for any expenses reasonably incurred by the Servicer or the Indenture Trustee in respect of enforcing the remedies against the related Seller. With respect to the representations and warranties described in this Section which are made to the best of SFM's knowledge, if it is discovered by either the Servicer or the Indenture Trustee that the substance of such representation and warranty is inaccurate and (if required to impose the obligations described above on SFM) such inaccuracy materially and adversely affects the value of the related Mortgage Loan or the interests of the Noteholders therein, notwithstanding SFM's lack of knowledge with respect to the substance of such representation or warranty, such inaccuracy shall be deemed a breach of the applicable representation or warranty.

With respect to any Substitute Mortgage Loan, SFM shall deliver to the Indenture Trustee or the Custodian on its behalf for the benefit of the Securityholders the Mortgage Note, the Mortgage, the related assignment of the Mortgage, and such other documents and agreements as are required by Section 2.1, with the Mortgage Note endorsed and the Mortgage assigned as required by Section 2.1. No substitution is permitted to be made in any calendar month after the Determination Date for such month. Scheduled Payments due with respect to Substitute Mortgage Loans in the month of substitution shall not be part of the Trust Estate and will be retained by SFM on the next succeeding Payment Date. For the month of substitution, payments to Noteholders and distributions to Certificateholders will include the monthly payment due on any Deleted Mortgage Loan for such month and thereafter SFM shall be entitled to retain all amounts received in respect of such Deleted Mortgage Loan. The Servicer shall amend the Mortgage Loan Schedule for the benefit of the Securityholders to reflect the removal of such Deleted Mortgage Loan and the substitution of the Substitute Mortgage Loan or Loans and the Servicer shall deliver the amended Mortgage Loan Schedule to the Indenture Trustee. Upon such substitution, the Substitute Mortgage Loan or Loans shall be subject to the terms of this Agreement in all respects, and SFM shall be deemed to have made with respect to such Substitute Mortgage Loan or Loans, as of the date of substitution, the representations and warranties made by SFM pursuant to the related Sales Agreement with respect to such Mortgage Loan. Upon any such substitution and the deposit to the

Collection Account of the amount required to be deposited therein in connection with such substitution as described in the following paragraph, the Indenture Trustee shall release or shall cause the Custodian to release the Mortgage File held for the benefit of the Noteholders relating to such Deleted Mortgage Loan to SFM and shall execute and deliver at SFM' s written direction such instruments of transfer or assignment prepared by SFM , in each case without recourse, as shall be necessary to vest title in SFM, or its designee, the Indenture Trustee' s interest in any Deleted Mortgage Loan substituted for pursuant to this Section 2.3.

For any month in which SFM substitutes one or more Substitute Mortgage Loans for one or more Deleted Mortgage Loans, the Servicer will determine the amount (if any) by which the aggregate principal balance of all such Substitute Mortgage Loans as of the date of substitution is less than the aggregate Stated Principal Balance of all such Deleted Mortgage Loans (after application of the scheduled principal portion of the monthly payments due in the month of substitution). The amount of such shortage (the "Substitution Adjustment Amount") plus an amount equal to the aggregate of any unreimbursed Advances with respect to such Deleted Mortgage Loans shall be deposited in the Collection Account by SFM on or before the Payment Account Deposit Date for the Payment Date in the month succeeding the calendar month during which the related Mortgage Loan became required to be purchased or replaced hereunder.

In the event that SFM shall have repurchased a Mortgage Loan, the Purchase Price therefor shall be deposited in the Collection Account on or prior to the Servicer Deposit Date for the Payment Date in the month following the month during which SFM became obligated hereunder to repurchase or replace such Mortgage Loan and upon such deposit of the Purchase Price and receipt of a Request for Release in the form of Exhibit C hereto, the Indenture Trustee shall release or shall cause the Custodian to release the related Mortgage File held for the benefit of the Securityholders to SFM, and the Indenture Trustee shall execute and deliver or shall cause the Custodian to execute and deliver at SFM' s direction such instruments of transfer or assignment prepared by such Person, in each case without recourse, as shall be necessary to transfer title from the Indenture Trustee. It is understood and agreed that the obligation under this Agreement of each Seller to cure, repurchase or replace any Mortgage Loan as to which a breach has occurred and is continuing shall constitute the sole remedy respecting such breach available to Securityholders or the Indenture Trustee on behalf of the Noteholders.

The representations and warranties made pursuant to this Section 2.3 (and the representations and warranties with respect to the Mortgage Loans made in each Sales Agreement) shall survive delivery of the respective Mortgage Files to the Indenture Trustee or the Custodian for the benefit of the Securityholders.

Section 2.4. [Reserved].

Section 2.5. [Reserved].

Section 2.6. [Reserved].

ARTICLE 3.

ADMINISTRATION AND SERVICING OF MORTGAGE LOANS

Section 3.1. Servicer to Service Mortgage Loans.

For and on behalf of the Securityholders, the Servicer shall service and administer the Mortgage Loans in accordance with the terms of this Agreement and customary and usual standards of practice of prudent mortgage loan servicers. In connection with such servicing and administration, the Servicer shall have full power and authority, acting alone and/or through Subservicers as provided in Section 3.2, to do or cause to be done any and all things that it may deem necessary or desirable in connection with such servicing and administration, including but not limited to, the power and authority, subject to the terms hereof (i) to execute and deliver, on behalf of the Securityholders and the Issuer, customary consents or waivers and other instruments and documents, (ii) to consent to transfers of any Mortgaged Property and assumptions of the Mortgage Notes and related Mortgages (but only in the manner provided in this Agreement), (iii) to collect any Insurance Proceeds and other Liquidation Proceeds, and (iv) to effectuate

foreclosure or other conversion of the ownership of the Mortgaged Property securing any Mortgage Loan; *provided* that the Servicer shall not take any action that is inconsistent with or prejudices the interests of the Trust Estate or the Securityholders in any Mortgage Loan or the rights and interests of the Depositor, the Issuer, the Indenture Trustee and the Securityholders under this Agreement. The Servicer shall represent and protect the interests of the Trust Estate in the same manner as it protects its own interests in mortgage loans in its own portfolio in any claim, proceeding or litigation regarding a Mortgage Loan; *provided, however*, that unless the Mortgagor is in default with respect to the Mortgage Loan, or such default is, in the judgment of the Servicer, imminent, the Servicer may not permit any modification with respect to any Mortgage Loan. Without limiting the generality of the foregoing, the Servicer, in its own name or in the name of the Depositor and the Issuer, is hereby authorized and empowered by the Depositor, the Issuer and the Indenture Trustee, when the Servicer believes it appropriate in its reasonable judgment, to execute and deliver, on behalf of the Issuer, the Indenture Trustee, the Depositor, the Securityholders or any of them, any and all instruments of satisfaction or cancellation, or of partial or full release or discharge and all other comparable instruments, with respect to the Mortgage Loans, and with respect to the Mortgaged Properties held for the benefit of the Securityholders. The Servicer shall prepare and deliver to the Depositor and/or the Indenture Trustee such documents requiring execution and delivery by either or both of them as are necessary or appropriate to enable the Servicer to service and administer the Mortgage Loans to the extent that the Servicer is not permitted to execute and deliver such documents pursuant to the preceding sentence. Upon receipt of such documents, the Depositor and/or the Indenture Trustee shall promptly execute such documents and deliver them to the Servicer.

In accordance with the standards of the preceding paragraph, the Servicer shall make Servicing Advances as necessary for the purpose of effecting the payment of taxes and assessments on the Mortgaged Properties, which advances shall be reimbursable in the first instance from related collections from the Mortgagors pursuant to Section 3.6, and further as provided in Section 3.8. The costs incurred by the Servicer, if any, in effecting the timely payments of taxes and assessments on the Mortgaged Properties and related insurance premiums shall not, for the purpose of calculating monthly payments to the Noteholders and distributions to the Certificateholders, be added to the Stated Principal Balances of the related Mortgage Loans, notwithstanding that the terms of such Mortgage Loans so permit.

Upon request of the Servicer, the Indenture Trustee and the Custodian shall furnish the Servicer with any powers of attorney necessary or appropriate to enable Servicer to execute in the name of the Indenture Trustee or the Custodian, as applicable, all documents reasonably required to perform the servicing functions described in this Article 3.

In no event shall the Indenture Trustee be liable for the acts or omissions of the Servicer or any other Person. The Indenture Trustee shall not be responsible for monitoring or supervising the Servicer.

Section 3.2. Subservicing; Enforcement of the Obligations of Servicers.

(a) The Servicer may arrange for the subservicing of any Mortgage Loan by a Subservicer pursuant to Subservicing Agreement; provided, however, that such subservicing arrangement and the terms of the related Subservicing Agreement must provide for the servicing of such Mortgage Loans in a manner consistent with the servicing arrangements contemplated hereunder. Unless the context otherwise requires, references in this Agreement to actions taken or to be taken by the Servicer in servicing the Mortgage Loans include actions taken or to be taken by a Subservicer on behalf of the Servicer. Notwithstanding the provisions of any Subservicing Agreement, any of the provisions of this Agreement relating to agreements or arrangements between the Servicer and a Subservicer or reference to actions taken through a Subservicer or otherwise, the Servicer shall remain obligated and liable to the Depositor, the Issuer, the Indenture Trustee and the Securityholders for the servicing and administration of the Mortgage Loans in accordance with the provisions of this Agreement without diminution of such obligation or liability by virtue of such Subservicing Agreements or arrangements or by virtue of indemnification from the Subservicer and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Mortgage Loans. All actions of each Subservicer performed pursuant to the related Subservicing Agreement shall be performed as an agent of the Servicer with the same force and effect as if performed directly by the Servicer.

(b)

For purposes of this Agreement, the Servicer shall be deemed to have received any collections, recoveries or payments with respect to the Mortgage Loans that are received by a Subservicer regardless of whether such payments are remitted by the Subservicer to the Servicer.

Notwithstanding anything to the contrary set forth herein, as a condition to the utilization of any Subservicer or Subcontractor determined to be “participating in the servicing function” within the meaning of Item 1122, the Servicer shall obtain from any such Subservicer or Subcontractor used by the Servicer for the benefit of the Depositor a written agreement from such Subservicer or Subcontractor (in form and substance satisfactory to the Depositor) to comply with the provisions of Sections 3.16 and 3.17 of this Agreement to the same extent as if such Subservicer or Subcontractor were the Servicer.

Section 3.3. Rights of the Depositor, the Issuer and the Indenture Trustee in Respect of the Servicer.

The Depositor may, but is not obligated to, enforce the obligations of the Servicer hereunder and may, but is not obligated to, perform, or cause a designee to perform, any defaulted obligation of the Servicer hereunder and in connection with any such defaulted obligation to exercise the related rights of the Servicer hereunder; *provided* that the Servicer shall not be relieved of any of its obligations hereunder by virtue of such performance by the Depositor or its designee. None of the Issuer, the Indenture Trustee nor the Depositor shall have any responsibility or liability for any action or failure to act by the Servicer nor shall the Issuer, the Indenture Trustee or the Depositor be obligated to supervise the performance of the Servicer hereunder or otherwise.

Section 3.4. Master Servicer to Act as Servicer.

In the event that the Servicer shall for any reason no longer be the Servicer hereunder (including by reason of an Event of Default), the Master Servicer or its successor shall thereupon assume all of the rights and obligations of the Servicer hereunder arising thereafter (except that the Master Servicer shall not be (i) liable for losses of the Servicer pursuant to Section 3.9 or any acts or omissions of the predecessor Servicer hereunder, (ii) obligated to make Advances if it is prohibited from doing so by applicable law, (iii) obligated to effectuate repurchases or substitutions of Mortgage Loans hereunder including, but not limited to, repurchases or substitutions of Mortgage Loans pursuant to Section 2.2 or 2.3, (iv) responsible for expenses of the Servicer pursuant to Section 2.3 or (v) deemed to have made any representations and warranties of the Servicer hereunder). If the Servicer shall for any reason no longer be the Servicer (including by reason of any Event of Default), the Master Servicer or its successor shall succeed to any rights and obligations of the Servicer under each Subservicing Agreement.

The Servicer shall, upon request of the Master Servicer, but at the expense of the Servicer, deliver to the assuming party all documents and records relating to each subservicing agreement or substitute Subservicing Agreement and the Mortgage Loans then being serviced thereunder and an accounting of amounts collected or held by it and otherwise use its best efforts to effect the orderly and efficient transfer of the substitute Subservicing Agreement to the assuming party.

If the Master Servicer has not received a rating by S&P as to its master servicer functions prior to the time of any assumption by the Master Servicer of the Servicer’s rights and obligations pursuant to this Section 3.4, the Master Servicer shall, within 30 days of any such assumption, provide written notice of such assumption to S&P.

Section 3.5. Collection of Mortgage Loan Payments; Collection Account; Payment Account.

(a) The Servicer shall make reasonable efforts in accordance with the customary and usual standards of practice of prudent mortgage servicers to collect all payments called for under the terms and provisions of the Mortgage Loans to the extent such procedures shall be consistent with this Agreement. Consistent with the foregoing, and subject to the provisions of Section 3.1, the Servicer may in its discretion (i) waive any late payment charge or penalty interest and (ii) extend the due dates for payments due on a Mortgage Note for a period not greater than 180 days; provided, however, that the Servicer cannot extend the maturity of any such Mortgage Loan past the date on which the final payment is due on the latest maturing Mortgage Loan as of the Cut Off Date. In the event of any such arrangement, any P&I Advance required to be made by the Servicer on the related Mortgage Loan in accordance with

the provisions hereof (i) with respect to the Prepayment Period in which such arrangement became effective shall be made in accordance with the amortization schedule of such Mortgage Loan without giving effect to the modification thereof by reason of such arrangements and (ii) with respect to any Prepayment Period thereafter shall be made in accordance with the amortization schedule of such Mortgage Loan as so modified. The Servicer shall not be required to institute or join in litigation with respect to collection of any payment (whether under a Mortgage, Mortgage Note or otherwise or against any public or governmental authority with respect to a taking or condemnation) if it reasonably believes that enforcing the provision of the Mortgage or other instrument pursuant to which such payment is required is prohibited by applicable law.

The Servicer shall comply with the provisions of Section 3.21 with respect to each Prepayment Penalty related to the Mortgage Loans.

(b) The Servicer shall establish and maintain a Collection Account into which the Servicer shall deposit or cause to be deposited as soon as practicable following receipt but in no event no later than two Business Days after receipt, except as otherwise specifically provided herein, the following payments and collections remitted by Subservicers or received by it in respect of Mortgage Loans subsequent to the Cut Off Date (other than in respect of principal and interest due on the Mortgage Loans on or before the Cut Off Date) and the following amounts required to be deposited hereunder:

- (i) all payments on account of principal on the Mortgage Loans, including Principal Prepayments;
- (ii) all payments on account of interest on the Mortgage Loans, net of the Retained Interest, the related Servicing Fee and any Prepayment Interest Excess;
- (iii) each Prepayment Penalty required to be deposited by the Servicer hereunder;
- (iv) all Insurance Proceeds and Liquidation Proceeds, other than proceeds to be applied to the restoration or repair of the Mortgaged Property or released to the Mortgagor in accordance with the Servicer's normal servicing procedures;
- (v) any amount required to be deposited by the Servicer pursuant to Section 3.5(e) in connection with any losses on Permitted Investments;
- (vi) any amounts required to be deposited by the Servicer pursuant to Section 3.9(b) and (d), and in respect of net monthly rental income from REO Property pursuant to Section 3.11;
- (vii) any amounts required to be deposited pursuant to this Agreement in connection with the repurchase of a Mortgage Loan by SFM;
- (viii) all Substitution Adjustment Amounts;
- (ix) all P&I Advances made by the Servicer pursuant to Section 3.19; and
- (x) the amount of any Subsequent Recoveries.

In addition, with respect to any Mortgage Loan that is subject to a buydown agreement, on each Due Date for such Mortgage Loan, in addition to the monthly payment remitted by the Mortgagor, the Servicer shall cause funds to be deposited into the Collection Account in an amount required to cause an amount of interest to be paid with respect to such Mortgage Loan equal to the amount of interest that has accrued on such Mortgage Loan from the preceding Due Date at the related Net Rate on such date.

The foregoing requirements for remittance by the Servicer shall be exclusive, it being understood and agreed that, without limiting the generality of the foregoing, payments in the nature of late payment charges, assumption fees or amounts attributable to reimbursements of Advances, if collected, need not be remitted by the Servicer. In the event that the Servicer shall remit any amount not required to be remitted, it may at any time withdraw or direct the

institution maintaining the Collection Account to withdraw such amount from the Collection Account, any provision herein to the contrary notwithstanding. Such withdrawal or direction may be accomplished by delivering written notice thereof to the Indenture Trustee or such other institution maintaining the Collection Account which describes the amounts deposited in error in the Collection Account. The Servicer shall maintain adequate records with respect to all withdrawals made pursuant to this Section. All funds deposited in the Collection Account shall be held in trust for the Securityholders until withdrawn in accordance with Section 3.8.

(c) The Master Servicer shall establish and maintain, for the benefit of Indenture Trustee, on behalf of the Noteholders, a Master Servicer Custodial Account. On each Servicer Deposit Date, the Servicer shall remit to the Master Servicer for deposit in the Master Servicer Custodial Account, all available amounts in the Collection Account on such date. In addition, the Master Servicer shall deposit any amounts pursuant to Section 3.5(e) in connection with losses on Permitted Investments in the Master Servicer Custodial Account.

(d) The Indenture Trustee shall establish and maintain, on behalf of Noteholders, the Payment Account. On each Payment Account Deposit Date, the Master Servicer shall remit to the Indenture Trustee for deposit in the Payment Account all available amounts in the Master Servicer Custodial Account on such date. In addition, the Indenture Trustee shall deposit into the Payment Account (i) any amounts received from the Master Servicer pursuant to Section 3.5(e) in connection with losses on Permitted Investments in the Payment Account, (ii) any Net Swap Payments and (subject to the limitations set forth in Section 4.7) Swap Termination Payments paid by the Counterparty to the Issuer under the Yield Maintenance Agreement and (iii) any proceeds received in respect of the PMI Policy.

In the event that the Servicer or Master Servicer shall remit any amount not required to be remitted, it may at any time direct the Indenture Trustee to withdraw such amount from the Payment Account, any provision herein to the contrary notwithstanding. Such direction may be accomplished by delivering an Officer's Certificate to the Indenture Trustee which describes the amounts deposited in error in the Payment Account. All funds deposited in the Payment Account shall be held in accordance with Section 3.22 until disbursed in accordance with this Agreement or withdrawn in accordance with Section 3.8. In no event shall the Indenture Trustee incur liability for withdrawals from the Payment Account at the direction of the Master Servicer or the Servicer in accordance with this paragraph.

(e) The institutions at which the Collection Account, Master Servicer Custodial Account and Payment Account are maintained shall invest funds as directed by the Master Servicer in Permitted Investments which in each case shall mature not later than (i) in the case of the Collection Account, the second Business Day next preceding the related Servicer Deposit Date (except that if such Permitted Investment is an obligation of the institution that maintains such account, then such Permitted Investment shall mature not later than the Business Day next preceding such Servicer Deposit Date), (ii) in the case of the Master Servicer Custodial Account, the second Business Day next preceding the related Payment Account Deposit Date (except that if such Permitted Investment is an obligation of the institution that maintains such account, then such Permitted Investment shall mature not later than the Business Day next preceding such Payment Account Deposit Date), and (iii) in the case of the Payment Account, the Business Day next preceding the related Payment Date (except that if such Permitted Investment is an obligation of the institution that maintains such fund or account, then such Permitted Investment shall mature not later than such Payment Date) and, in each case, shall not be sold or disposed of prior to its maturity. All such Permitted Investments shall be made in the name of the Indenture Trustee, for the benefit of the Noteholders. All income and gain net of any losses realized from any such investment of funds on deposit in the Collection Account shall be for the benefit of the Servicer as servicing compensation and all income and gain net of any losses realized from any such investment of funds on deposit in the Master Servicer Custodial Account and the Payment Account shall be for the benefit of the Master Servicer. The amount of any realized losses in the Collection Account in respect of any such investments shall promptly be deposited by the Servicer in the Collection Account and the amount of any realized losses in the Master Servicer Custodial Account and the Payment Account in respect of any such investments shall promptly be deposited therein by the Master Servicer. The Indenture Trustee in its fiduciary capacity shall not be liable for the amount of any loss incurred in respect of any investment or lack of investment of funds held in the Collection Account or the Master Servicer Custodial Account and made in accordance with this Section 3.5.

(f) In order to comply with laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including those relating to the funding of terrorist activities and money laundering (“Applicable Law”), the Indenture Trustee is required to obtain, verify and record certain information relating to individuals and entities which maintain a business relationship with the Indenture Trustee. Accordingly, each of the parties agrees to provide to the Indenture Trustee upon its request from time to time such identifying information and documentation as may be available for such party in order to enable the Indenture Trustee to comply with Applicable Law.

Section 3.6. Collection of Taxes, Assessments and Similar Items; Escrow Accounts.

(a) To the extent required by the related Mortgage Note and not violative of current law, the Servicer shall establish and maintain one or more accounts (each, an “Escrow Account”) and deposit and retain therein all collections from the Mortgagors (or advances by the Servicer) for the payment of taxes, assessments, hazard insurance premiums or comparable items for the account of the Mortgagors. Nothing herein shall require the Servicer to compel a Mortgagor to establish an Escrow Account in violation of applicable law.

(b) Withdrawals of amounts so collected from the Escrow Accounts may be made only to effect timely payment of taxes, assessments, hazard insurance premiums, condominium or PUD association dues, or comparable items, to reimburse the Servicer out of related collections for any payments made pursuant to Sections 3.1 (with respect to taxes and assessments and insurance premiums) and 3.9 (with respect to hazard insurance), to refund to any Mortgagors any sums determined to be overages, to pay interest, if required by law or the terms of the related Mortgage or Mortgage Note, to Mortgagors on balances in the Escrow Account or to clear and terminate the Escrow Account at the termination of this Agreement in accordance with Section 7.1. The Escrow Accounts shall not be a part of the Trust Estate.

(c) The Servicer shall advance, as Servicing Advances, any payments referred to in Section 3.6(a) that are not timely paid by the Mortgagors on the date when the tax, premium or other cost for which such payment is intended is due; provided, however that the Servicer shall not be required to make any such advance if such advance, in the good faith judgment of the Servicer, would constitute a Nonrecoverable Advance.

Section 3.7. Access to Certain Documentation and Information Regarding the Mortgage Loans.

The Servicer shall afford the Depositor and the Indenture Trustee reasonable access to all records and documentation regarding the Mortgage Loans and all accounts, insurance information and other matters relating to this Agreement, such access being afforded without charge, but only upon reasonable request and during normal business hours at the office designated by the Servicer.

Upon reasonable advance notice in writing, the Servicer will provide to each Securityholder which is a savings and loan association, bank or insurance company certain reports and reasonable access to information and documentation regarding the Mortgage Loans sufficient to permit such Securityholder to comply with applicable regulations of the OTS or other regulatory authorities with respect to investment in the Securities; *provided* that the Servicer shall be entitled to be reimbursed by each such Securityholder for actual expenses incurred by the Servicer in providing such reports and access.

Section 3.8. Permitted Withdrawals from the Collection Account, Master Servicer Custodial Account and Payment Account.

(a) The Servicer may from time to time make withdrawals from the Collection Account for the following purposes:

(i) to the extent not previously retained by the Servicer, to pay to the Servicer the servicing compensation to which it is entitled pursuant to Section 3.14 and, if applicable, Section 4.2, and earnings on or investment income with respect to funds in or credited to the Collection Account as additional servicing compensation;

(ii) to the extent not previously retained by the Servicer, to reimburse the Servicer for unreimbursed Advances made by it, such right of reimbursement pursuant to this subclause (ii) being limited to amounts received on the Mortgage Loan(s) in respect of which any such Advance was made;

(iii) to reimburse the Servicer for any Nonrecoverable Advance previously made;

(iv) to reimburse the Servicer for Insured Expenses from the related Insurance Proceeds;

(v) to reimburse the Servicer for unpaid Servicing Fees as provided in Section 3.11;

(vi) to pay to the purchaser, with respect to each Mortgage Loan or property acquired in respect thereof that has been purchased pursuant to Section 2.2, 2.3 or 3.11, all amounts received thereon after the date of such purchase;

(vii) to reimburse the Master Servicer, the Servicer or the Depositor for expenses incurred by any of them and reimbursable pursuant to Section 5.3 (or, in the case of the Depositor, Section 4.04 of the Trust Agreement);

(viii) to pay to the Master Servicer any accrued compensation to which it is entitled hereunder (and any amount to which it is entitled to reimbursement herewith);

(ix) to pay the PMI Insurance Premium;

(x) to withdraw any amount deposited in the Collection Account and not required to be deposited therein;

(xi) to pay the Seller or its designee any Retained Interest in accordance with Section 4.2;

(xi) on or prior to each Servicer Deposit Date, to withdraw the amount then on deposit in the Collection Account available after application of clauses (i) through (xi) above and remit such amount to the Master Servicer for deposit in the Master Servicer Custodial Account; and

(xiii) to clear and terminate the Collection Account upon termination of this Agreement pursuant to Section 7.1.

The Servicer shall keep and maintain separate accounting, on a Mortgage Loan by Mortgage Loan basis, for the purpose of justifying any withdrawal from the Collection Account pursuant to such subclauses (i), (ii), (iv), (v) and (vi). Prior to making any withdrawal from the Collection Account pursuant to subclause (iii), the Servicer shall deliver to the Master Servicer an Officer's Certificate of a Servicing Officer indicating the amount of any previous Advance determined by the Servicer to be a Nonrecoverable Advance and identifying the related Mortgage Loan(s), and their respective portions of such Nonrecoverable Advance.

(b) The Master Servicer may from time to time make withdrawals from the Master Servicer Custodial Account for the following purposes:

(i) to pay itself any compensation due it hereunder (including the portion thereof out of which it pays the Indenture Trustee Fees);

(ii) to the extent not previously retained by the Servicer, to pay to the Servicer the servicing compensation to which it is entitled pursuant to Section 3.14 and, if applicable, Section 4.2;

(iii) to pay to itself earnings or investment income with respect to funds in the Master Servicer Custodial Account;

(iv)

on each Payment Account Deposit Date, to withdraw the amount then on deposit in the Master Servicer Custodial Account on such date after application of clauses (i) through (iii) above and remit such amount to the Indenture Trustee for deposit in the Payment Account; and

(v) to clear and terminate the Master Servicer Custodial Account upon termination of the Agreement pursuant to Section 7.1.

(c) The Indenture Trustee shall withdraw funds from the Payment Account for payments to Noteholders and for deposit into the Certificate Account in the manner specified in this Agreement. In addition, the Indenture Trustee shall prior to making the payments pursuant to Section 4.1 from time to time make withdrawals from the Payment Account for the following purposes:

(i) to pay to itself the Indenture Trustee Fee (out of the Master Servicing Fee to the extent not previously remitted by the Master Servicer) and reimburse itself for reasonable expenses for the related Payment Date and for permitted expenses of the Owner Trustee pursuant to Section 7.02 of the Trust Agreement);

(ii) to the extent not previously retained by the Servicer, to pay to the Servicer the servicing compensation to which it is entitled pursuant to Section 3.14 and, if applicable, Section 4.2, and to pay any PMI Insurance Premium then due and payable;

(iii) to the extent not previously retained by SFM or any successor servicer pursuant to Section 3.8, to pay SFM, or its designee, any Retained Interest pursuant to Section 4.2;

(iv) to pay to the Master Servicer earnings on or investment income with respect to funds in the Payment Account;

(v) to make any Net Swap Payments or Priority Swap Termination Payments due to the Counterparty under the Yield Maintenance Agreement and to pay any costs and expenses of entering into a replacement Yield Maintenance Agreement not otherwise paid from a Swap Termination Payment received by the Issuer;

(vi) to withdraw and return to the Servicer or Master Servicer any amount deposited in the Payment Account and not required to be deposited therein, including any amounts owed to the Servicer as part of the Servicing Fee in accordance with the terms hereunder; and

(vii) to clear and terminate the Payment Account upon termination of the Agreement pursuant to Section 7.1.

Section 3.9. Maintenance of Hazard Insurance; Maintenance of Primary Insurance Policies.

(a) The Servicer shall cause to be maintained, for each Mortgage Loan, hazard insurance with extended coverage in an amount that is at least equal to the lesser of (i) the maximum insurable value of the improvements securing such Mortgage Loan; (ii) the Stated Principal Balance of the Mortgage Loan and (iii) the maximum amount available in the locality of the related Mortgaged Property from insurers generally acceptable to institutional residential mortgage lenders without payment of extraordinary premium. Each such policy of standard hazard insurance shall contain, or have an accompanying endorsement that contains, a standard mortgagee clause. Any amounts collected by the Servicer under any such policies (other than the amounts to be applied to the restoration or repair of the related Mortgaged Property or amounts released to the Mortgagor in accordance with the Servicer's normal servicing procedures) shall be deposited in the Collection Account. Any cost incurred by the Servicer in maintaining any such insurance shall not, for the purpose of calculating monthly payments to Noteholders and distributions to the Certificateholders or remittances to the Indenture Trustee for their benefit, be added to the principal balance of the Mortgage Loan, notwithstanding that the terms of the Mortgage Loan so permit. Such costs shall be recoverable by the Servicer as Servicing Advances or, if applicable, as Nonrecoverable Advances. It is understood

and agreed that no earthquake or other additional insurance is to be required of any Mortgagor or maintained on property acquired in respect of a Mortgage other than pursuant to such applicable laws and regulations as shall at any time be in force and as shall require such additional insurance. If the Mortgaged Property is located at the time of origination of the Mortgage Loan in a federally designated special flood hazard area and flood insurance has been made available in such area, the Servicer shall cause flood insurance to be maintained with respect to such Mortgage Loan. Such flood insurance shall be in an amount equal to the least of (i) the original principal balance of the related Mortgage Loan, (ii) the replacement value of the improvements which are part of such Mortgaged Property, and (iii) the maximum amount of such insurance available for the related Mortgaged Property under the applicable flood insurance program.

(b) In the event that the Servicer shall obtain and maintain a blanket policy insuring against hazard losses on any or all of the Mortgage Loans, it shall conclusively be deemed to have satisfied its obligations as set forth in the first sentence of this Section with respect to all of the Mortgage Loans so covered, it being understood and agreed that such policy may contain a deductible clause on terms substantially equivalent to those commercially available and maintained by comparable servicers. If such policy contains a deductible clause, the Servicer shall, in the event that there shall not have been maintained on the related Mortgaged Property a policy complying with the first sentence of this Section, and there shall have been a loss that would have been covered by such policy, deposit in the Collection Account the amount not otherwise payable under the blanket policy because of such deductible clause. In connection with its activities as Servicer of the Mortgage Loans, the Servicer agrees to present, on behalf of itself, the Depositor, the Issuer and the Indenture Trustee for the benefit of the Noteholders, claims under any such blanket policy.

(c) The Servicer shall not take any action which would result in non-coverage under any applicable Primary Insurance Policy of any loss which, but for the actions of the Servicer, would have been covered thereunder. The Servicer shall not cancel or refuse to renew any such Primary Insurance Policy that is in effect at the date of the initial issuance of the Securities and is required to be kept in force hereunder unless the replacement Primary Insurance Policy for such canceled or non-renewed policy is maintained with a Qualified Insurer.

The Servicer shall not be required to maintain any Primary Insurance Policy (i) with respect to any Mortgage Loan with a Loan-to-Value Ratio less than or equal to 80% (or such lower Loan-to-Value Ratio as may be provided by applicable law) as of any date of determination or, based on a new appraisal, the principal balance of such Mortgage Loan represents 80% or less of the new appraised value (or other method of determination as may be provided by applicable law) or (ii) if maintaining such Primary Insurance Policy is otherwise prohibited by applicable law.

The Servicer agrees to effect the timely payment of the premiums on each Primary Insurance Policy, and such costs not otherwise recoverable shall be recoverable by the Servicer as Servicing Advances or, if applicable, as Nonrecoverable Advances.

(d) In connection with its activities as Servicer of the Mortgage Loans, the Servicer agrees to present on behalf of itself, the Issuer, the Indenture Trustee and Securityholders, claims to the insurer under any Primary Insurance Policies and, in this regard, to take such reasonable action as shall be necessary to permit recovery under any Primary Insurance Policies respecting defaulted Mortgage Loans. Any amounts collected by the Servicer under any Primary Insurance Policies shall be deposited in the Collection Account.

Section 3.10. Enforcement of Due-on-Sale Clauses; Assumption Agreements.

(a) Except as otherwise provided in this Section, when any property subject to a Mortgage has been conveyed by the Mortgagor, the Servicer shall to the extent that it has knowledge of such conveyance enforce any due-on-sale clause contained in any Mortgage Note or Mortgage, to the extent, in the Servicer's reasonable judgment, enforcement is permitted under applicable law and governmental regulations. Notwithstanding the foregoing, the Servicer is not required to exercise such rights with respect to a Mortgage Loan if the Person to whom the related Mortgaged Property has been conveyed or is proposed to be conveyed satisfies the terms and conditions contained in the Mortgage Note and Mortgage related thereto and the consent of the mortgagee under such Mortgage Note or Mortgage is not otherwise so required under such Mortgage Note or Mortgage as a condition to such transfer. In the event that the Servicer is prohibited by law from enforcing any such due-on-sale clause, or if nonenforcement is

otherwise permitted hereunder, the Servicer is authorized, subject to Section 3.10(b), to take or enter into an assumption and modification agreement from or with the person to whom such property has been or is about to be conveyed, pursuant to which such person becomes liable under the Mortgage Note and, unless prohibited by applicable state law, the Mortgagor remains liable thereon, provided that the Mortgage Loan shall continue to be covered (if so covered before the Servicer enters such agreement) by the applicable Insurance Policies. The Servicer, subject to Section 3.10(b), is also authorized with the prior approval of the insurers under any Insurance Policies to enter into a substitution of liability agreement with such Person, pursuant to which the original Mortgagor is released from liability and such Person is substituted as Mortgagor and becomes liable under the Mortgage Note. Notwithstanding the foregoing, the Servicer shall not be deemed to be in default under this Section by reason of any transfer or assumption which the Servicer reasonably believes it is restricted by law from preventing, for any reason whatsoever.

(b) Subject to the Servicer's duty to enforce any due-on-sale clause to the extent set forth in Section 3.10(a), in any case in which a Mortgaged Property has been conveyed to a Person by a Mortgagor, and such Person is to enter into an assumption agreement or modification agreement or supplement to the Mortgage Note or Mortgage that requires the signature of the Indenture Trustee, or if an instrument of release signed by the Indenture Trustee is required releasing the Mortgagor from liability on the Mortgage Loan, the Servicer shall prepare and deliver or cause to be prepared and delivered to the Indenture Trustee for signature and shall direct, in writing, the Indenture Trustee to execute the assumption agreement with the Person to whom the Mortgaged Property is to be conveyed and such modification agreement or supplement to the Mortgage Note or Mortgage or other instruments as are reasonable or necessary to carry out the terms of the Mortgage Note or Mortgage or otherwise to comply with any applicable laws regarding assumptions or the transfer of the Mortgaged Property to such Person. In connection with any such assumption, no material term of the Mortgage Note may be changed. In addition, the substitute Mortgagor and the Mortgaged Property must be acceptable to the Servicer in accordance with its underwriting standards as then in effect. Together with each such substitution, assumption or other agreement or instrument delivered to the Indenture Trustee for execution by it, the Servicer shall deliver an Officer's Certificate signed by a Servicing Officer stating that the requirements of this subsection have been met in connection therewith. The Servicer shall notify the Indenture Trustee that any such substitution or assumption agreement has been completed by forwarding to the Indenture Trustee the original of such substitution or assumption agreement, which in the case of the original shall be added to the related Mortgage File and shall, for all purposes, be considered a part of such Mortgage File to the same extent as all other documents and instruments constituting a part thereof. Any fee collected by the Servicer for entering into an assumption or substitution of liability agreement will be retained by the Servicer as additional servicing compensation.

Section 3.11. Realization Upon Defaulted Mortgage Loans; Repurchase of Certain Mortgage Loans.

(a) Subject to the limitations set forth in Sections 3.5(a), 3.11(b), 3.11(f), and 3.11(i), the Servicer shall use reasonable efforts to foreclose upon or otherwise comparably convert the ownership of properties securing such of the Mortgage Loans as come into and continue in default and as to which no satisfactory arrangements can be made for collection of delinquent payments. In connection with such foreclosure or other conversion, the Servicer shall follow such practices and procedures as it shall deem necessary or advisable and as shall be normal and usual in its general mortgage servicing activities; provided, however, that the Servicer shall not be required to expend its own funds in connection with any foreclosure or towards the restoration of any property unless it shall determine (i) that such restoration and/or foreclosure will increase the proceeds of liquidation of the Mortgage Loan after reimbursement to itself of such expenses and (ii) that such expenses will be recoverable to it through Liquidation Proceeds (respecting which it shall have priority for purposes of withdrawals from the Collection Account). The Servicer shall be responsible for all other costs and expenses incurred by it in any such proceedings; provided, however, that it shall be entitled to reimbursement thereof from the Liquidation Proceeds with respect to the related Mortgaged Property, as Servicing Advances or, if applicable, as Nonrecoverable Advances.

(b) If the Servicer has actual knowledge that a Mortgaged Property which the Servicer is contemplating acquiring in foreclosure or by deed in lieu of foreclosure is located within a one mile radius of any site with material environmental or hazardous waste risks known to the Servicer, the Servicer will, prior to acquiring the Mortgaged Property, consider such risks and shall proceed with such in foreclosure or by deed in lieu of foreclosure only if the

Servicer reasonably determines that doing so shall more likely than not be in the best interests of the Issuer, considering all relevant factors including such environmental matters. For the purpose of this Section, actual knowledge of the Servicer means actual knowledge of a Servicing Officer involved in the servicing of the relevant Mortgage Loan at the time such knowledge was acquired. Actual knowledge of the Servicer does not include knowledge imputable by virtue of the availability of or accessibility to information relating to environmental or hazardous waste sites or the locations thereof.

(c) With respect to any REO Property, the deed or certificate of sale shall be taken in the name of the Indenture Trustee for the benefit of the Noteholders, or its nominee, on behalf of the Noteholders, provided that the Servicers may cause title to be placed in the name of the Custodian or the Servicer if the Servicer reasonably determines that such manner of holding title is required or advisable in order to facilitate the foreclosure process as to any one or more particular Mortgage Loans. The Indenture Trustee's name shall be placed on the title to such REO Property solely as the Indenture Trustee and not in its individual capacity. The Servicer shall ensure that the title to such REO Property references this Agreement, the Indenture and the Indenture Trustee's capacity thereunder. Pursuant to its efforts to sell such REO Property, the Servicer shall either itself or through an agent selected by the Servicer protect and conserve such REO Property in the same manner and to such extent as is customary in the locality where such REO Property is located and may, incident to its conservation and protection of the interests of the Noteholders, in its sole discretion, rent or decline to rent the same, or any part thereof, as the Servicer deems to be in the best interest of the Noteholders for the period prior to the sale of such REO Property. The net monthly rental income, if any, from such REO Property shall be deposited in the Collection Account no later than the close of business on each Determination Date.

(d) In the event of a default on a Mortgage Loan one or more of whose obligor is not a "United States person," as that term is defined in Section 7701(a)(30) of the Code, in connection with any foreclosure or acquisition of a deed in lieu of foreclosure (together, "foreclosure") in respect of such Mortgage Loan, the Servicer will cause compliance with the provisions of Treasury Regulation Section 1.1445-2(d)(3) (or any successor thereto) necessary to assure that no withholding tax obligation arises with respect to the proceeds of such foreclosure except to the extent, if any, that proceeds of such foreclosure are required to be remitted to the obligor on such Mortgage Loan.

(e) The decision of the Servicer to foreclose, or to continue the foreclosure process, on a defaulted Mortgage Loan shall be subject to a determination by the Servicer that the proceeds of such foreclosure would more likely than not exceed the costs and expenses of bringing such a proceeding and liquidating the REO expected to be obtained through such foreclosure. Promptly upon making any determination in accordance with the preceding sentence not to foreclose, or to discontinue the foreclosure process, as to any Mortgage Loan, the Servicer shall deliver to the Master Servicer an Officer's Certificate signed by a Servicing Officer identifying the Mortgage Loans as to which such determination has been made (each such Mortgage Loan, upon acceptance of such Officer's Certificate by the Master Servicer, a "Nonrecoverable Mortgage Loan") setting forth the basis for such determination in a form acceptable to the Master Servicer.

(f) The income earned from the management of any REO Properties, net of reimbursement to the Servicer for expenses incurred (including any property or other taxes) in connection with such management and net of unreimbursed Master Servicing Fees, Advances and Servicing Advances, shall be applied to the payment of principal of and interest on the related defaulted Mortgage Loans (with interest accruing as though such Mortgage Loans were still current) and all such income shall be deemed, for all purposes in this Agreement, to be payments on account of principal and interest on the related Mortgage Notes and shall be deposited into the Collection Account. To the extent the net income received during any calendar month is in excess of the amount attributable to amortizing principal and accrued interest at the related Mortgage Rate on the related Mortgage Loan for such calendar month, such excess shall be considered to be a partial prepayment of principal of the related Mortgage Loan.

(g) The proceeds from any liquidation of a Mortgage Loan, as well as any income from an REO Property, will be applied in the following order of priority: first, to reimburse SFM, or its designee, for any unpaid Retained Interest; second, to reimburse the Servicer for any related unreimbursed Servicing Advances and Servicing Fees; third, to reimburse the Servicer for any unreimbursed Advances; fourth, to reimburse the Collection Account for any

Nonrecoverable Advances (or portions thereof) that were previously withdrawn by the Servicer pursuant to Section 3.8(a)(iii) that related to such Mortgage Loan; fifth, to accrued and unpaid interest (to the extent no Advance has been made for such amount or any such Advance has been reimbursed) on the Mortgage Loan or related REO Property, at the Net Rate to the Due Date occurring in the month in which such amounts are required to be distributed; and sixth, as a recovery of principal of the Mortgage Loan. Excess Proceeds, if any, from the liquidation of a Liquidated Mortgage Loan will be retained by the Servicer as additional servicing compensation pursuant to Section 3.14.

(h) Notwithstanding any provision hereof, in connection with the foreclosure or other conversion of defaulted assets, the Servicer shall follow such practices and procedures as it shall deem necessary or advisable in its sole discretion, and as shall be normal and usual in its general mortgage servicing activities. In connection therewith, the Master Servicer shall have the sole discretion to determine whenever an immediate sale of any REO or Nonrecoverable Mortgage Loan, or continued management of such REO or Nonrecoverable Mortgage Loan, is in the best interest of Securityholders to maximize recoveries. Any such disposition (including by means of a “whole loan sale”) shall be conducted by the Servicer on terms and conditions approved by the Master Servicer in its sole discretion.

(i) The Master Servicer, in its sole discretion, shall have the right to purchase for its own account from the Issuer any Mortgage Loan which is 91 days or more Delinquent at a price equal to the Purchase Price; provided, however, that for any such Mortgage Loan that is a Nonrecoverable Mortgage Loan, such purchase shall be at a price equal to the Nonrecoverable Mortgage Loan Purchase Price, and provided further that any REO Property may be disposed of pursuant to the preceding Section 3.11(h). The total price calculated pursuant to the preceding sentence for any Mortgage Loan purchased hereunder shall be deposited in the Collection Account and the Indenture Trustee, upon receipt of the Request for Release from the Servicer in the form of Exhibit C hereto, shall release or cause to be released to the purchaser of such Mortgage Loan the related Mortgage File and shall execute and deliver such instruments of transfer or assignment prepared by the purchaser of such Mortgage Loan, in each case without recourse, as shall be necessary to vest in the purchaser of such Mortgage Loan any Mortgage Loan released pursuant hereto and the purchaser of such Mortgage Loan shall succeed to all Issuer’s right, title and interest in and to such Mortgage Loan and all security and documents related thereto. Such assignment shall be an assignment outright and not for security. The purchaser of such Mortgage Loan shall thereupon own such Mortgage Loan, and all security and documents, free of any further obligation to the Issuer, the Indenture Trustee or the Securityholders with respect thereto.

Section 3.12. Indenture Trustee to Cooperate; Release of Mortgage Files.

Upon the payment in full of any Mortgage Loan, or the receipt by the Servicer of a notification that payment in full will be escrowed in a manner customary for such purposes, the Servicer will immediately notify the Indenture Trustee by delivering, or causing to be delivered a Request for Release substantially in the form of Exhibit C. Upon receipt of such request, the Indenture Trustee shall or shall cause the Custodian to promptly release the related Mortgage File to the Servicer, and the Indenture Trustee shall at the Servicer’s direction execute and deliver to the Servicer the request for reconveyance, deed of reconveyance or release or satisfaction of mortgage or such instrument releasing the lien of the Mortgage, in each case as provided by the Servicer, together with the Mortgage Note with written evidence of cancellation thereon. In lieu of the document execution process described in the preceding two sentences, the Servicer shall be authorized to execute each such Request for Release, request for reconveyance, deed of reconveyance, and release, satisfaction of mortgage, or such instrument releasing the lien of the Mortgage as attorney in fact for the Indenture Trustee (or the Custodian, if applicable) pursuant to the powers of attorney described in Section 3.1. Expenses incurred in connection with any instrument of satisfaction or deed of reconveyance shall be chargeable to the related Mortgage.

From time to time and as shall be appropriate for the servicing or foreclosure of any Mortgage Loan, including for such purpose, collection under any policy of flood insurance, any fidelity bond or errors or omissions policy, or for the purposes of effecting a partial release of any Mortgaged Property from the lien of the Mortgage or the making of any corrections to the Mortgage Note or the Mortgage or any of the other documents included in the Mortgage File, the Indenture Trustee shall, upon delivery to the Indenture Trustee of a Request for Release in the form of Exhibit C

signed by a Servicing Officer, release the Mortgage File to the Servicer. Subject to the further limitations set forth below, the Servicer shall cause the Mortgage File or documents so released to be returned to the Indenture Trustee or its Custodian when the need therefor by the Servicer no longer exists.

If the Servicer at any time seeks to initiate a foreclosure proceeding in respect of any Mortgaged Property as authorized by this Agreement, the Servicer shall deliver or cause to be delivered to the Indenture Trustee, for signature, as appropriate, any court pleadings, requests for trustee's sale or other documents necessary to effectuate such foreclosure or any legal action brought to obtain judgment against the Mortgagor on the Mortgage Note or the Mortgage or to obtain a deficiency judgment or to enforce any other remedies or rights provided by the Mortgage Note or the Mortgage or otherwise available at law or in equity.

Section 3.13. Documents Records and Funds in Possession of Servicer to be Held for the Indenture Trustee.

Notwithstanding any other provisions of this Agreement, the Servicer shall transmit to the Indenture Trustee, or the Custodian on its behalf, all documents and instruments described in Section 2.1(b), and shall hold as Servicer and agent of the Indenture Trustee all other documents, in respect of a Mortgage Loan coming into the possession of the Servicer from time to time and shall account fully to the Indenture Trustee for any funds received by the Servicer or which otherwise are collected by the Servicer as Liquidation Proceeds or Insurance Proceeds in respect of any Mortgage Loan. All Mortgage Files and funds collected or held by, or under the control of, the Servicer in respect of any Mortgage Loans, whether from the collection of principal and interest payments or from Liquidation Proceeds, including but not limited to, any funds on deposit in the Collection Account, shall be held by the Servicer for and on behalf of the Indenture Trustee and shall be and remain the sole and exclusive property of the Indenture Trustee, subject to the applicable provisions of this Agreement and the Indenture. The Servicer also agrees that it shall not create, incur or subject any Mortgage File or any funds that are deposited in the Collection Account, Payment Account or any Escrow Account, or any funds that otherwise are or may become due or payable to the Indenture Trustee for the benefit of the Noteholders, to any claim, lien, security interest, judgment, levy, writ of attachment or other encumbrance, or assert by legal action or otherwise any claim or right of setoff against any Mortgage File or any funds collected on, or in connection with, a Mortgage Loan, *provided, however*, that the Servicer shall be entitled to set off against and deduct from any such funds any amounts that are properly due and payable to the Servicer under this Agreement.

Section 3.14. Servicing Compensation.

As compensation for its activities hereunder, the Servicer shall be entitled to retain or withdraw from the Collection Account an amount equal to the Servicing Fee for each Mortgage Loan, *provided* that the aggregate Servicing Fee with respect to any Payment Date shall be reduced (i) by the amount of any Compensating Interest paid by the Servicer with respect to such Payment Date, and (ii) with respect to the first Payment Date, an amount equal to any amount to be deposited into the Payment Account by the Depositor pursuant to Section 2.1(a) and not so deposited.

Additional servicing compensation in the form of (i) Prepayment Interest Excess and all income and gain net of any losses realized from Permitted Investments and (ii) assumption fees, late payment charges, and other receipts not required to be deposited to the Collection Account pursuant to Section 3.5, including any Excess Proceeds, shall be retained by the Servicer as additional servicing compensation. The Servicer and Master Servicer shall be required to pay all expenses incurred by them respectively in connection with their respective activities hereunder to the extent such expenses do not constitute Advances or Nonrecoverable Advances as defined in this Agreement and shall not be entitled to reimbursement therefor except as specifically provided in this Agreement.

Notwithstanding anything herein or in any other Operative Agreement to the contrary, in no event shall the Indenture Trustee be liable for the Servicing Fee or for any differential in the amount of the Servicing Fee and the amount necessary to induce any successor Servicer to act as successor Servicer under this Agreement and the transactions set forth or provided for herein.

Section 3.15. Access to Certain Documentation.

The Servicer shall provide to the OTS and the FDIC and to comparable regulatory authorities supervising Holders of Subordinate Notes and the examiners and supervisory agents of the OTS, the FDIC and such other authorities, access to the documentation regarding the Mortgage Loans required by applicable regulations of the OTS and the FDIC. Such access shall be afforded without charge, but only upon reasonable and prior written request and during normal business hours at the offices designated by the Servicer. Nothing in this Section shall limit the obligation of the Servicer to observe any applicable law prohibiting disclosure of information regarding the Mortgagors and the failure of the Servicer to provide access as provided in this Section as a result of such obligation shall not constitute a breach of this Section.

Section 3.16. Annual Statement as to Compliance.

Commencing in 2007, the Servicer shall deliver to the Depositor, the Master Servicer and the Indenture Trustee on or before March 15 of each applicable calendar year (or March 24 if there is no requirement to file a Form 10-K in that calendar year) an Officer's Certificate stating, as to the signer thereof, that (i) a review of the activities of the Servicer during the preceding fiscal year and of the performance of the Servicer under this Agreement has been made under such officer's supervision and (ii) to the best of such officer's knowledge, based on such review, the Servicer has fulfilled all of its material obligations under this Agreement throughout such year, or, if there has been a material default in the fulfillment of any such obligation, specifying each such default known to such officer and the nature and status thereof. Upon request, the Indenture Trustee shall forward a copy of each such statement to each Rating Agency and each Underwriter.

Commencing in 2007, on or before March 15 of each calendar year (or March 24 if there is no requirement to file a Form 10-K in that calendar year), the Servicer shall deliver to the Depositor, the Master Servicer and the Indenture Trustee a report regarding its assessment of compliance with the servicing criteria specified in paragraph (d) of Item 1122 of Regulation AB (§ 229.1122(d)), as of and for the period ending the end of each fiscal year, with respect to asset-backed security transactions taken as a whole involving the Servicer, and that are backed by the same asset type as the Mortgage Loans. Each such report shall include all of the statements required under paragraph (a) of Item 1122 of Regulation AB (§ 229.1122(a)).

Copies of such statements shall be provided to any Securityholder upon request, by the Servicer or by the Indenture Trustee at the Servicer's expense if the Servicer failed to provide such copies (unless (i) the Servicer shall have failed to provide the Indenture Trustee with such statement or (ii) the Indenture Trustee shall be unaware of the Servicer's failure to provide such statement).

The Servicer shall promptly notify the Depositor, the Master Servicer and the Indenture Trustee (i) of any legal proceedings pending against the Servicer of the type described in Item 1117 (§ 229.1117) of Regulation AB and (ii) if the Servicer shall become (but only to the extent not previously disclosed to the Indenture Trustee, the Master Servicer and the Depositor) at any time an affiliate of any of the Seller, the Indenture Trustee, the Master Servicer or any Servicer, Subservicer, Subcontractor or "Originator" contemplated by Item 1110 (§ 229.1110) of Regulation AB, any significant obligor contemplated by Item 1112 (§ 229.1112) of Regulation AB, any enhancement or support provider contemplated by Items 1114 or 1115 (§§ 229.1114-1115) of Regulation AB or any other material party to the Trust contemplated by Item 1100(d)(1) (§ 229.1100(d)(1)) of Regulation AB.

Section 3.17. Annual Independent Public Accountants' Servicing Statement.

Commencing in 2007, on or before March 15 of each calendar year (or March 24 if there is no requirement to file a Form 10-K in that calendar year), the Servicer shall deliver to the Master Servicer, the Indenture Trustee and the Depositor a report by a registered public accounting firm that attests to, and reports on, the assessment made by the Servicer pursuant to the second paragraph of Section 3.16. Such report shall be made in accordance with standards for attestation engagements issued or adopted by the Public Company Accounting Oversight Board.

Section 3.18. Errors and Omissions Insurance; Fidelity Bonds.

The Servicer shall for so long as it acts as Servicer under this Agreement, obtain and maintain in force (a) a policy or policies of insurance covering errors and omissions in the performance of its obligations as Servicer hereunder and (b) a fidelity bond in respect of its officers, employees and agents. Each such policy or policies and bond shall, together, comply with the requirements from time to time of Fannie Mae or Freddie Mac for persons performing servicing for mortgage loans purchased by Fannie Mae or Freddie Mac. In the event that any such policy or bond ceases to be in effect, the Servicer shall obtain a comparable replacement policy or bond from an insurer or issuer, meeting the requirements set forth above as of the date of such replacement.

Section 3.19. Advances.

The Servicer shall determine on or before each Determination Date whether it is required to make a P&I Advance pursuant to the definition thereof. If the Servicer determines it is required to make a P&I Advance, it shall, before the Payment Account Deposit Date, deposit into the Master Servicer Custodial Account an amount equal to the P&I Advance. The Servicer shall be entitled to be reimbursed for all P&I Advances of its own funds made pursuant to this Section as provided in Section 3.8. The obligation to make P&I Advances with respect to any Mortgage Loan shall continue if such Mortgage Loan has been foreclosed or otherwise terminated and the related Mortgaged Property has not been liquidated, *provided* that in no event shall the Servicer be required to make any proposed Advance that, if made, would in the good faith judgment of the Servicer to be a Nonrecoverable Advance.

The Servicer shall deliver to the Master Servicer on the related Servicer Deposit Date an Officer's Certificate of a Servicing Officer indicating the amount of any proposed Advance that, if made, would in the good faith judgment of the Servicer be a Nonrecoverable Advance.

Section 3.20. Advance Facility.

(a) The Servicer is hereby authorized to enter into any facility with any Person (any such Person, an "Advance Facility Counterparty") which provides that the Servicer may pledge or sell its rights to receive reimbursement of Advances pursuant to this Agreement ("Advance Reimbursement Rights") pursuant to credit facilities, repurchase facilities, or similar facilities providing liquidity for the funding of Advances, including facilities providing that such Advance Facility Counterparty may make all or a portion of the Advances (any such facility, an "Advance Facility"), although no Advance Facility shall reduce or otherwise affect the Servicer's obligations to fund such Advances. If so required pursuant to the terms of an Advance Facility, to the extent that an Advance Facility Counterparty makes all or a portion of any Advance and the Advance Facility Counterparty and the Servicer provide the Indenture Trustee with notice acknowledged by the Servicer that such Advance Facility Counterparty is entitled to reimbursement, such Advance Facility Counterparty shall be entitled to receive reimbursement pursuant to this Agreement for such amount to the extent provided. Such notice from the Advance Facility Counterparty and the Servicer must specify the amount of the reimbursement and must specify which Section of this Agreement permits the Advance to be reimbursed. The Indenture Trustee shall be entitled to conclusively rely without independent investigation on the Advance Facility Counterparty's statement with respect to the amount of any reimbursement pursuant to this Section 3.20 and with respect to the Advance Facility Counterparty's statement with respect to the Section of this Agreement permits the Advance to be reimbursed. An Advance Facility Counterparty whose obligations are limited to the making of Advances will not be deemed to be a Subservicer under this Agreement.

(b) If so required pursuant to the terms of an Advance Facility, the Servicer may direct, and if so directed in writing the Indenture Trustee is hereby authorized to and shall pay to the Advance Facility Counterparty (i) reimbursements for Advances; and (ii) all or such portion of the Servicing Fee as may be so specified in the Advance Facility, that would otherwise be payable to the Servicer pursuant to this Agreement or the Servicing Agreement.

(c) Upon request of the Servicer, the Indenture Trustee agrees to execute such acknowledgments recognizing the interests of any Advance Facility Counterparty in such Advance Reimbursement Rights and Servicing Fees as the Servicer may cause to be made subject to Advance Facilities pursuant to this Section 3.20, and such other documents in connection with such Advance Facilities as may be reasonably requested from time to time by any Advance Facility Counterparty. The implementation of the arrangement described in this Section shall not require the consent of Securityholders, the Issuer or the Indenture Trustee.

Section 3.21. Prepayment Penalties.

The Servicer will not waive any Prepayment Penalty or part of a Prepayment Penalty unless (i) such waiver would, in the reasonable judgment of the Servicer, maximize recovery of total net proceeds taking into account the value of such Prepayment Penalty and related Mortgage Loan and, if such waiver is made in connection with a refinancing of the related Mortgage Loan, such refinancing is related to a default or a reasonably foreseeable default; (ii) the related Mortgage Loan indebtedness has been accelerated; or (iii) the Servicer obtains an Opinion of Counsel, which may be in-house counsel for the Servicer, opining that the Prepayment Penalty is not legally enforceable in the circumstances under which the related prepayment occurs. In no event will the Servicer waive a Prepayment Penalty in connection with a refinancing of a Mortgage Loan that is not related to a default or a reasonably foreseen default.

Section 3.22. The Certificate Account.

(a) The Administrator, for the benefit of the Certificateholders, shall establish and maintain in the name of the Owner Trustee on behalf of the Certificateholders an account (the "Certificate Account") entitled "Certificate Account, Wilmington Trust Company, as Owner Trustee, in trust for the Holders of Saxon Asset Securities Trust 2006-1 Certificates, Series 2006-1."

(b) On each Payment Date, the Indenture Trustee shall withdraw from the Payment Account all amounts required to be distributed to the Holder of the Class X Certificate and the Trust Certificate and remit such amount to the Owner Trustee or the Administrator for deposit into the Certificate Account. On each Payment Date, the Owner Trustee or the Administrator shall distribute all amounts on deposit in the Certificate Account to the Holders of the Class X Certificate and the Trust Certificate as set forth in the Trust Agreement (and shall distribute any proceeds of the Instrument to the Trust Certificate). On the Payment Date on which the Class Principal Amount of the Notes is reduced to zero, the Administrator shall distribute all amounts remaining on deposit in the Certificate Account to the Holder of the Class X Certificate and the Trust Certificate in order to clear and terminate the Certificate Account in connection with the termination of this Agreement.

Section 3.23. Control of the Trust Accounts.

(a) The Depositor, the Issuer and the Indenture Trustee hereby appoint Deutsche Bank Trust Company Americas as Securities Intermediary with respect to the Trust Accounts and the Issuer has, pursuant to the Indenture, granted to the Indenture Trustee, for the benefit of the Noteholders, a security interest to secure all amounts due Noteholders hereunder in and to the Trust Accounts and the Security Entitlements to all Financial Assets credited to the Trust Accounts, including without limitation all amounts, securities, investments, Financial Assets, investment property and other property from time to time deposited in or credited to the Trust Accounts and all proceeds thereof. Amounts held from time to time in the Trust Accounts will continue to be held by the Securities Intermediary for the benefit of the Indenture Trustee, as collateral agent, for the benefit of the Noteholders. Upon the termination of the Issuer or the discharge of the Indenture, the Indenture Trustee shall inform the Securities Intermediary of such termination. By acceptance of their Notes or interests therein, the Noteholders shall be deemed to have appointed Deutsche Bank Trust Company Americas as Securities Intermediary. Deutsche Bank Trust Company Americas hereby accepts such appointment as Securities Intermediary;

(b) With respect to the Trust Account Property credited to the Trust Accounts, the Securities Intermediary agrees that:

(i) with respect to any Trust Account Property that is held in deposit accounts, each such deposit account shall be subject to the exclusive custody and control of the Securities Intermediary, and the Securities Intermediary shall have sole signature authority with respect thereto;

(ii) all assets in the Trust Accounts are agreed by the Securities Intermediary to be treated as Financial Assets; and

(iii)

any such Trust Account Property that is, or is treated as, a Financial Asset shall be physically delivered (accompanied by any required endorsements) to, or credited to an account in the name of, the Securities Intermediary or other eligible institution maintaining any Trust Accounts in accordance with the Securities Intermediary's customary procedures such that the Securities Intermediary or such other institution establishes a Security Entitlement in favor of the Indenture Trustee with respect thereto over which the Securities Intermediary or such other institution has Control;

(c) The Securities Intermediary hereby confirms that (A) each Trust Account are accounts to which Financial Assets are or may be credited, and the Securities Intermediary shall, subject to the terms of this Agreement, treat the Indenture Trustee, as collateral agent, as entitled to exercise the rights that comprise any Financial Asset credited to any Trust Account, (B) all Trust Account Property in respect of any Trust Account will be promptly credited by the Securities Intermediary to the applicable account, and (C) all securities or other property underlying any Financial Assets credited to any Trust Account shall be registered in the name of the Securities Intermediary, endorsed to the Securities Intermediary or in blank or credited to another securities account maintained in the name of the Securities Intermediary and in no case will any Financial Asset credited to any Trust Account be registered in the name of the Depositor or the Issuer, payable to the order of the Depositor or the Issuer or specially endorsed to the Depositor or the Issuer, except to the extent the foregoing have been specially endorsed to the Securities Intermediary or in blank;

(d) The Securities Intermediary hereby agrees that each item of property (whether investment property, Financial Asset, security, instrument or cash) credited to any Trust Account shall be treated as a Financial Asset;

(e) If at any time the Securities Intermediary shall receive an Entitlement Order from the Indenture Trustee directing transfer or redemption of any Financial Asset relating to any Trust Account, the Securities Intermediary shall comply with such Entitlement Order without further consent by the Depositor, the Issuer or any other Person. If at any time the Indenture Trustee notifies the Securities Intermediary in writing that the Issuer has been terminated or the Indenture discharged in accordance herewith and with the Indenture, and the security interest granted pursuant to the Indenture has been released, then thereafter if the Securities Intermediary shall receive any order from the Depositor or the Issuer directing transfer or redemption of any Financial Asset relating to any Trust Account, the Securities Intermediary shall comply with such Entitlement Order without further consent by the Indenture Trustee or any other Person;

(f) In the event that the Securities Intermediary has or subsequently obtains by agreement, operation of law or otherwise a security interest in any Trust Account or any Financial Asset credited thereto, the Securities Intermediary hereby agrees that such security interest shall be subordinate to the security interest of the Indenture Trustee. The Financial Assets credited to the Trust Accounts will not be subject to deduction, set-off, banker's lien, or any other right in favor of any Person other than the Indenture Trustee (except that the Securities Intermediary may set-off (i) all amounts due to it in respect of its customary fees and expenses for the routine maintenance and operation of the Trust Accounts and (ii) the face amount of any checks which have been credited to any Trust Account but are subsequently returned unpaid because of uncollected or insufficient funds);

(g) There are no other agreements entered into between the Securities Intermediary in such capacity and the Depositor or the Issuer with respect to any Trust Account. In the event of any conflict between this Agreement (or any provision of this Agreement) and any other agreement now existing or hereafter entered into, the terms of this Agreement shall prevail;

(h) The rights and powers granted under the Indenture and herein to the Indenture Trustee have been granted in order to perfect its security interest in the Trust Accounts and the Security Entitlements to the Financial Assets credited thereto, and are powers coupled with an interest and will neither be affected by the bankruptcy of the Depositor or the Issuer nor by the lapse of time. The obligations of the Securities Intermediary hereunder shall continue in effect until the security interest of the Indenture Trustee in the Trust Accounts, and in such Security Entitlements, has been terminated pursuant to the terms of this Agreement and the Indenture Trustee has notified the Securities Intermediary of such termination in writing; and

(i) Notwithstanding anything else contained herein, the Depositor and the Issuer agree that the Trust Accounts will be established only with the Securities Intermediary or another institution meeting the requirements of this Section, which by acceptance of its appointment as Securities Intermediary agrees substantially as follows: (1) it will comply with Entitlement Orders related to the Trust Accounts issued by the Indenture Trustee, as collateral agent, without further consent by the Depositor or the Issuer; (2) until termination of the Issuer or discharge of the Indenture, it will not enter into any other agreement related to such accounts pursuant to which it agrees to comply with Entitlement Orders of any Person other than the Indenture Trustee, as collateral agent with respect to the Trust Accounts; and (3) all assets delivered or credited to it in connection with such accounts and all investments thereof will be promptly credited to the applicable account.

(j) Notwithstanding the foregoing, the Issuer shall have the power to instruct the Indenture Trustee in writing to make withdrawals and distributions from the Trust Accounts for the purpose of permitting the Indenture Trustee to carry out its duties under the Indenture.

(k) The Issuer agrees to take or cause to be taken such further actions, to execute, deliver and file or cause to be executed, delivered and filed such further documents and instruments (including, without limitation, any financing statements under the Relevant UCC or this Agreement) as may be necessary to perfect the interests created by this Section in favor of the Indenture Trustee and otherwise fully to effectuate the purposes, terms and conditions of this Section. The Issuer shall:

(i) promptly execute, deliver and file any financing statements, amendments, continuation statements, assignments, certificates and other documents with respect to such interests and perform all such other acts as may be necessary in order to perfect or to maintain the perfection of the Indenture Trustee's security interest in the Trust Account Property; and

(ii) make the necessary filings of financing statements or amendments thereto within five days after the occurrence of any of the following: (1) any change in its corporate name or any trade name or its jurisdiction of organization; (2) any change in the location of its chief executive office or principal place of business; and (3) any merger or consolidation or other change in its identity or corporate structure and promptly notify the Indenture Trustee of any such filings.

Neither the Depositor nor the Issuer shall organize under the law of any jurisdiction other than the State under which each is organized as of the Closing Date (whether changing its jurisdiction of organization or organizing under an additional jurisdiction) without giving 30 days prior written notice of such action to its immediate transferee, including the Indenture Trustee. Before effecting such change, each of the Depositor or the Issuer proposing to change its jurisdiction of organization shall prepare and file in the appropriate filing office any financing statements or other statements necessary to continue the perfection of the interests of its immediate transferees, including the Indenture Trustee, in the Trust Account Property. In connection with the transactions contemplated by the Operative Agreements relating to the Trust Account Property, each of the Depositor and the Issuer authorizes its immediate transferee, including the Indenture Trustee, to file in any filing office any initial financing statements, any amendments to financing statements, any continuation statements, or any other statements or filings described in this Section 3.23 (it being understood that the Issuer shall make such initial filings and the Indenture Trustee is not required to make any such filing).

None of the Securities Intermediary or any director, officer, employee or agent of the Securities Intermediary shall be under any liability to the Indenture Trustee or the Securityholders or any other person or for any action taken, or not taken, in good faith pursuant to this Agreement, or for errors in judgment; *provided, however*, that this provision shall not protect the Securities Intermediary against any liability to the Indenture Trustee, the Issuer or the Securityholders which would otherwise be imposed by reason of the Securities Intermediary's willful misconduct, bad faith or negligence in the performance of its obligations or duties hereunder. The Securities Intermediary and any director, officer, employee or agent of the Securities Intermediary may conclusively rely in good faith on any document of any kind which, prima facie, is properly executed and submitted by any Person respecting any matters arising hereunder. The Securities Intermediary shall be under no duty to inquire into or investigate the validity,

accuracy or content of such document. The Issuer shall indemnify the Securities Intermediary for and hold it harmless against any loss, liability or expense arising out of or in connection with this Agreement and carrying out its duties hereunder, including the costs and expenses of defending itself against any claim of liability, except in those cases where the Securities Intermediary has been guilty of bad faith, negligence or willful misconduct. The foregoing indemnification shall survive any termination of this Agreement or the resignation or removal of the Securities Intermediary.

The Securities Intermediary shall be entitled to all of the protections, immunities, benefits and indemnities afforded to the Indenture Trustee under Article VI of the Indenture.

Section 3.24. Indenture Trustee To Retain Possession of PMI Policy.

The Indenture Trustee (or the Custodian on behalf of the Indenture Trustee) shall retain possession and custody of the originals of the PMI Policy or certificate of insurance if applicable and any certificates of renewal as to the foregoing as may be issued from time to time as contemplated by this Agreement.

ARTICLE 4.

PAYMENTS

Section 4.1. Priorities of Payments.

(a) On each Payment Date the Indenture Trustee shall make the following distributions from the Payment Account, net of the Indenture Trustee's expenses and the Owner Trustee's reimbursable expenses under the Trust Agreement, of an amount equal to the Interest Funds in the following order of priority:

(i) concurrently, (x) to the Group I Senior Notes, from Interest Funds attributable to the Group I Mortgage Loans, the amount of Current Interest for such class on such Payment Date, and (y) to the Group II Senior Notes, from Interest Funds attributable to the Group II Mortgage Loans, *pro rata*, the amount of Current Interest for each such class on such Payment Date, based on the amount of Current Interest with respect to each such class;

(ii) to the extent that the Current Interest for either the Group I Senior Notes or the Group II Senior Notes has been paid in full for such Payment Date, Interest Funds otherwise payable with respect to such group shall be applied to pay any unpaid Current Interest on the remaining group of senior notes in the order specified above;

(iii) to the Class M-1 Notes, the Current Interest thereon;

(iv) to the Class M-2 Notes, the Current Interest thereon;

(v) to the Class M-3 Notes, the Current Interest thereon;

(vi) to the Class M-4 Notes, the Current Interest thereon;

(vii) to the Class M-5 Notes, the Current Interest thereon;

(viii) to the Class B-1 Notes, the Current Interest thereon;

(ix) to the Class B-2 Notes, the Current Interest thereon;

(x) to the Class B-3 Notes, the Current Interest thereon; and

(xi) any remaining amounts shall be payable pursuant to Section 4.1(g).

(b) On each Payment Date, the Indenture Trustee shall apply Principal Funds (and any amounts in respect of Section 4.1(g)(i)) to make the following payments from the Payment Account of an amount equal to the Principal Payment Amount in the following order of priority:

(i) to the Senior Notes, the Senior Principal Payment Amount for such date, as follows:

(A) to the Group I Senior Notes, the Senior Principal Payment Amount attributable to the Group I Senior Notes until the Class Principal Balance thereof has been reduced to zero;

(B) to the Class A-2A, Class A-2B, Class A-2C and Class A-2D Notes, the Senior Principal Payment Amount attributable to the Group II Senior Notes, sequentially, until the Class Principal Balances thereof have been reduced to zero; and

(C) if either the Group I Senior Notes or the Group II Senior Notes have been retired, to the remaining Senior Notes, if any, (in the case of the Group II Senior Notes, in the order of priority specified in clause (B) above) up to the Senior Principal Payment Amount attributable to such retired Senior Notes for such date until the Note Principal Balance of each such Note has been reduced to zero;

(ii) to the Class M-1 and Class M-2 Notes, sequentially, up to the Class M-1/M-2 Principal Payment Amount for such Notes, until the Note Principal Balance of each such Note has been reduced to zero;

(iii) to the Class M-3 Notes, up to the Class M-3 Principal Payment Amount for such Notes, until the Note Principal Balance of each such Note has been reduced to zero;

(iv) to the Class M-4 Notes, up to the Class M-4 Principal Payment Amount for such Notes, until the Note Principal Balance of each such Note has been reduced to zero;

(v) to the Class M-5 Notes, up to the Class M-5 Principal Payment Amount for such Notes, until the Note Principal Balance of each such Note has been reduced to zero;

(vi) to the Class B-1 Notes, up to the Class B-1 Principal Payment Amount for such Notes, until the Note Principal Balance of each such Note has been reduced to zero;

(vii) to the Class B-2 Notes, up to the Class B-2 Principal Payment Amount for such Notes, until the Note Principal Balance of each such Note has been reduced to zero;

(viii) to the Class B-3 Notes, up to the Class B-3 Principal Payment Amount for such Notes, until the Note Principal Balance of each such Note has been reduced to zero;

(ix) any remaining amounts shall be payable pursuant to Section 4.1(g).

(c) Notwithstanding Section 4.1(b), on any Payment Date prior to the Stepdown Date or if a Trigger Event is in effect on any Payment Date, the Principal Payment Amount (and any amount in respect of Section 4.1(g)(i)) shall be paid in the following order of priority:

(i) to the Senior Notes, in the order of priority specified in Section 4.1(b) above until the Note Principal Balance of each such Note has been reduced to zero; provided that amounts payable to the Senior Notes shall be attributed to the related Classes as described in Section 4.1(d) below;

(ii) after the Note Principal Balance of each Class of the Senior Notes has been reduced to zero, to the Class M-1 Notes, until the Note Principal Balance of each such Note has been reduced to zero;

(iii) after the Note Principal Balance of each of the Class M-1 Notes has been reduced to zero, to the Class M-2 Notes, until the Note Principal Balance of each such Note has been reduced to zero;

(iv) after the Note Principal Balance of each of the Class M-2 Notes has been reduced to zero, to the Class M-3 Notes, until the Note Principal Balance of each such Note has been reduced to zero;

(v) after the Note Principal Balance of each of the Class M-3 Notes has been reduced to zero, to the Class M-4 Notes, until the Note Principal Balance of each such Note has been reduced to zero;

(vi) after the Note Principal Balance of each of the Class M-4 Notes has been reduced to zero, to the Class M-5 Notes, until the Note Principal Balance of each such Note has been reduced to zero;

(vii) after the Note Principal Balance of each of the Class M-5 Notes has been reduced to zero, to the Class B-1 Notes, until the Note Principal Balance of each such Note has been reduced to zero;

(viii) after the Note Principal Balance of each of the Class B-1 Notes has been reduced to zero, to the Class B-2 Notes, until the Note Principal Balance of each such Note has been reduced to zero;

(ix) after the Note Principal Balance of each of the Class B-2 Notes has been reduced to zero, to the Class B-3 Notes, until the Note Principal Balance of each such Note has been reduced to zero; and

(x) any remaining amounts shall be payable pursuant to Section 4.1(g).

(d) For purposes hereof, amounts will be “attributed” to the Group I Senior Notes and the Group II Senior Notes on the basis of (1) in the case of Interest Funds, interest received on the mortgage loans in the related Loan Group (or, with respect to other amounts constituting Interest Funds to the extent described herein, the Interest Percentage for such group of Senior Notes); (2) in the case of Principal Funds, principal received on the Mortgage Loans in the related Loan Group; and (3) in the case of any Extra Principal Payment Amount and Released Principal Amount, the Principal Portion for such group of Senior Notes.

(e) [Reserved].

(f) [Reserved].

(g) On each Payment Date, the Indenture Trustee shall distribute the Excess Cashflow in the following order of priority:

- (i) to the Notes, the Extra Principal Payment Amount, as part of the distribution of the related Principal Payment Amount;
- (ii) concurrently, (A) to the holders of the Class A-1 Notes, any Available Funds Shortfalls from Excess Interest, Released Principal Amount and Pledged Prepayment Penalties attributable to the Group I Mortgage Loans and (B) to the holders of the Class A-2A, Class A-2B, Class A-2C and Class A-2D Notes (*pro rata* based on amounts payable under this clause), any Available Funds Shortfalls from Excess Interest, Released Principal Amount and Pledged Prepayment Penalties attributable to the Group II Mortgage Loans;
- (iii) to the extent Available Funds Shortfalls for the Group I or Group II Senior Notes have been paid in full, any remaining Excess Interest, Released Principal Amount and Pledged Prepayment Penalties otherwise payable in respect of such group shall be used to pay unpaid Available Funds Shortfalls in respect of the other group in the order specified above;
- (iv) to the Subordinate Notes, in the order of priority set forth in Section 4.1(a), any Available Funds Shortfalls;
- (v) to the payment of any Swap Termination Payment (other than a Priority Swap Termination Payment) owed to the Counterparty under the Yield Maintenance Agreement; and

(vi) any remaining Excess Cashflow shall be distributed pursuant to Section 4.1(h).

(h) Subject to Section 4.2, on each Payment Date, the Indenture Trustee shall distribute to the Certificate Account for payment to the Class X Certificate and the Trust Certificate in the manner set forth in the Trust Agreement any remaining amounts in the Payment Account.

Section 4.2. Retained Interest.

On each Payment Date so long as Saxon Mortgage Services, Inc. or any Affiliate thereof is the Servicer, SFM, in its capacity as Seller, or its designee, will be entitled to any Retained Interest for such date, payable to SFM, or its designee, on such Payment Date in respect of each Mortgage Loan, in an amount equal to the product of (a) the Stated Principal Balance of such Mortgage Loan, on the first day of the month preceding such Payment Date and (b) the product of (i) one-twelfth and (A) 0.05% per annum for the first ten Payment Dates following the Closing Date, (B) 0.15% per annum for the eleventh through thirtieth Payment Dates, inclusive, following the Closing Date, (C) 0.40% per annum for the thirty-first through forty-eighth Payment Dates, inclusive, following the Closing Date and (D) 0.55% per annum for the forty-ninth Payment Date following the Closing Date and each Payment Date thereafter. If, at any time prior to the thirty-first Payment Date following the Closing Date, Saxon Mortgage Services, Inc. ceases to be the Servicer and no Affiliate thereof is the Servicer, the amounts described in the preceding sentence shall cease to be payable to SFM on any subsequent Payment Date and such amounts shall no longer constitute a Retained Interest but will be added to the Servicing Fee for each such subsequent Payment Date. If, at any time on or after the thirty-first Payment Date, Saxon Mortgage Services, Inc. ceases to be the Servicer and no Affiliate thereof is the Servicer, a portion of the amounts described in the first sentence of this Section 4.2 in respect of each Mortgage Loan, in an amount equal to the product of (x) 0.25% per annum and (y) the Stated Principal Balance of such Mortgage Loan, shall cease to be payable to SFM on any subsequent Payment Date and instead such amount will be added to the Servicing Fee for each such subsequent Payment Date. The Retained Interest, net of any portion thereof payable as part of the Servicing Fee following the termination of Saxon Mortgage Services, Inc. or an Affiliate thereof as servicer, shall at all times be beneficially owned, directly or indirectly through a Qualified REIT Subsidiary (as defined in the Trust Agreement) or an entity that is disregarded for federal income tax purposes, by the REIT (as defined in the Trust Agreement) that is considered to be the beneficial owner of the Class X Certificate and the Trust Certificate. The Class X Certificate and the Trust Certificate cannot be transferred independently of one another and may be transferred only as a single investment unit.

Section 4.3. [Reserved].

Section 4.4. Reports to the Depositor and the Indenture Trustee.

On or before the Business Day preceding each Payment Date, based on information provided by the Servicer at such times and in form and content, as acceptable to the Master Servicer in its reasonable discretion, the Master Servicer shall notify, or cause to be notified, the Depositor and the Indenture Trustee of the following information with respect to the next Payment Date (which notification may be given by facsimile, electronic transmission or by telephone promptly confirmed in writing):

- (a) the aggregate amount then on deposit in the Payment Account and the source thereof (identified as interest, scheduled principal or unscheduled principal);
- (b) the amount of any Realized Losses by Loan Group;
- (c) the application of the amounts paid on such Payment Date pursuant to Section 4.1 (including the distribution of any Subsequent Recoveries); and
- (d) whether a Trigger Event has occurred.

Section 4.5. Reports by or on Behalf of the Master Servicer.

(a) On or as soon as practicable following each Payment Date, based on information provided by the Servicer at such times and in form and content, as acceptable to the Master Servicer in its reasonable discretion, the Master Servicer shall report or cause to be published on the Indenture Trustee's website located at <https://www.tss.db.com/invr>, or such other website designated by the Master Servicer as may be set forth in a notice provided to each Securityholder and each Rating Agency, the following information:

- (i) with respect to each Class of Notes (based on an original principal amount of \$1,000):
 - (A) the amount of the aggregate payments on such Payment Date;
 - (B) the amount of such payment allocable to interest;
 - (C) the amount of such payment allocable to principal, separately identifying the aggregate amount of any prepayments, Substitution Adjustment Amounts, repurchase amounts pursuant to Article 2 or other recoveries of principal included therein, any Extra Principal Payment Amount;
 - (D) the Class Principal Balance after giving effect to any distribution allocable to principal; and
 - (E) any Available Funds Shortfall;
- (ii) by Loan Group, any Subsequent Recoveries, Monthly Advances and Realized Losses for the period and since the Cut Off Date;
- (iii) the largest Mortgage Loan balance outstanding;
- (iv) the Prepayment Penalties owed by borrowers and (if different) collected by the Servicer or the Master Servicer;
- (v) the Servicing Fees, Retained Interest and Master Servicing Fees and the amount of any fees paid to the Owner Trustee, the Indenture Trustee, the Custodian or the Administrator;
- (vi) One-Month LIBOR on the most recent Interest Determination Date;
- (vii) the Interest Rates for the Notes for the current Accrual Period and whether such rates have been capped;
- (viii) for each Payment Date during the Funding Period, the Pre-Funded Amount for such Loan Group;
- (ix) the number and aggregate principal balances of Mortgage Loans (a) 30-59 days Delinquent, (b) 60-89 days Delinquent and (c) 90 or more days Delinquent, as of the close of business as of the end of the related prepayment period;
- (x) the percentage that each of the Stated Principal Balances set forth pursuant to clauses (A), (B) and (C) of paragraph (i) above represent with respect to all Mortgage Loans;
- (xi) the number and Stated Principal Balance of all Mortgage Loans in foreclosure proceedings as of the close of business as of the end of the related Prepayment Period and in the immediately preceding Prepayment Period;
- (xii) the number of Mortgagors and the Stated Principal Balances of Mortgage Loans involved in bankruptcy proceedings as of the close of business as of the end of the related Prepayment Period;

- (xiii) the aggregate number and aggregate book value of any REO Property as of the close of business as of the end of the related Prepayment Period;
 - (xiv) the aggregate Stated Principal Balance of the Mortgage Loans, the Mortgage Rates (in incremental ranges), the Net Rate, the weighted average life and the weighted average remaining term of the Mortgage Loans, at the beginning and at the end of the related Prepayment Period;
 - (xv) the Stated Principal Balance of the Mortgage Loans whose Mortgage Rates adjust on the basis of the six-month LIBOR and one-month CMT at the end of the related Prepayment Period;
 - (xvi) the amount of cash flow received for such Payment Date, and the sources thereof;
 - (xvii) the Realized Losses, if any, allocated to each Class of Notes on that Payment Date;
 - (xviii) the applicable Record Date, Accrual Period and calculation date for each Class of Notes and such Payment Date;
 - (xix) the amount on deposit in the Master Servicer Custodial Account and the Payment Account as of such Payment Date (after giving effect to distributions on such date) and as of the prior Payment Date; and
 - (xx) the amount of any payments made or received under the Yield Maintenance Agreement.
- (b) All allocations made by the Indenture Trustee shall be based on information the Indenture Trustee receives from the Master Servicer which the Indenture Trustee shall be protected in relying on.

In addition to the information listed above, such report shall also include such other information as is required by Form 10-D, including, but not limited to, the information required by Item 1121 (§ 229.1121) of Regulation AB, to the extent such information is provided by the responsible party as set forth in Exhibit J.

Section 4.6. The Calculation Agent.

(a) The Calculation Agent, as agent for the Master Servicer, shall timely and accurately (i) perform and provide to the Indenture Trustee calculations of all amounts of principal and interest required to be distributed on each Payment Date pursuant to this Article 4; and (ii) in connection with such calculations, determine the appropriate One Month LIBOR with respect to each Interest Determination Date in accordance with the definition of “One Month LIBOR” set forth in Section 1.1. The Calculation Agent shall not resign from its capacity as the Calculation Agent on fewer than sixty (60) prior written days notice to the Master Servicer.

(b) The compensation of the Calculation Agent shall be the responsibility of the Master Servicer, payable from the Master Servicing Fee.

(c) The Master Servicer may terminate the Calculation Agent, in its capacity as the Calculation Agent, at any time, with or without cause, upon thirty (30) days notice in writing to the Calculation Agent. No fee shall be payable to the Calculation Agent in connection with any such termination.

Section 4.7. Yield Maintenance Agreement; Yield Maintenance Account.

(a) The Indenture Trustee shall establish and maintain the Yield Maintenance Account, to be held in trust for the benefit of Holders of the Notes. The Yield Maintenance Account shall at all times be an Eligible Account. In the event that the Issuer receives a Swap Termination Payment from the Counterparty under the Yield Maintenance Agreement, the Indenture Trustee shall cause such payment to be deposited in the Yield Maintenance Account. If the Issuer enters into a replacement Yield Maintenance Agreement as set forth in Section 4.7(c) below, the Indenture Trustee shall cause all or a portion of such Swap Termination Payment as may be required to be applied to amounts

due to a replacement Counterparty upon entry into a replacement Yield Maintenance Agreement. If the Issuer is not able to enter into a replacement Yield Maintenance Agreement within 30 days of the termination of the original Yield Maintenance Agreement as set forth in Section 4.7(c) below, the Indenture Trustee shall withdraw from the Yield Maintenance Account the amount of any Net Swap Payment due to the Issuer (calculated in accordance with the terms of the original Yield Maintenance Agreement) on each payment date under the original Yield Maintenance Agreement and transfer such amounts into the Payment Account as Interest Funds to be applied on the related Payment Date until the Swap Termination Payment is exhausted or the scheduled termination date of the original Yield Maintenance Agreement occurs (and shall, on the scheduled termination date of the original Yield Maintenance Agreement, transfer all remaining amounts in the Yield Maintenance Account into the Payment Account to be applied as Interest Funds on the next succeeding Payment Date).

(b) If (x) the Issuer is required to make a Swap Termination Payment under the Yield Maintenance Agreement, (y) the Issuer enters into a replacement Yield Maintenance Agreement as set forth in Section 4.7(c) below and (z) the Issuer receives an upfront payment from the replacement Counterparty in connection with the entry into the replacement Yield Maintenance Agreement, the Indenture Trustee shall deposit such upfront payment into the Yield Maintenance Account and apply all or such portion of such upfront portion as may be required to pay the Swap Termination Payment payable by the Issuer under the original Yield Maintenance Agreement prior to the application of any other funds for such purpose. Any remaining portion of such upfront payment shall be transferred to the Payment Account prior to the next succeeding Payment Date for application as Interest Funds.

(c) In the event of the early termination of the Yield Maintenance Agreement, the Issuer shall, unless the Issuer and the Indenture Trustee receive written notice from each Rating Agency that the failure to do so will not result in the reduction, qualification or withdrawal of the then current ratings of the Notes, use commercially reasonable efforts to enter into a replacement Yield Maintenance Agreement within 30 days following the termination of the original Yield Maintenance Agreement with a substitute Counterparty acceptable to the Rating Agencies. The Indenture Trustee, on behalf of the Issuer, shall send written notice to the Administrator, the Depositor, each Noteholder and each Rating Agency, within 10 days of the termination of the existing Yield Maintenance Agreement identifying a proposed Counterparty with respect to the substitute Yield Maintenance Agreement. Any proposed substitute counterparty shall be subject to the prior written approval of each Rating Agency. Any costs and expenses of entering into a replacement Yield Maintenance Agreement not paid from a Swap Termination Payment made by the original Counterparty shall be paid from the Payment Account as provided in Section 3.8(c).

(d) If the Issuer shall not have received a payment with respect to the Yield Maintenance Agreement by the date on which such payment was due and payable pursuant to the terms thereof, the Issuer shall make demand upon the Counterparty for immediate payment, and the Indenture Trustee may, and at the direction of a majority (by Voting Rights) of the Noteholders shall, take any available legal action, including the prosecution of any claims in connection therewith. The Depositor and the Issuer shall cooperate with the Administrator and the Indenture Trustee in connection with any such demand or action to the extent reasonably requested by the Administrator or the Indenture Trustee. The reasonable legal fees and expenses incurred by the Indenture Trustee in connection with the prosecution of any such legal action shall be reimbursable to the Indenture Trustee by the Issuer.

(e) At any time when the Issuer is permitted to terminate the Yield Maintenance Agreement pursuant to the terms of such agreement (whether due to the occurrence of an event of default, a termination event or otherwise), the Indenture Trustee, on behalf of the Issuer, shall terminate such agreement in writing (with a copy to the Administrator) (i) subject to receipt by it and the Issuer of written confirmation from each Rating Agency that such termination will not result in the reduction, qualification or withdrawal of the then current ratings of the Notes or (ii) at the written direction of any Rating Agency; provided that prior to or simultaneously with any termination of the Yield Maintenance Agreement by the Issuer as a result of any downgrade of the ratings of the Counterparty or its credit support providers, the Issuer shall have entered into a substitute Yield Maintenance Agreement.

(f) The Issuer may not, without the consent of the Counterparty, modify this Agreement if such amendment, supplement or modification would materially adversely affect the Counterparty, as solely determined by the Counterparty, in its reasonable discretion (provided that without limiting the foregoing, any reduction in the

priority of payments to the Counterparty, any change in the timing of payments to the Counterparty or any reduction in quantity or quality of collateral available with respect to payments owing to the Counterparty shall automatically be considered for the purposes of this clause to be materially adverse to the Counterparty).

Section 4.8. The Instrument.

At any time on or after the Closing Date, the Depositor shall have the right to cause the Issuer to enter into, solely for the benefit of the Holder of the Trust Certificate, a derivative contract or comparable instrument (the "Instrument"). Any such Instrument shall constitute a fully prepaid agreement. All collections, proceeds and other amounts in respect of such an Instrument shall be distributed to the Trust Certificate through the Certificate Account on the Payment Date following receipt thereof by the Issuer.

ARTICLE 5.

THE DEPOSITOR, THE SERVICER AND MASTER SERVICER

Section 5.1. Respective Liabilities of the Depositor, Servicer and Master Servicer.

The Depositor, Servicer and Master Servicer shall each be liable in accordance herewith only to the extent of the obligations specifically and respectively imposed upon and undertaken by them herein.

Section 5.2. Merger or Consolidation of the Depositor, Servicer and Master Servicer.

The Depositor, Servicer and Master Servicer will each keep in full effect its existence, rights and franchises as a corporation under the laws of the United States or under the laws of one of the states thereof and will each obtain and preserve its qualification to do business as a foreign corporation in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Agreement, or any of the Mortgage Loans and to perform its respective duties under this Agreement.

Any Person into which the Depositor, Servicer or the Master Servicer may be merged or consolidated, or any Person resulting from any merger or consolidation to which the Depositor, Servicer or the Master Servicer shall be a party, or any person succeeding to the business of the Depositor, Servicer or the Master Servicer, shall be the successor of the Depositor, Servicer or the Master Servicer, as the case may be, hereunder, 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; *provided, however*, that the successor or surviving Person to the Servicer shall be qualified to sell mortgage loans to, and to service mortgage loans on behalf of, Fannie Mae or Freddie Mac.

Section 5.3. Limitation on Liability of the Depositor, the Servicer, the Indenture Trustee, the Master Servicer and Others.

None of the Depositor, the Servicer, the Master Servicer, the Indenture Trustee or any of the directors, officers, employees or agents of the Depositor, the Servicer, the Indenture Trustee or the Master Servicer shall be under any liability to the Securityholders for any action taken or for refraining from the taking of any action in good faith pursuant to this Agreement, or for errors in judgment; *provided, however*, that this provision shall not protect the Depositor, the Servicer, the Master Servicer, the Indenture Trustee or any such Person against any breach of representations or warranties made by it herein or protect the Depositor, the Servicer, the Master Servicer, the Indenture Trustee or any such Person from any liability which would otherwise be imposed by reasons of willful misconduct, bad faith or negligence in the performance of duties hereunder. The Depositor, the Servicer, the Master Servicer, the Indenture Trustee and any director, officer, employee or agent of the Depositor, the Servicer, the Indenture Trustee or the Master Servicer may conclusively rely in good faith on any document of any kind prima facie properly executed and submitted by any Person respecting any matters arising hereunder. The Depositor, the Servicer, the Master Servicer and any director, officer, employee or agent of the Depositor, the Servicer or the Master Servicer shall be indemnified by the Issuer and held harmless against any loss, liability or expense incurred in connection with any audit, controversy or judicial proceeding relating to a governmental taxing authority or any legal action relating to

this Agreement or the performance thereof, or the Securities, other than any loss, liability or expense related to any specific Mortgage Loan or Mortgage Loans (except as any such loss, liability or expense shall be otherwise reimbursable pursuant to this Agreement) and any loss, liability or expense incurred by reason of willful misconduct, bad faith or negligence in the performance of duties hereunder or by reason of reckless disregard of obligations and duties hereunder. None of the Depositor, the Servicer or the Master Servicer shall be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its respective duties hereunder and which in its opinion may involve it in any expense or liability; *provided, however*, that any of the Depositor, the Servicer or the Master Servicer may in its discretion undertake any such action that it may deem necessary or desirable in respect of this Agreement and the rights and duties of the parties hereto and interests of the Issuer and the Securityholders hereunder. In such event, the legal expenses and costs of such action and any liability resulting therefrom shall be expenses, costs and liabilities of Issuer, and the Depositor, the Servicer and the Master Servicer shall be entitled to be reimbursed therefor out of the Collection Account.

The Indenture Trustee shall have no obligation to invest and reinvest cash held in any Trust Account in the absence of timely and specific written investment direction from the Depositor or the Master Servicer, as applicable. In no event shall the Indenture Trustee be liable for the selection of investments or for investment losses incurred thereon. The Indenture Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of the Depositor or the Master Servicer, as applicable, to provide timely investment direction.

The Indenture Trustee or its Affiliates are permitted to receive additional compensation that could be deemed to be in the Indenture Trustee's economic self-interest for (i) serving as investment adviser, administrator, shareholder servicing agent, custodian or sub-custodian with respect to certain of the Permitted Investments, (ii) using Affiliates to effect transactions in certain Permitted Investments and (iii) effecting transactions in certain Permitted Investments.

SMS shall indemnify and hold harmless the Indenture Trustee, the Paying Agent, the Securities Intermediary, the Note Registrar or the Custodian and any director, officer, employee or agent thereof against any loss, liability or expense, including reasonable attorney's fees, incurred in connection with or arising out of or in connection with the Operative Agreements or the Securities, including, but not limited to, any such loss, liability or expense incurred in connection with any legal action against the Issuer or the Indenture Trustee, the Paying Agent, the Securities Intermediary, the Note Registrar or the Custodian or any director, officer, employee or agent thereof, or the performance of any of the duties of the Indenture Trustee, the Securities Intermediary, the Note Registrar or the Paying Agent under the Operative Agreements (including, but not limited to, the execution and delivery of documents in connection with a foreclosure sale, trustee's sale, or deed in lieu of foreclosure of a Mortgage Loan, including, but not limited to, any deed of reconveyance, any substitution of trustee documents or any other documents to release, satisfy, cancel or discharge any Mortgage Loan) other than any loss, liability or expense incurred by reason of the willful misconduct, bad faith or negligence in the performance of the duties of the Indenture Trustee, Securities Intermediary, Note Registrar or Paying Agent under the Operative Agreements or by reason of the willful misconduct, bad faith or gross negligence of the Custodian under any custody agreement (including specifically any loss, liability or expense incurred by the Custodian by reason of simple negligence under any custody agreement). The Indenture Trustee may receive an additional indemnity from a party acceptable to the Indenture Trustee.

The Indenture Trustee shall be entitled to the same rights, protections and immunities set forth in the Indenture as if they were specifically set forth herein. The indemnification obligations of SMS shall survive the termination of this Agreement or the resignation or removal of the Indenture Trustee.

Section 5.4. Limitation on Resignation of Servicer.

The Servicer shall not resign from the obligations and duties hereby imposed on it except (a) upon appointment of a successor servicer and receipt by the Issuer and the Indenture Trustee of a letter from each Rating Agency that such a resignation and appointment will not result in a downgrading of the rating of any of the Notes, or (b) upon determination that its duties hereunder are no longer permissible under applicable law. Any such determination under clause (b) permitting the resignation of the Servicer shall be evidenced by an Opinion of Counsel to such effect

delivered to the Issuer and the Indenture Trustee. No such resignation shall become effective until the Indenture Trustee or a successor master servicer shall have assumed the Servicer's responsibilities, duties, liabilities and obligations hereunder.

ARTICLE 6.

SERVICER DEFAULT

Section 6.1. Events of Default.

“Event of Default,” wherever used herein, means any one of the following events:

(i) any failure by the Servicer to deposit in the Collection Account or remit to the Indenture Trustee any payment required to be made under the terms of this Agreement, which failure shall continue unremedied for five days after the date upon which written notice of such failure shall have been given to the Servicer by the Indenture Trustee or the Depositor or to the Master Servicer and the Indenture Trustee by the Holders of Securities having not less than 51% of the Voting Rights evidenced by the Securities; or

(ii) any failure by the Servicer to observe or perform in any material respect any other of the covenants or agreements on the part of the Servicer contained in this Agreement, which failure materially affects the rights of Securityholders, which failure continues unremedied for a period of 60 days after the date on which written notice of such failure shall have been given to the Servicer by the Indenture Trustee, the Master Servicer, or the Depositor, or to the Servicer and the Indenture Trustee by the Holders of Securities evidencing not less than 51% of the Voting Rights evidenced by the Securities; provided, however, that the 60-day cure period shall not apply to the initial delivery of the Mortgage File for Delay Delivery Mortgage Loans nor the failure to substitute or repurchase in lieu thereof; or

(iii) a decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Servicer and such decree or order shall have remained in force undischarged or unstayed for a period of 60 consecutive days; or

(iv) the Servicer shall consent to the appointment of a receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to the Servicer or all or substantially all of the property of the Servicer; or

(v) the Servicer shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of, or commence a voluntary case under, any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations.

Upon its obtaining actual knowledge of the occurrence of an Event of Default, the Master Servicer shall promptly deliver to the Issuer and the Indenture Trustee, an Officer's Certificate that an event has occurred that may justify termination of the Servicer hereunder and describing the circumstances surrounding such event. Upon determination by the Master Servicer that an Event of Default has occurred, the Master Servicer shall promptly deliver to the Issuer and the Indenture Trustee an Officer's Certificate to that effect, and the Master Servicer (a) may terminate the Servicer hereunder, if in its judgment such termination is in the best interests of the Issuer; or (b) shall terminate the Servicer hereunder, if instructed to do so by the Indenture Trustee. The Indenture Trustee shall so instruct the Master Servicer if directed to do so by the Holders of Securities evidencing not less than 51% of the Voting Rights evidenced by the Securities exercised in writing following delivery to such Holders by the Indenture Trustee of notice of the occurrence of such Event of Default pursuant to Section 6.2(b).

Upon any such termination, the Master Servicer shall enter into a substitute servicing arrangement with another mortgage loan servicing company acceptable to the Master Servicer and Rating Agency under which such mortgage loan servicing company shall assume, satisfy, perform and carry out all liabilities, duties, responsibilities and obligations that are to be, or otherwise were to have been, satisfied, performed and carried out by the terminated Servicer hereunder. Until such time as the Master Servicer enters into a substitute servicing agreement with respect to the Mortgage Loans, the Master Servicer shall assume, satisfy, perform and carry out all obligations which otherwise were to have been satisfied, performed and carried out by the terminated Servicer. As compensation to the Master Servicer for any servicing obligations fulfilled or assumed by the Master Servicer, the Master Servicer shall be entitled to any servicing compensation to which the terminated Servicer would have been entitled if such Servicer had not been terminated.

Notwithstanding anything to the contrary herein, upon the occurrence of a Servicing Trigger Event, the Indenture Trustee will, upon the direction of, and at the expense of, a Holders of Securities evidencing not less than 51% of the Voting Rights evidenced by the Securities, remove the Servicer and shall appoint a successor Servicer in accordance with the direction of such Holders.

Notwithstanding any termination of the activities of the Servicer hereunder, the Servicer shall be entitled to receive, out of any late collection of a Scheduled Payment on a Mortgage Loan which was due prior to the notice terminating such Servicer's rights and obligations as Servicer hereunder and received after such notice, that portion thereof to which such Servicer would have been entitled pursuant to Sections 3.8(a)(i) through (viii), and any other amounts payable to such Master Servicer hereunder the entitlement to which arose prior to the termination of its activities hereunder.

In no event shall the termination of the Servicer under this Agreement result in any diminution of the Servicer's right to reimbursement for any outstanding Advances due such Servicer at the time of termination. The successor Servicer shall be obligated to promptly reimburse the terminated Servicer for outstanding Advances; *provided, however*, that if the Indenture Trustee becomes the successor Servicer, such reimbursement obligation shall be limited to the funds available in the Collection Account for such purposes pursuant to Sections 3.8(a)(ii) and 3.8(iii). In addition, any such reimbursement for outstanding Advances shall be made on a first in, first out ("FIFO") basis no later than the 18th day of each month *provided* that the successor Servicer has received prior written notice from the appropriate party, under this Agreement, of such reimbursement amount.

Section 6.2. Notification to Securityholders.

(a) Upon any termination of or appointment of a successor to the Servicer or Master Servicer, the Indenture Trustee shall give prompt written notice thereof to Securityholders and to each Rating Agency.

(b) Within 60 days after the occurrence of any Event of Default, the Indenture Trustee shall transmit by mail to all Securityholders notice of each such Event of Default hereunder known to the Indenture Trustee, unless such Event of Default shall have been cured or waived.

Section 6.3. Reports filed with the Securities and Exchange Commission.

(a) The Issuer, the Indenture Trustee, the Master Servicer and the Servicer shall reasonably cooperate with the Depositor in connection with the satisfaction of the reporting requirements under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Indenture Trustee shall prepare on behalf of the Issuer any Forms 8-K, 10-D and 10-K as provided in Section 6.3(b).

(b) The Depositor shall prepare or cause to be prepared the initial current report on Form 8-K. Thereafter, within 15 days after each Payment Date, the Indenture Trustee shall, in accordance with industry standards, file with the Commission via the Electronic Data Gathering and Retrieval System (EDGAR) filing requirements, a Form 10-D executed by the Depositor with (i) a copy of the Monthly Statement for such Payment Date and (ii) such other information as is required by Form 10-D, including, but not limited to, the information required by Item 1121

(§229.1121) of Regulation AB (so long as such information is made available to the Indenture Trustee in a format compatible with EDGAR filing requirements).

Any disclosure in addition to the monthly statement required to be included on the Form 10-D (“Additional Form 10-Disclosure”) shall be determined and prepared by the entity that is indicated in Exhibit J as the responsible entity for providing that information. Any Additional Form 10-D Disclosure shall be provided to the Indenture Trustee by email to DBSec.Notifications@db.com within 5 calendar days after the related Determination Date. Any Additional Form 10-D Disclosure shall clearly identify which item of Form 10-D the information relates to. The Depositor shall also be copied on any Additional Form 10-D Disclosure.

The Indenture Trustee shall compile the information provided to it, prepare the Form 10-D and forward the Form 10-D to the Depositor for review and verification. No later than three Business Days prior to the 15th calendar day after the related Payment Date, an officer of the Depositor shall sign the Form 10-D and return such executed Form 10-D to the Indenture Trustee by email (with an original executed hard copy to follow by overnight mail).

Prior to January 30 of the first year in which the Indenture Trustee is able to do so under applicable law, the Indenture Trustee shall file a Form 15 Suspension Notice with respect to the Trust, if applicable. Prior to (x) March 31, 2007 and (y) unless and until a Form 15 Suspension Notice shall have been filed, prior to March 31 of each year thereafter, the Indenture Trustee shall prepare a Form 10-K with respect to the Issuer. The Indenture Trustee shall file each such Form 10-K by March 31 of the applicable year. Such Form 10-K shall be signed by an appropriate officer of the Depositor by March 25, 2007 and shall include the certification required pursuant to the Sarbanes-Oxley Act of 2002, as amended from time to time, and any rules promulgated thereunder by the Commission (the “Form 10-K Certification”), which certification shall be signed by an appropriate officer of the Depositor. Such Form 10-K shall also include as exhibits (i) the annual statement as to compliance and the assessments of compliance with servicing criteria described in Section 3.16 and Section 8.5 of this Agreement, in Section 6.14(a) of the Indenture and in Section 6.10(a) of the Trust Agreement, (ii) the public accounting firm attestation reports described in Section 3.17 and Section 8.5 of this Agreement, in Section 6.14(b) of the Indenture and in Section 6.10(b) of the Trust Agreement relating to the assessments of compliance with servicing criteria described therein and (iii) the items described in (i) and (ii) above with respect to any Subservicer or Subcontractor. If any party’s report on assessment of compliance with servicing criteria required by clause (i) in the immediately preceding sentence, or the related public accounting firm attestation report required by clause (ii) in the immediately preceding sentence, identifies any material instance of noncompliance with the servicing criteria specified in paragraph (d) of Item 1122 of Regulation AB (§229.1122(d)), the Form 10-K shall identify the material instance of noncompliance. If these items have not been delivered to the Indenture Trustee within a reasonable period of time before the Indenture Trustee files any Form 10-K, the Indenture Trustee shall cooperate with the Depositor to file an amended Form 10-K including such missing documents as exhibits reasonably promptly after receipt of such items by the Indenture Trustee.

Prior to (x) March 1, 2007 and (y) unless an until a Form 15 Suspension Notice shall have been filed, prior to March 1 of each year thereafter, each entity that is indicated in Exhibit J as a responsible entity for providing any disclosure or information in addition that described in the preceding paragraph that is required to be included on Form 10-K (“Additional Form 10-K Disclosure”) shall be required to provide to the Indenture Trustee by email to DBSec.Notifications@db.com. Any Additional Form 10-K Disclosure shall clearly identify which item of Form 10-K the information relates to. The Depositor shall also be copied on any Additional Form 10-K Disclosure.

(c) The Indenture Trustee shall sign a certification (in the form attached hereto as Exhibit G) for the benefit of the Depositor and its officers, directors and affiliates (provided, however, that the Indenture Trustee shall not undertake an analysis of the accountant’s report referred to in Section 3.17 and Section 8.5 of this Agreement, in Section 6.14(b) of the Indenture and in Section 6.10(b) of the Trust Agreement), and the Servicer shall sign a certification in the form attached hereto as Exhibit H for the benefit of the Depositor, the Issuer, the Indenture Trustee and their officers, directors and affiliates.

In addition, (i) the Indenture Trustee shall indemnify and hold harmless the Depositor and its officers, and directors from and against losses, damages (except for special, indirect or consequential loss or damage) penalties,

fines, forfeitures, reasonable and necessary legal fees and related costs, judgments and other costs and expenses arising out of or based upon an intentional breach by the Indenture Trustee of its obligations under this Section or the Indenture Trustee' s negligence, bad faith or willful misconduct in connection therewith, (ii) the Servicer shall indemnify and hold harmless the Depositor, the Indenture Trustee and each of their respective officers, directors and affiliates from and against any losses, damages, penalties, fines, forfeitures, reasonable and necessary legal fees and related costs, judgments and other costs and expenses arising out of or based upon a breach of the Servicer' s obligations under this Section or the Servicer' s negligence, bad faith or willful misconduct in connection therewith and (iii) the Depositor shall indemnify and hold harmless the Indenture Trustee and its officers, directors and affiliates from and against any losses, damages, penalties, fines, forfeitures, reasonable and necessary legal fees and related costs, judgments and other costs and expenses arising out of or based upon a breach of the Depositor' s obligations under this Section or the Depositor' s negligence, bad faith or willful misconduct in connection therewith.

(d) Within four (4) Business Days after the occurrence of an event requiring disclosure on Form 8-K (each such event, a "Reportable Event"), the Indenture Trustee shall prepare and file on behalf of the Issuer any Form 8-K, as required by the Exchange Act, provided that the Depositor shall file the initial Form 8-K in connection with the issuance of the Notes. Any disclosure or information related to a Reportable Event or that is otherwise required to be included on Form 8-K ("Form 8-K Disclosure") shall be prepared by the party responsible for preparing such disclosure as set forth on Exhibit J hereto and compiled by the Indenture Trustee pursuant to the following paragraph. Any Form 8-K Disclosure shall be forwarded to the Indenture Trustee by email to DBSec.Notifications@db.com. The Depositor shall be copied on any Form 8-K Disclosure. The Indenture Trustee will have no duty or liability for any failure hereunder to determine or prepare any Form 8-K Disclosure Information or any Form 8-K, except as set forth in the next paragraph.

As set forth on Exhibit J hereto, for so long as the Issuer is subject to the Exchange Act reporting requirements, no later than noon (Eastern Standard Time) on the 2nd Business Day after the occurrence of a Reportable Event, certain parties to this Agreement shall be required to provide to the Depositor and the Indenture Trustee, to the extent known by such applicable parties, any Form 8-K Disclosure Information, if applicable. The Indenture Trustee shall compile all such information provided to it in a Form 8-K prepared by it.

After preparing the Form 8-K, the Indenture Trustee shall forward electronically a draft copy of the Form 8-K to the Depositor for review, verification and execution by the Depositor. No later than the end of the 3rd Business Day after the Reportable Event, an officer of the Depositor shall sign the Form 8-K and return an electronic or fax copy of such signed Form 8-K (with an original executed hard copy to follow by overnight mail) to the Indenture Trustee. If a Form 8-K cannot be filed on time or if a previously filed Form 8-K needs to be amended, the Indenture Trustee will cooperate with the Depositor to file an amendment.

(e) Upon any filing with the Commission, the Indenture Trustee shall promptly deliver to the Depositor a copy of any executed report, statement or information.

(f) The Indenture Trustee will have no duty to verify the accuracy or sufficiency of any information not prepared by it included in any Form 10-D, Form 10-K or Form 8-K. The Indenture Trustee shall have no liability with respect to any failure to properly prepare or file any Form 10-D or Form 10-K resulting from or relating to the Indenture Trustee' s inability or failure to obtain any information or signature in a timely manner from the party responsible for delivery of such information or signature, so long as any such failure does not result from the negligence or willful misconduct of the Indenture Trustee. The Indenture Trustee shall have no liability with respect to any failure to properly file any Form 10-D, Form 10-K or Form 8-K resulting from or relating to the Depositor' s failure to timely comply with the provisions of this section. Nothing herein shall be construed to require the Indenture Trustee or any officer, director or Affiliate thereof to sign any Form 10-D, Form 10-K or Form 8-K.

ARTICLE 7.

TERMINATION

Section 7.1. Termination upon Liquidation or Purchase of all Mortgage Loans.

(a) This Agreement shall terminate upon the earlier of the earlier of (i) the satisfaction and discharge of the Indenture and notice to the Indenture Trustee of such discharge, the disposition of all funds with respect to the Collateral and the payment of all amounts due and payable to the Securityholders (including, if such discharge is made pursuant to Section 7.2 below, the Redemption Price for the Notes) and all other fees and expenses of the Indenture Trustee (including the Indenture Trustee as Paying Agent), the Owner Trustee, the Administrator, the Master Servicer, the Servicers and the Issuer pursuant to this Agreement and the Indenture; or (ii) mutual written consent of the Master Servicer, the Seller, the Depositor, the Indenture Trustee, the Issuer and all then Securityholders in writing.

Section 7.2 Auction Call/Optional Redemption.

(a) On the Initial Auction Call Date, the Master Servicer (or its agent) shall begin to solicit bids in a commercially reasonable manner for the purchase of the Mortgage Loans and other property of the Trust Estate. The Issuer shall sell the assets of the Trust Estate to the highest bidder so long as the Master Servicer has received at least three bids from prospective purchasers (other than an affiliate of the Depositor) and at least one such bid is equal to the Redemption Price for the Notes. This process will be repeated as frequently as the Master Servicer deems reasonable until the related Redemption Price is received. The Notes shall be redeemed on the Payment Date next succeeding a successful auction. The Master Servicer shall be reimbursed for the costs, including expenses associated with engaging an agent, of the sale before the proceeds are paid to the Securityholders. Notwithstanding the foregoing, the Master Servicer may, in its sole discretion, elect to delay the commencement of any auction for any period of time.

(b) To the extent that the assets of the Trust Estate have not been sold pursuant to Section 7.2(a) above, subject to the conditions therein and in Section 7.1 (including, without limitation, that the purchase price must equal at least the Redemption Price), the Master Servicer or its designee may effect the purchase of the Mortgage Loans (and related property) of the Trust Estate at a price equal to the sum of (A) 100% of the Stated Principal Balance of each Mortgage Loan that is not a Nonrecoverable Mortgage Loan; (B) the Projected Net Liquidation Value of each Nonrecoverable Mortgage Loan (not including any REO Property), and (C) the lesser of (x) the appraised value of any REO Property as determined by a real estate broker meeting the qualifications, and applying broker's price opinion methodology, generally acceptable to residential mortgage servicers, or other property valuation opinion methodology customarily used by residential mortgage servicers with respect to defaulted loans and (y) the Stated Principal Balance of each Mortgage Loan related to any REO Property. In addition, such purchase price shall include with respect to the Mortgage Loans (including REO Properties) accrued and unpaid interest thereon at the applicable Net Rate, except to the extent the Servicer was not or would not be required to make a P&I Advance hereunder.

The right to purchase all Mortgage Loans and REO Properties pursuant to preceding paragraph of this Section 7.2(b) shall be conditioned upon the Pool Principal Balance, on the date of any such repurchase, aggregating less than ten percent of the Assumed Principal Balance of the Mortgage Loans as of the Cut-Off Date (the first such date being the "Initial Clean-Up Call Date").

(c) With respect to any purchase pursuant to subsection (a) or (b), upon deposit of the applicable price in the Payment Account, the Indenture Trustee shall release or cause to be released to the purchaser of each such Mortgage Loan the related Mortgage File and shall execute and deliver such instruments of transfer or assignment prepared by the purchaser of such Mortgage Loan (including appropriate instruments with respect to any REO Property), in each case without recourse, as shall be necessary to vest in the purchaser of such Mortgage Loan any Mortgage Loan sold pursuant hereto, and the purchaser of such Mortgage Loan shall succeed to all the Issuer's and the Indenture Trustee's right, title and interest in and to such Mortgage Loan and all security and documents related thereto. Such assignment shall be an assignment outright and not for security. The purchaser of such Mortgage Loan shall thereupon own such Mortgage Loan, and all security and documents, free of any further obligation to the Issuer, the Indenture Trustee or the Securityholders with respect thereto.

ARTICLE 8.

ADMINISTRATION AND SERVICING OF MORTGAGE LOANS
BY THE MASTER SERVICER

Section 8.1. Duties of the Master Servicer.

(a) The Securityholders, by their purchase and acceptance of the Securities, appoint Saxon Funding Management, Inc. as Master Servicer. For and on behalf of the Issuer, the Depositor, the Indenture Trustee and the Securityholders, the Master Servicer shall master service the Mortgage Loans in accordance with the provisions of this Agreement.

(b) The Master Servicer shall supervise and provide oversight of the Servicer's performance of its obligations hereunder. The Master Servicer shall, for the benefit of Securityholders, use its reasonable best efforts to enforce the obligation of the Servicer hereunder, and, upon its obtaining actual knowledge of an Event of Default, shall take such action as is required by Section 6.1.

(c) To the extent the Servicer defaults in its obligation to timely make an P&I Advance required hereunder, upon notice of such failure, the Master Servicer shall be required to make such P&I Advance by the Business Day immediately preceding the related Payment Date or in the event the Master Servicer fails to do so, the Indenture Trustee as successor Master Servicer shall be required to make such P&I Advance by the related Payment Date. All rights of reimbursement otherwise available to the Servicer hereunder in respect of any Advance shall be fully available to the Master Servicer (or the Indenture Trustee as successor Master Servicer, as applicable).

(d) The Master Servicer shall, in the manner and at such times specified, prepare and furnish the reports described in Sections 4.4 and 4.5.

Section 8.2. Compensation to the Master Servicer.

The Master Servicer shall be entitled to the Master Servicing Fee on each Payment Date from amounts on deposit in the Master Servicer Custodial Account. If, on any Payment Date such fee is not distributed as provided herein, the Master Servicer shall be entitled to direct the Indenture Trustee to pay the Master Servicing Fee to the Master Servicer by withdrawal from the Payment Account. The Master Servicer shall be entitled to deposit account earnings as provided in Section 3.5 as additional master servicing compensation.

Section 8.3. Termination of Master Servicer; Trustee to Act.

Each of the following shall constitute an event of default by the Master Servicer (a "Master Servicer Event of Default") of its obligations hereunder:

(a) any failure of the Master Servicer to remit to the Indenture Trustee any payment required to be made to the Indenture Trustee for the benefit of Securityholders under the terms of this Agreement within five days of the due date therefor (or, in the case of a P&I Advance which the Master Servicer is required to make pursuant to Section 8.1(c) above, on the due date therefor);

(b) the Master Servicer shall fail duly to observe or perform in any material respect any of its covenants or agreements (other than its obligation to make an Advance) contained herein and such failure shall continue unremedied for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Master Servicer by the Indenture Trustee or to the Master Servicer and the Indenture Trustee by the Holders of Securities entitled to at least 51% of the Voting Rights; or

(c) a decree or order of a court or agency or supervisory authority having jurisdiction in the premises in an involuntary case under any present or future federal or state bankruptcy, insolvency or similar law or the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceeding, or for the winding-up or liquidation of its affairs, shall have been entered against the Master Servicer and such decree or order shall have remained in force undischarged and unstayed for a period of 60 days; or

(d) the Master Servicer shall consent to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceeding of or relating to the Master Servicer or relating to all or substantially all its property; or

(e) the Master Servicer shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors or voluntarily suspend payment of its obligations.

The rights and obligations of the Master Servicer under this Agreement may be terminated only upon the occurrence of a Master Servicer Event of Default. If a Master Servicer Event of Default described in clauses (a) through (d) of this Section 8.3 shall occur, then, and in each and every such case, so long as such Master Servicer Event of Default shall not have been remedied, the Indenture Trustee may, and at the direction of the Holders of Securities entitled to at least 51% of the Voting Rights, the Indenture Trustee shall, by notice in writing to the Master Servicer, terminate all the rights and obligations of the Master Servicer hereunder, other than its rights as a Securityholder; *provided, however,* that if the rights and obligations of the Master Servicer are terminated due to a failure to make a P&I Advance as required under Section 8.1(c) and (x) the Master Servicer reimburses the Indenture Trustee for the P&I Advance made by the Indenture Trustee under Section 8.1(c) within five (5) Business Days (plus interest from the date the Indenture Trustee made the P&I Advance at the Prime Rate as published in the Wall Street Journal on the day of such reimbursement) and (y) each Rating Agency and the Indenture Trustee consent thereto, the Master Servicer shall be re-instated as master servicer on the date of such repayment without the requirement of further action. If a Master Servicer Event of Default described in clause (e) of this Section 8.3 shall occur, the Indenture Trustee may terminate, by notice in writing to the Master Servicer, all the rights and obligations of the Master Servicer hereunder, other than its rights as a Securityholder. On and after the receipt by the Master Servicer of such written notice, all authority and power of the Master Servicer hereunder, whether with respect to the Securities (other than as a Holder thereof) or the Mortgage Loans or otherwise, shall, to the maximum extent permitted by law, pass to and be vested in the Indenture Trustee pursuant to and under this Section 8.3 (*provided, however,* that the Master Servicer shall continue to be entitled to receive all amounts accrued or owing to it hereunder on or prior to the date of such termination). Without limiting the generality of the foregoing, the Indenture Trustee is hereby authorized and empowered to execute and deliver on behalf of and at the expense of the Master Servicer, as the Master Servicer's attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things that in the Indenture Trustee's sole and absolute judgment may be necessary or appropriate, to effect such termination. Notwithstanding the foregoing, upon any such termination the Master Servicer shall do all things reasonably requested by the Indenture Trustee to effect the termination of the Master Servicer's responsibilities, rights and powers hereunder, and the transfer thereof to the Indenture Trustee, including, but not limited to, promptly providing to the Indenture Trustee (and in no event later than ten Business Days subsequent to such notice) all documents and records electronic and otherwise reasonably requested by the Indenture Trustee to enable the Indenture Trustee or its designee to assume and carry out the duties and obligations that otherwise were to have been performed and carried out by the Master Servicer but for such termination.

As successor Master Servicer, the Indenture Trustee shall be entitled to the fees to which the Master Servicer would have been entitled if the Master Servicer had continued to act as such. The Indenture Trustee shall also, as successor Master Servicer, be entitled to all the protections and indemnification afforded to the Master Servicer hereunder.

Notwithstanding the above, upon the occurrence of a Master Servicer Event of Default, the Indenture Trustee may, if the Indenture Trustee shall be unwilling so to act, or shall, if it is unable so to act or, if the Holders of Securities entitled to at least 51% of the Voting Rights so request in writing to the Indenture Trustee, promptly appoint, or petition a court of competent jurisdiction to appoint, any established mortgage loan servicing institution acceptable to each Rating Agency and having a net worth of not less than \$15,000,000 as the successor to the Master Servicer. No appointment of a successor to the Master Servicer shall be effective until the assumption by such successor of all future responsibilities, duties and liabilities of the Master Servicer hereunder. Pending appointment of a successor to the Master Servicer, the Indenture Trustee or an affiliate shall, to the maximum extent permitted by law, act in such capacity as hereinabove provided.

In connection with any such appointment and assumption described herein, the Indenture Trustee may make such arrangements for the compensation of such successor out of payments received on the assets included in the Trust Estate as it and such successor shall agree; *provided, however,* that no such compensation shall be in excess of that

permitted the Master Servicer hereunder. The Indenture Trustee and such successor shall take such action, consistent with this Agreement, as shall be necessary to effectuate any such succession.

Section 8.4. Notification to Securityholders.

Upon any termination pursuant to Section 8.3, or any appointment of a successor to the Master Servicer, the Indenture Trustee shall give prompt written notice thereof to the Securityholders.

Section 8.5. Annual Statement as to Compliance.

Commencing in 2007, the Master Servicer shall deliver to the Depositor and the Indenture Trustee on or before March 15 of each applicable calendar year, (or March 24 if there is no requirement to file a Form 10-K in that calendar year), an Officer's Certificate stating, as to the signer thereof, that (i) a review of the activities of the Master Servicer during the preceding fiscal year and of the performance of the Master Servicer under this Agreement has been made under such officer's supervision and (ii) to the best of such officer's knowledge, based on such review, the Master Servicer has fulfilled all of its material obligations under this Agreement throughout such year, or, if there has been a material default in the fulfillment of any such obligation, specifying each such default known to such officer and the nature and status thereof. Upon request, the Indenture Trustee shall forward a copy of each such statement to each Rating Agency and each Underwriter.

Commencing in 2007, on or before March 15 of each calendar year (or March 24 if there is no requirement to file a Form 10-K in that calendar year), the Master Servicer shall deliver to the Depositor and the Indenture Trustee a report regarding its assessment of compliance with the servicing criteria specified in paragraph (d) of Item 1122 of Regulation AB (§ 229.1122(d)), as of and for the period ending the end of each fiscal year, with respect to asset-backed security transactions taken as a whole involving the Master Servicer, and that are backed by the same asset type as the Mortgage Loans. Each such report shall include all of the statements required under paragraph (a) of Item 1122 of Regulation AB (§ 229.1122(a)).

Copies of such statements shall be provided to any Securityholder upon request, by the Master Servicer or by the Indenture Trustee at the Master Servicer's expense if the Master Servicer failed to provide such copies (unless (i) the Master Servicer shall have failed to provide the Indenture Trustee with such statement or (ii) the Indenture Trustee shall be unaware of the Master Servicer's failure to provide such statement.

The Master Servicer shall promptly notify the Depositor and the Indenture Trustee (i) of any legal proceedings pending against the Master Servicer of the type described in Item 1117 (§ 229.1117) of Regulation AB and (ii) if the Master Servicer shall become (but only to the extent not previously disclosed to the Indenture Trustee and the Depositor) at any time an affiliate of any of the Seller, the Indenture Trustee or any Master Servicer, Subservicer, Subcontractor or "Originator" contemplated by Item 1110 (§ 229.1110) of Regulation AB, any significant obligor contemplated by Item 1112 (§ 229.1112) of Regulation AB, any enhancement or support provider contemplated by Items 1114 or 1115 (§§ 229.1114-1115) of Regulation AB or any other material party to the Trust contemplated by Item 1100(d)(1) (§ 229.1100(d)(1)) of Regulation AB.

Section 8.6. Annual Independent Public Accountants' Servicing Statement.

Commencing in 2007, on or before March 15 of each calendar year (or March 24 if there is no requirement to file a Form 10-K in that calendar year), the Master Servicer shall deliver to the Indenture Trustee and the Depositor a report by a registered public accounting firm that attests to, and reports on, the assessment made by the Master Servicer pursuant to the second paragraph of Section 8.5. Such report shall be made in accordance with standards for attestation engagements issued or adopted by the Public Company Accounting Oversight Board.

ARTICLE 9.

MISCELLANEOUS PROVISIONS

Section 9.1. Amendment.

This Agreement may be amended from time to time by the Issuer, Depositor, Servicer, the Master Servicer and Indenture Trustee without the consent of any of the Securityholders (i) to cure any ambiguity or mistake, (ii) to cause the provisions herein to conform to or be consistent with or in furtherance of the statements made with respect to the Securities, the Trust Estate or this Agreement in any disclosure document pursuant to which any Notes were offered; to correct any defective provision herein or to supplement any provision herein which may be inconsistent with any other provision herein, (iii) to add to the duties of the Depositor, the Servicer, the Indenture Trustee or the Master Servicer, (iv) to add any other provisions with respect to matters or questions arising hereunder; (v) to modify the Servicing Fee and the Master Servicing Fee; *provided, however*, that no such modification shall increase the aggregate amount of Servicing Fees and Master Servicing Fees payable by the Issuer or (vi) to modify, alter, amend, add to or rescind any of the terms or provisions contained in this Agreement; *provided* that any action pursuant to clauses (iv), (v) or (vi) above shall not, as evidenced by an Opinion of Counsel delivered to the Issuer and the Indenture Trustee (which Opinion of Counsel shall not be an expense of the Indenture Trustee or the Issuer), adversely affect in any material respect the interests of any Noteholder; *provided, however*, that the amendment shall not be deemed to adversely affect in any material respect the interests of any Noteholder if the Person requesting the amendment obtains a letter from each Rating Agency stating that the amendment would not result in the downgrading or withdrawal of the respective ratings then assigned to the Notes; it being understood and agreed that any such letter in and of itself will not represent a determination as to the materiality of any such amendment and will represent a determination only as to the credit issues affecting any such rating. Further, for the avoidance of doubt, the Servicer may convert its corporate form from a corporation to a limited partnership without any amendment of this Agreement or any consent from any party hereto or any Securityholder.

This Agreement may also be amended from time to time by the Issuer, Depositor, Servicer, Master Servicer and Indenture Trustee with the consent of the Holders of a majority (by Percentage Interest) of each Class of Securities affected thereby for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or of modifying in any manner the rights of the Holders of Securities; *provided, however*, that no such amendment shall (i) reduce in any manner the amount of, or delay the timing of, payments required to be paid with respect to any Security without the consent of the Holder of such Security, (ii) adversely affect in any material respect the interests of the Holders of any Class of Securities in a manner other than as described in (i), without the consent of the Holders of Securities of such Class evidencing, as to such Class, Percentage Interests aggregating 66%, or (iii) reduce the aforesaid percentages of Securities the Holders of which are required to consent to any such amendment, without the consent of the Holders of all such Securities then outstanding.

Promptly after the execution of any amendment to this Agreement requiring the consent of Securityholders, the Indenture Trustee shall furnish written notification of the substance or a copy of such amendment to each Securityholder and each Rating Agency.

It shall not be necessary for the consent of Securityholders under this Section to approve the particular form of any proposed amendment, but it shall be sufficient if such consent shall approve the substance thereof. The manner of obtaining such consents and of evidencing the authorization of the execution thereof by Securityholders shall be subject to such reasonable regulations as the Indenture Trustee may prescribe.

Nothing in this Agreement shall require the Indenture Trustee to enter into an amendment without receiving an Opinion of Counsel (which Opinion shall not be an expense of the Issuer or the Indenture Trustee), satisfactory to the Indenture Trustee that (i) such amendment is permitted and is not prohibited by this Agreement and that all requirements for amending this Agreement have been complied with; and (ii) either (A) the amendment does not adversely affect in any material respect the interests of any Securityholder or (B) the conclusion set forth in the immediately preceding clause (A) is not required to be reached pursuant to this Section 9.1.

The Issuer may not enter into any amendment of the Yield Maintenance Agreement unless it and the Indenture Trustee have received written notice from each Rating Agency that such amendment will not result in the reduction, qualification or withdrawal of the then current ratings of the Notes.

Section 9.2. Recordation of Agreement; Counterparts.

This Agreement is subject to recordation in all appropriate public offices for real property records in all the counties or other comparable jurisdictions in which any or all of the properties subject to the Mortgages are situated, and in any other appropriate public recording office or elsewhere, such recordation to be effected by the Master Servicer at its expense, but only upon direction of Holders of Securities evidencing a majority of the Voting Interests to the effect that such recordation materially and beneficially affects the interests of the Securityholders. However, the foregoing sentence notwithstanding, the Servicer may provide copies hereof to counsel, judicial officers, and government agencies, or may cause this Agreement to be recorded, in any jurisdiction in which, in the Servicer's judgment, such disclosure or recording may facilitate foreclosure or other recovery with respect to any one or more of the Mortgage Loans.

For the purpose of facilitating the recordation of this Agreement as herein provided and for other purposes, this Agreement may be executed (by facsimile or otherwise) simultaneously in any number of counterparts, each of which counterparts shall be deemed to be an original, and such counterparts shall constitute but one and the same instrument.

Section 9.3. Governing Law.

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE SUBSTANTIVE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THE STATE OF NEW YORK AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HERETO AND THE SECURITYHOLDERS SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 9.4. Intention of Parties.

It is the express intent of the parties hereto that the conveyance of the Trust Estate by the Depositor to the Issuer be, and be construed as, absolute sales thereof to the Issuer. It is, further, not the intention of the parties that such conveyances be deemed a pledge thereof by the Depositor to the Issuer. However, in the event that, notwithstanding the intent of the parties, such assets are held to be the property of the Depositor, or if for any other reason this Agreement is held or deemed to create a security interest in such assets, then (i) this Agreement shall be deemed to be a security agreement within the meaning of the Uniform Commercial Code of the State of New York and (ii) the conveyance provided for in this Agreement shall be deemed to be an assignment and a grant by the Depositor to the Issuer, for the benefit of the Securityholders, of a security interest in all of the assets that constitute the Trust Estate, whether now owned or hereafter acquired.

It is the express intent of the parties hereto that for federal tax purposes the Notes, to the extent they are issued to parties unrelated to the Initial Holder (as defined in the Trust Agreement), will be treated as indebtedness of the Initial Holder.

The Depositor, for the benefit of the Securityholders, shall, to the extent consistent with this Agreement, take such actions as may be necessary to ensure that, if this Agreement were deemed to create a security interest in the Trust Estate, such security interest would be deemed to be a perfected security interest of first priority under applicable law and will be maintained as such throughout the term of the Agreement. The Depositor shall arrange for filing any Uniform Commercial Code continuation statements in connection with any security interest granted or assigned to the Issuer for the benefit of the Securityholders.

Section 9.5. Notices.

(a) The Indenture Trustee shall use its best efforts to promptly provide notice to each Rating Agency with respect to each of the following of which it has actual knowledge:

1. any material change or amendment to this Agreement;

2. the occurrence of any Event of Default that has not been cured;
3. the resignation or termination of the Servicer, the Master Servicer or the Indenture Trustee and the appointment of any successor;
4. the repurchase or substitution of Mortgage Loans pursuant to Section 2.3;
5. the final payment to holders of Notes; and
6. any rating action involving the long-term credit rating of the Master Servicer, which notice shall be made by first-class mail within two Business Days after the Indenture Trustee gains actual knowledge thereof.

In addition, the Indenture Trustee shall promptly furnish to each Rating Agency copies of the following:

1. Each report to Securityholders described in Section 4.5;
2. Each annual statement as to compliance described in Section 3.16;
3. Each annual independent public accountants' servicing report described in Section 3.17; and
4. Any notice of a purchase of a Mortgage Loan pursuant to Section 2.2, 2.3 or 3.11.

(b) All directions, demands, authorizations, consents, waivers, communications and notices hereunder shall be in writing and shall be deemed to have been duly given when delivered by first class mail, facsimile or courier to the applicable Notice Address, or in the case of the Rating Agencies, the address specified therefor in the definition corresponding to the name of such Rating Agency. Notices to Noteholders shall be deemed given when mailed, first class postage prepaid, to their respective addresses appearing in the Note Register. Notices to Certificateholders shall be deemed given when provided to the Administrator for delivery to the Certificateholders in accordance with the Trust Agreement and the Administration Agreement.

Section 9.6. Severability of Provisions.

If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement or of the Securities or the rights of the Holders thereof.

Section 9.7. Assignment.

Notwithstanding anything to the contrary contained herein, except as provided in Section 5.2, this Agreement may not be assigned by the Master Servicer without the prior written consent of the Issuer, the Indenture Trustee and Depositor. As a condition to the utilization of any Subservicer or Subcontractor determined to be "participating in the servicing function" within the meaning of Item 1122, the Master Servicer shall obtain from any such Subservicer or Subcontractor used by the Master Servicer for the benefit of the Depositor a written agreement from such Subservicer or Subcontractor (in form and substance satisfactory to the Depositor) to comply with the provisions of Sections 8.5 and 8.6 of this Agreement to the same extent as if such Subservicer or Subcontractor were the Master Servicer.

Section 9.8. Limitation on Rights of Securityholders.

The death or incapacity of any Securityholder shall not operate to terminate this Agreement, nor entitle such Securityholder's legal representative or heirs to claim an accounting or to take any action or commence any proceeding in any court for a petition or winding up of the Issuer, or otherwise affect the rights, obligations and liabilities of the parties hereto or any of them.

No Securityholder shall have any right to vote (except as provided herein) or in any manner otherwise control the operation and management of the Trust Estate, or the obligations of the parties hereto, nor shall anything herein set forth or contained in the terms of the Securities be construed so as to constitute the Securityholders from time to time as partners or members of an association; nor shall any Securityholder be under any liability to any third party by reason of any action taken by the parties to this Agreement pursuant to any provision hereof.

No Securityholder shall have any right by virtue or by availing itself of any provisions of this Agreement to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Agreement, unless such Holder previously shall have given to the Indenture Trustee a written notice of an Event of Default and of the continuance thereof, as herein provided, and unless the Holders of Securities evidencing not less than 25% of the Voting Rights evidenced by the Securities shall also have made written request to the Indenture Trustee to institute such action, suit or proceeding in its own name as Indenture Trustee hereunder and shall have offered to the Indenture Trustee such reasonable indemnity as it may require against the costs, expenses, and liabilities to be incurred therein or thereby, and the Indenture Trustee, for 60 days after its receipt of such notice, request and offer of indemnity shall have neglected or refused to institute any such action, suit or proceeding; it being understood and intended, and being expressly covenanted by each Securityholder with every other Securityholder and the Issuer and the Indenture Trustee, that no one or more Holders of Securities shall have any right in any manner whatever by virtue or by availing itself or themselves of any provisions of this Agreement to affect, disturb or prejudice the rights of the Holders of any other of the Securities, or to obtain or seek to obtain priority over or preference to any other such Holder or to enforce any right under this Agreement, except in the manner herein provided and for the common benefit of all Securityholders. For the protection and enforcement of the provisions of this Section 9.8, each and every Securityholder and the Indenture Trustee shall be entitled to such relief as can be given either at law or in equity.

Section 9.9. Inspection and Audit Rights.

The Servicer agrees that, on reasonable prior notice, it will permit and will cause each Subservicer to permit any representative of the Issuer, the Depositor or the Indenture Trustee during the Servicer's normal business hours, to examine all the books of account, records, reports and other papers of the Servicer relating to the Mortgage Loans, to make copies and extracts therefrom, to cause such books to be audited by independent certified public accountants selected by the Issuer, the Depositor or the Indenture Trustee and to discuss its affairs, finances and accounts relating to the Mortgage Loans with its officers, employees and independent public accountants (and by this provision the Master Servicer hereby authorizes said accountants to discuss with such representative such affairs, finances and accounts), all at such reasonable times and as often as may be reasonably requested. Any out-of-pocket expense incident to the exercise by the Depositor, the Issuer or the Indenture Trustee of any right under this Section 9.9 shall be borne by the party requesting such inspection; all other such expenses shall be borne by the Servicer or the related Subservicer.

Section 9.10. Mortgage Data.

The Depositor hereby represents to S&P that, to the Depositor's knowledge, the information provided to such Rating Agency, including any loan level detail, is true and correct according to such Rating Agency's requirements.

Section 9.11. Execution by the Issuer; No Petition.

It is expressly understood and agreed by the parties and the third party beneficiary hereto that (a) this Agreement is executed and delivered by Wilmington Trust Company, not individually or personally but solely as Owner Trustee of the Issuer, in the exercise of the powers and authority conferred and vested in its as trustee, (b) each of the representations, undertaking and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose of binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties and by any person claiming by, through or under the parties hereto and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any

obligation, representations, warranty or covenant made or undertaken by the Issuer under this Agreement or any other document.

Without limitation to any provision of the Indenture or the Trust Agreement, to the fullest extent permitted by applicable law, each party to this agreement, by entering into this Agreement (and the third party beneficiary hereto, by acceptance of its rights under Section 9.12), hereby covenants and agrees that they will not at any time institute against the Depositor or the Issuer, or join in any institution against the Depositor or the Issuer of, any bankruptcy, insolvency or similar proceeding under any United States federal or state bankruptcy or similar law in connection with any obligations relating to the Certificates, the Notes, this Agreement or any of the other Operative Agreements; *provided, however*, that nothing herein shall preclude any party hereto from filing proofs of claim.

Section 9.12. Third Party Beneficiary.

The parties hereto agree that the Counterparty is intended to be, and shall have all rights of, a third-party beneficiary to this Agreement.

* * *

IN WITNESS WHEREOF, the Issuer, Depositor, Master Servicer, Servicer and Indenture Trustee, have caused their names to be signed hereto by their respective officers thereunto duly authorized as of the day and year first above written.

SAXON ASSET SECURITIES TRUST 2006-1

By: WILMINGTON TRUST COMPANY, not in
its individual capacity but solely as Owner
Trustee

By: /s/ Michele C. Harra
Name: Michele C. Harra
Title: Financial Services Officer

SAXON ASSET SECURITIES COMPANY

By: /s/ Ernest G. Bretana
Name: Ernest G. Bretana
Title: Vice President

SAXON FUNDING MANAGEMENT, INC.

By: /s/ Robert B. Eastep
Name: Robert B. Eastep
Title: Executive Vice President and Chief
Financial Officer

SAXON MORTGAGE SERVICES, INC.

By: /s/ David L Dill
Name: David L. Dill
Title: President

DEUTSCHE BANK TRUST COMPANY AMERICAS

By: /s/ Karlene Benvenuto
Name: Karlene Benvenuto
Title: Authorized Signer

By: /s/ Hang Luu
Name: Hang Luu
Title: Authorized Signer

**MORTGAGE LOAN SCHEDULE
(by Loan Group)**

SFM MORTGAGE SCHEDULE

WAREHOUSE MORTGAGE SCHEDULE

(NONE)

INTEREST RATE SCHEDULE

Set forth below are the Interest Rates for each interest bearing Class of Notes:

Class A-1 Interest Rate: With respect to any Payment Date, the least of:

- (i) One Month LIBOR plus, in the case of any Payment Date on or prior to the Initial Clean-Up Call Date, 0.155% per annum, or in the case of any Payment Date that occurs after the Initial Clean-Up Call Date, plus 0.310% per annum;
- (ii) the Fixed Rate Cap; and
- (iii) the Available Funds Rate.

Class A-2A Interest Rate: With respect to any Payment Date, the least of:

- (i) One Month LIBOR plus, in the case of any Payment Date on or prior to the Initial Clean-Up Call Date, 0.060% per annum, or in the case of any Payment Date that occurs after the Initial Clean-Up Call Date, plus 0.120% per annum;
- (ii) the Fixed Rate Cap; and
- (iii) the Available Funds Rate.

Class A-2B Interest Rate: With respect to any Payment Date, the least of:

- (i) One Month LIBOR plus, in the case of any Payment Date on or prior to the Initial Clean-Up Call Date, 0.110% per annum, or in the case of any Payment Date that occurs after the Initial Clean-Up Call Date, plus 0.220% per annum;
- (ii) the Fixed Rate Cap; and
- (iii) the Available Funds Rate.

Class A-2C Interest Rate: With respect to any Payment Date, the least of:

- (i) One Month LIBOR plus, in the case of any Payment Date on or prior to the Initial Clean-Up Call Date, 0.160% per annum, or in the case of any Payment Date that occurs after the Initial Clean-Up Call Date, plus 0.320% per annum;
- (ii) the Fixed Rate Cap; and
- (iii) the Available Funds Rate.

Class A-2D Interest Rate: With respect to any Payment Date, the least of:

- (i) One Month LIBOR plus, in the case of any Payment Date on or prior to the Initial Clean-Up Call Date, 0.270% per annum, or in the case of any Payment Date that occurs after the Initial Clean-Up Call Date, plus 0.540% per annum;
- (ii) the Fixed Rate Cap; and
- (iii) the Available Funds Rate.

Class M-1 Interest Rate: With respect to any Payment Date, the least of:

- (i) One Month LIBOR plus, in the case of any Payment Date on or prior to the Initial Clean-Up Call Date, 0.310% per annum, or in the case of any Payment Date that occurs after the Initial Clean-Up Call Date, plus 0.465% per annum;
- (ii) the Fixed Rate Cap; and
- (iii) the Available Funds Rate.

Class M-2 Interest Rate: With respect to any Payment Date, the least of:

- (i) One Month LIBOR plus, in the case of any Payment Date on or prior to the Initial Clean-Up Call Date, 0.330% per annum, or in the case of any Payment Date that occurs after the Initial Clean-Up Call Date, plus 0.495% per annum;
- (ii) the Fixed Rate Cap; and
- (iii) the Available Funds Rate.

Class M-3 Interest Rate: With respect to any Payment Date, the least of:

- (i) One Month LIBOR plus, in the case of any Payment Date on or prior to the Initial Clean-Up Call Date, 0.390% per annum, or in the case of any Payment Date that occurs after the Initial Clean-Up Call Date, plus 0.585% per annum;
- (ii) the Fixed Rate Cap; and
- (iii) the Available Funds Rate.

Class M-4 Interest Rate: With respect to any Payment Date, the least of:

- (i) One Month LIBOR plus, in the case of any Payment Date on or prior to the Initial Clean-Up Call Date, 0.430% per annum, or in the case of any Payment Date that occurs after the Initial Clean-Up Call Date, plus 0.645% per annum;
- (ii) the Fixed Rate Cap; and
- (iii) the Available Funds Rate.

Class M-5 Interest Rate: With respect to any Payment Date, the least of:

- (i) One Month LIBOR plus, in the case of any Payment Date on or prior to the Initial Clean-Up Call Date, 0.510% per annum, or in the case of any Payment Date that occurs after the Initial Clean-Up Call Date, plus 0.765% per annum;
- (ii) the Fixed Rate Cap; and
- (iii) the Available Funds Rate.

Class B-1 Interest Rate: With respect to any Payment Date, the least of:

- (i) One Month LIBOR plus, in the case of any Payment Date on or prior to the Initial Clean-Up Call Date, 1.000% per annum, or in the case of any Payment Date that occurs after the Initial Clean-Up Call Date, plus 1.500% per annum;

- (ii) the Fixed Rate Cap; and
- (iii) the Available Funds Rate.

Class B-2 Interest Rate: With respect to any Payment Date, the least of:

- (i) One Month LIBOR plus, in the case of any Payment Date on or prior to the Initial Clean-Up Call Date, 1.200% per annum, or in the case of any Payment Date that occurs after the Initial Clean-Up Call Date, plus 1.800% per annum;
- (ii) the Fixed Rate Cap; and
- (iii) the Available Funds Rate.

Class B-3 Interest Rate: With respect to any Payment Date, the least of:

- (i) One Month LIBOR plus, in the case of any Payment Date on or prior to the Initial Clean-Up Call Date, 2.100% per annum, or in the case of any Payment Date that occurs after the Initial Clean-Up Call Date, plus 3.150% per annum;
- (ii) the Fixed Rate Cap; and
- (iii) the Available Funds Rate.

FORM OF INITIAL CERTIFICATION OF CUSTODIAN

_____, 20[]

Saxon Asset Securities Trust 2006-1, as Issuer

c/o Wilmington Trust Company

Deutsche Bank Trust Company Americas, as Indenture Trustee
1761 East St. Andrew Place

Santa Ana, California 92705

Saxon Asset Securities Company
4860 Cox Road
Glen Allen, Virginia 23060
Attention: President

Saxon Funding Management, Inc., as Master Servicer
4860 Cox Road
Glen Allen, Virginia 23060
Attention: President

**SAXON ASSET SECURITIES COMPANY
MORTGAGE LOAN ASSET BACKED
SECURITIES, SERIES 2006-1**

Ladies and Gentlemen:

In accordance with Section 2.3(a) of the Standard Terms of Custody Agreement (June 2000 Edition) (the "Standard Terms") incorporated into the Custody Agreement, dated as of April 1, 2006 (together with the Standard Terms, the "Custody Agreement"), between Deutsche Bank Trust Company Americas, as indenture trustee (the "Trustee"), and Deutsche Bank Trust Company Americas, as custodian (the "Custodian"), the Custodian hereby certifies that it has received and is holding a Mortgage File with respect to each Mortgage Loan (other than any Mortgage Loan listed on the schedule of exceptions attached hereto) listed on Schedule I (a copy of which is attached hereto) to the Custody Agreement.

In connection therewith, the Custodian has examined each Mortgage File to confirm that:

- (i) no Note, on the face or the reverse side(s) thereof, contains evidence, except for the endorsement to the Custodian, of any unsatisfied claims, liens, security interests, encumbrances or restrictions on transfer;
- (ii) the Note bears an endorsement that appears to be an original either in blank or to the Custodian, as set forth substantially as follows "Without Recourse, pay to the order of Bankers Trust Company or Deutsche Bank Trust Company Americas, as Custodian or Trustee";
- (iii) all documents required to be contained in the Mortgage File are in its possession;
- (iv) such documents have been reviewed by it and appear to relate to such Mortgage Loan and are not torn or mutilated; and
- (v)

based on its examination and only as to the foregoing documents, with respect to the loan number, borrower name, property address (including city, state and zip), origination date, and maturity date set forth on the Mortgage Loan Schedule, such information accurately reflects information set forth in the Mortgage File and each balance listed as the "Original Balance" on Schedule I to the Custody Agreement is identical to the original principal amount of the corresponding Note (or, if applicable, the amount set forth in a lost note affidavit).

The Custodian further certifies that the Custodian's review of each Mortgage File included each of the procedures set forth in Section 2.3(a) of the Standard Terms.

The Custodian has not (1) inspected, reviewed or examined any such documents, instruments, securities or other papers to determine that they or the signatures thereon are genuine, enforceable, or appropriate for the represented purpose, any such documents, instruments, securities or other papers have actually been recorded or that any document that appears to be an original is in fact an original, or (2) determined whether any Mortgage File should include any surety or guaranty, Note Assumption Rider, buydown agreement, assumption agreement, modification agreement, written assurance or substitution agreement.

Capitalized words and phrases used herein shall have the respective meanings assigned to them in the Custody Agreement.

DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Custodian

By: _____
Name: _____
Title: _____

FORM OF FINAL CERTIFICATION OF TRUSTEE

_____, 20[]

Saxon Asset Securities Trust 2006-1, as Issuer

c/o Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890
Attention: Corporate Trust Administration

Deutsche Bank Trust Company Americas, as Indenture Trustee

1761 East St. Andrew Place
Santa Ana, California 92705

Saxon Asset Securities Company
4860 Cox Road
Glen Allen, Virginia 23060
Attention: President

Saxon Funding Management, Inc., as Master Servicer
4860 Cox Road
Glen Allen, Virginia 23060
Attention: President

Saxon Mortgage Services, Inc.
4708 Mercantile Drive
Fort Worth, Texas 76137
Attention: President

**SAXON ASSET SECURITIES COMPANY
MORTGAGE LOAN ASSET BACKED
SECURITIES, SERIES 2006-1**

Ladies and Gentlemen:

In accordance with (i) Section 2.2 of the Sale and Servicing Agreement among Saxon Asset Securities Trust 2006-1, as issuer, Saxon Asset Securities Company, as depositor, Saxon Funding Management, Inc., as master servicer, Saxon Mortgage Services, Inc., as servicer and Deutsche Bank Trust Company Americas, as indenture trustee (the "Trustee") and (ii) Section 2.3(a) of the Standard Terms of Custody Agreement (June 2000 Edition) (the "Standard Terms") incorporated into the Custody Agreement, dated as of April 1, 2006 (together with the Standard Terms, the "Custody Agreement"), between the Indenture Trustee, and Deutsche Bank Trust Company Americas, as custodian (the "Custodian"), the Custodian hereby certifies that it has received and is holding a Mortgage File with respect to each Mortgage Loan (other than any Mortgage Loan listed on the schedule of exceptions attached hereto) listed on Schedule I (a copy of which is attached hereto) to the Custody Agreement.

In connection therewith, the Custodian has examined each Mortgage File to confirm that:

(i)

no Note, on the face or the reverse side(s) thereof, contains evidence, except for the endorsement to the Custodian, of any unsatisfied claims, liens, security interests, encumbrances or restrictions on transfer;

(ii) the Note bears an endorsement that appears to be an original either in blank or to the Custodian, as set forth substantially as follows “Without Recourse, pay to the order of Bankers Trust Company or Deutsche Bank Trust Company Americas, as Custodian or Trustee”;

(iii) all documents required to be contained in the Mortgage File are in its possession;

(iv) such documents have been reviewed by it and appear to relate to such Mortgage Loan and are not torn or mutilated; and

(v) based on its examination and only as to the foregoing documents, with respect to the loan number, borrower name, property address (including city, state and zip), origination date, and maturity date set forth on the Mortgage Loan Schedule, such information accurately reflects information set forth in the Mortgage File and each balance listed as the “Original Balance” on Schedule I to the Custody Agreement is identical to the original principal amount of the corresponding Note (or, if applicable, the amount set forth in a lost note affidavit).

The Custodian further certifies that the Custodian’s review of each Mortgage File included each of the procedures set forth in Section 2.3(a) of the Standard Terms.

The Custodian has not (1) inspected, reviewed or examined any such documents, instruments, securities or other papers to determine that they or the signatures thereon are genuine, enforceable, or appropriate for the represented purpose, any such documents, instruments, securities or other papers have actually been recorded or that any document that appears to be an original is in fact an original, or (2) determined whether any Mortgage File should include any surety or guaranty, Note Assumption Rider, buydown agreement, assumption agreement, modification agreement, written assurance or substitution agreement.

Capitalized words and phrases used herein shall have the respective meanings assigned to them in the Custody Agreement.

DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Custodian

By: _____
Name: _____
Title: _____

REQUEST FOR RELEASE OF DOCUMENTS AND RECEIPT

Date

[Addressed to Indenture Trustee
or, if applicable, custodian]

In connection with the administration of the mortgages held by you as Indenture Trustee under a certain Sale and Servicing Agreement, dated as of April 1, 2006 among Saxon Asset Securities Trust 2006-1, as Issuer, Saxon Asset Securities Company, as Depositor, Saxon Funding Management, Inc., as Master Servicer, Saxon Mortgage Services, Inc., as Servicer, and you, as Indenture Trustee (the "Sale and Servicing Agreement"), the undersigned Master Servicer hereby requests a release of the Mortgage File held by you as Indenture Trustee with respect to the following described Mortgage Loan for the reason indicated below.

Mortgagor' s Name:

Address:

Loan No.:

Reason for requesting file:

1. Mortgage Loan paid in full. (The Master Servicer hereby certifies that all amounts received in connection with the loan have been or will be credited to the Collection Account pursuant to the Sale and Servicing Agreement.)
2. The Mortgage Loan is being foreclosed.
3. Mortgage Loan substituted. (The Master Servicer hereby certifies that a Qualifying Substitute Mortgage Loan has been assigned and delivered to you along with the related Mortgage File pursuant to the Sale and Servicing Agreement.)
4. Mortgage Loan repurchased. (The Master Servicer hereby certifies that the Purchase Price has been credited to the Collection Account pursuant to the Sale and Servicing Agreement.)
5. Other. (Describe)
6. California Mortgage Loan expected to be paid in full.

The undersigned acknowledges that the above Mortgage File will be held by the undersigned in accordance with the provisions of the Sale and Servicing Agreement and will be returned to you within 10 days of our receipt of the Mortgage File, except if the Mortgage Loan has been paid in full, or repurchased or substituted for a Qualifying Substitute Mortgage Loan (in which case the Mortgage File will be retained by us permanently) and except if the Mortgage Loan is being foreclosed or is a California Mortgage Loan specified in #6 above (in which case the Mortgage File will be returned when no longer required by us for such purpose).

Capitalized terms used herein shall have the meanings ascribed to them in the Sale and Servicing Agreement.

[Name of Master Servicer]

By: _____

Name:

Title: Servicing Officer

EXHIBIT D

FORM OF REMITTANCE AGENCY AGREEMENT

This Remittance Agency Agreement, dated as of [], 2006, is made by and among, Saxon Asset Securities Company, as buyer (the "Counterparty"), Saxon Asset Securities Trust 2006-1 (the "Issuer") and Deutsche Bank Trust Company Americas (the "Remittance Agent").

The Counterparty hereby appoints the Remittance Agent, and the Remittance Agent hereby accepts its appointment as agent of the Counterparty in connection with the receipt of \$[] (the "Remitted Amount") in connection with the sale of mortgage-backed securities by the Issuer in immediately available funds on the date hereof. The Counterparty delivers herewith to the Remittance Agent, in escrow pending wire transfer of the Remitted Amount as provided herein, a security release certification (the "Security Release Certification") referencing the above-mentioned Issuer. Upon receipt by the Remittance Agent of the Remitted Amount on the Counterparty's behalf, the Counterparty hereby authorizes the Remittance Agent to release the Counterparty's right, title, interest or claim of any kind with respect to the Mortgage Loans and the related collateral and assets identified in the Security Release Certification by delivering the Security Release Certification to the Issuer and such other parties as the Issuer may designate.

The Remittance Agent shall wire the Remitted Amounts promptly as reasonably possible pursuant to the Counterparty's wiring instructions set forth below:

[]

Bank: []

ABA: []

Acct: []

Re: Saxon Funding Management, Inc.

Attn: []

In no event shall the Remitted Amount be remitted to the Saxon Funding Management, Inc. or any party other than the Counterparty.

The parties agree that if for reasons not arising from the Remittance Agent's negligence or willful misconduct, the Remittance Agent is unable to wire the Remitted Amount, then the Remittance Agent shall incur no liability for any reasonable delay; *provided* that the Remittance Agent shall make commercially reasonable efforts to invest such funds on the Counterparty's behalf and at the Counterparty's direction, and shall remit the Remitted Amount together with any investment earnings thereof as soon as possible thereafter, and in any event, within 1 Business Day.

In consideration of the execution and delivery of this Remittance Agency Agreement by the Counterparty, the Issuer hereby represents and warrants to the Counterparty that the Remitted Amount includes the total amount to which the Counterparty is entitled to receive pursuant to the terms of any and all existing agreements between the Counterparty and the Issuer prior to delivering the release set forth in the Security Release Certification (such total amount, the "Required Amount"). In the event that upon final audit by the Counterparty the Remitted Amount is determined to be less than the Required Amount, the Issuer shall pay the difference between the Remitted Amount and the Required Amount to the Counterparty in immediately available funds within two Business Days following notice thereof.

The Remittance Agent shall be entitled to the same rights, protections, immunities and indemnities afforded to the Indenture Trustee under the Indenture as if specifically stated herein.

IN WITNESS WHEREOF, the Remittance Agent, the Counterparty and the Issuer have caused this Remittance Agency Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Remittance Agent

By _____
Name: _____
Title: _____
Telephone: _____

[]
as Counterparty

By _____
Name: _____
Title: _____
Telephone: _____

SAXON ASSET SECURITIES TRUST 2006-1

By _____
Name: _____
Title: _____
Telephone: _____

FORM OF SECURITY RELEASE CERTIFICATION

Definitions. As used in this Security Release Certification, the term “Remittance Agency Agreement” shall mean the Remittance Agency Agreement, dated as of [], 2006, among the undersigned financial institution (the “Counterparty”), Saxon Asset Securities Trust 2006-1 (the “Trust”), and Deutsche Bank Trust Company Americas (the “Remittance Agent”). The term “Sale and Servicing Agreement” shall mean the Sale and Servicing Agreement among Saxon Asset Securities Trust 2006-1, as Issuer (the “Issuer”), Saxon Asset Securities Company (“Saxon”), Saxon Funding Management, Inc. (“SFM”) as Master Servicer, Saxon Mortgage Services, Inc. (“Saxon”), as Servicer, and the Indenture Trustee named therein relating to the said Issuer.

Release. Simultaneously with receipt by wire transfer of the Remitted Amount as defined in the Remittance Agency Agreement, the Counterparty hereby, without further act, releases any and all right, title, interest, or security interest in the Mortgage Loans identified in the Sale and Servicing Agreement, together with all of the Counterparty’s rights and interests in and to the related loan files, rights, assets of any kind, and proceeds thereof, related to the Mortgage Loans. Until payment for such Mortgage Loans is received by the Remittance Agent, the Counterparty’s aforesaid ownership interest therein will remain in full force and effect.

The Counterparty agrees that upon receipt by the Remittance Agent of the Remitted Amount it shall execute and deliver to SFM and such other parties as SFM may designate such further release documents, and file with the appropriate filing officials, as required, any and all documents appropriate to further evidence such release and to reflect such release in appropriate public records.

IN WITNESS WHEREOF, the Counterparty has caused this Security Release Certification to be executed and delivered by its duly authorized officer as of the date first set forth above.

[]

By: _____
Name: _____
Title: _____
Telephone: _____

EXHIBIT F-1

WAREHOUSE SELLERS

(NONE)

EXHIBIT F-2
SUBSERVICERS

EXHIBIT G

**FORM CERTIFICATION TO BE PROVIDED
TO THE DEPOSITOR BY THE INDENTURE TRUSTEE**

Re: Saxon Asset Securities Trust 2006-1

I, [identify the certifying individual], a [title] of Deutsche Bank Trust Company Americas, as Indenture Trustee, hereby certify to Saxon Asset Securities Company (the “Depositor”), and its officers, directors and affiliates, and with the knowledge and intent that they will reply upon this certification that:

1. [I have reviewed the annual report on Form 10-K (including the exhibits provided by the Depositor to the Indenture Trustee for attachment thereto) for the fiscal year [], and all reports on Form 10-D containing distribution reports filed in respect of periods included in the year covered by such annual report, of the Depositor, relating to the above-referenced trust;]
2. [Based on my actual knowledge, without independent investigation or inquiry, the information in these distribution reports prepared by the Indenture Trustee, taken as a whole, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made not misleading as of the last day of the period covered by such annual report; and]
3. [Based on my knowledge, the distribution information required to be provided by the indenture trustee under the sale and servicing agreement is included in these distribution reports.]

Date: _____
Deutsche Bank Trust Company Americas,
as Indenture Trustee

By: _____
[Signature]
[Title]

EXHIBIT H

**FORM CERTIFICATION TO BE
PROVIDED TO THE DEPOSITOR BY THE SERVICER**

Re: Saxon Asset Securities Trust 2006-1

I, [identify the certifying individual], certify to Saxon Asset Securities Company (the “Depositor”), Deutsche Bank Trust Company Americas, and their respective officers, directors and affiliates, and with the knowledge and intent that they will rely upon this certification, that:

1. [I have reviewed the servicing reports contained in the annual report on Form 10-K for the fiscal year [], and the servicing reports contained in all reports on Form 8-K and 10-D containing such reports filed in respect of periods included in the year covered by such annual report, of the Depositor relating to the above-referenced trust;]
2. [Based on my knowledge, the information in these reports, taken as a whole, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made in light of the circumstances under which such statements were made, not misleading as of the last day of the period covered by such annual report;]
3. [Based on my knowledge, the servicing information required to be provided to the indenture trustee by the servicer under the sale and servicing agreement is included in these reports;]
4. [I am responsible for reviewing the activities performed by the servicer under the sale and servicing agreement and based upon the review required under the sale and servicing agreement, and except as disclosed in the report, the servicer has fulfilled its obligations under the sale and servicing agreement; and]
5. [I have disclosed to the Depositor’s certified public accountants all significant deficiencies relating to the servicer’s compliance with the minimum servicing standards in accordance with a review conducted in compliance with the Uniform Single Attestation Program for Mortgage Bankers or similar standard as set forth in the sale and servicing agreement.]

[Signature]

[Title]

Date:

EXHIBIT I

YIELD MAINTENANCE AGREEMENT

EXHIBIT J

FORM 10-D, FORM 8-K AND FORM 10-K
REPORTING RESPONSIBILITY

As to each item described below, the entity indicated as the Responsible Entity shall be primarily responsible for reporting the information to the Indenture Trustee pursuant to Section 6.2(b). If the Indenture Trustee is indicated below as the Responsible Entity as to any item, then the Indenture Trustee is primarily responsible for obtaining that information.

Under Item 1 of Form 10-D: a) items marked “4.5 statement” are required to be included in the periodic Payment Date statement under Section 4.5 of the Sale and Servicing Agreement, provided by the Indenture Trustee based on information received from the Master Servicer; and b) items marked “Form 10-D report” are required to be in the Form 10-D report but not the 4.5 statement, provided by the party indicated. Information under all other Items of Form 10-D is to be included in the Form 10-D report.

Form	Item	Description	Responsible Entity
10-D	1	Distribution and Pool Performance Information	
		Item 1121(a) - Distribution and Pool Performance Information	
		(1) Any applicable record dates, accrual dates, determination dates for calculating payments and actual payment dates for the payment period.	4.5 statement
		(2) Cash flows received and the sources thereof for payments, fees and expenses.	4.5 statement
		(3) Calculated amounts and distribution of the flow of funds for the period itemized by type and priority of payment, including:	4.5 statement
		(i) Fees or expenses accrued and paid, with an identification of the general purpose of such fees and the party receiving such fees or expenses.	4.5 statement
		(ii) Payments accrued or paid with respect to enhancement or other support identified in Item 1114 of Regulation AB (such as insurance premiums or other enhancement maintenance fees), with an identification of the general purpose of such payments and the party receiving such payments.	4.5 statement
		(iii) Principal, interest and other payments accrued and paid on the asset-backed securities by type and by class or series and any principal or interest shortfalls or carryovers.	4.5 statement
		(iv) The amount of excess cash flow or excess spread and the disposition of excess cash flow.	4.5 statement
		(4) Beginning and ending principal balances of the asset-backed securities.	4.5 statement
		(5) Interest rates applicable to the pool assets and the asset-backed securities, as applicable. Consider providing interest rate information for pool assets in appropriate distributional groups or incremental ranges.	4.5 statement
		(6) Beginning and ending balances of transaction accounts, such as reserve accounts, and material account activity during the period.	4.5 statement
		(7) Any amounts drawn on any credit enhancement or other support identified in Item 1114 of Regulation AB, as	4.5 statement

	applicable, and the amount of coverage remaining under any such enhancement, if known and applicable.	
	(8) Number and amount of pool assets at the beginning and ending of each period, and updated pool composition information, such as weighted average coupon, weighted average life, weighted average remaining term, pool factors and prepayment amounts.	4.5 statement Updated pool composition information filed to be as specified by Depositor or Master Servicer from time to time.
	(9) Delinquency and loss information for the period. In addition, describe any material changes to the information specified in Item 1100(b)(5) of Regulation AB regarding the pool assets.	4.5 statement Form 10-D report; Depositor or Master Servicer
	(10) Information on the amount, terms and general purpose of any advances made or reimbursed during the period, including the general use of funds advanced and the general source of funds for reimbursements.	4.5 statement
	(11) Any material modifications, extensions or waivers to pool asset terms, fees, penalties or payments during the distribution period or that have cumulatively become material over time.	Form 10-D report; Master Servicer or Servicer
	(12) Material breaches of pool asset representations or warranties or transaction covenants.	Form 10-D report; Master Servicer or Servicer
	(13) Information on ratio, coverage or other tests used for determining any early amortization, liquidation or other performance trigger and whether the trigger was met.	4.5 statement
	(14) Information regarding any new issuance of asset-backed securities backed by the same asset pool, [information regarding] any pool asset changes (other than in connection with a pool asset converting into cash in accordance with its terms), such as additions or removals in connection with a prefunding or revolving period and pool asset substitutions and repurchases (and purchase rates, if applicable), and cash flows available for future purchases, such as the balances of any prefunding or revolving accounts, if applicable. Disclose any material changes in the solicitation, credit-granting, underwriting, origination, acquisition or pool selection criteria or procedures, as applicable, used to originate, acquire or select the new pool assets.	Form 10-D report: Depositor, Master Servicer or Servicer
2	Legal Proceedings	
	Item 1117 - Legal proceedings pending against the following entities, or their respective property, that is material to Noteholders, including proceedings known to be contemplated by governmental authorities: Seller Depositor Indenture Trustee Issuing entity Master Servicer Servicer Originator Custodian	Seller Depositor Indenture Trustee Issuing entity Master Servicer Servicer Originator Custodian
3	Sales of Securities and Use of Proceeds	
	Information from Item 2(a) of Part II of Form 10-Q:	

		With respect to any sale of securities by the sponsor, depositor or issuing entity, that are backed by the same asset pool or are otherwise issued by the issuing entity, whether or not registered, provide the sales and use of proceeds information in Item 701 of Regulation S-K. Pricing information can be omitted if securities were not registered.	Depositor or Master Servicer
4		Defaults Upon Senior Securities	
		Information from Item 3 of Part II of Form 10-Q: Report the occurrence of any Event of Default (after expiration of any grace period and provision of any required notice)	N/A
5		Submission of Matters to a Vote of Security Holders	
		Information from Item 4 of Part II of Form 10-Q	Indenture Trustee
6		Significant Obligor of Pool Assets	
		Item 1112(b) - Significant Obligor Financial Information* *This information need only be reported on the Form 10-D for the distribution period in which updated information is required pursuant to the Item	
7		Significant Enhancement Provider Information	
		Item 1114(b)(2) - Credit Enhancement Provider Financial Information* Determining applicable disclosure threshold	N/A
		Obtaining required financial information or effecting incorporation by reference	N/A
		Item 1115(b) - Derivative Counterparty Financial Information* Determining current maximum probable exposure	[TBD]
		Determining current significance percentage	[TBD]
		Obtaining required financial information or effecting incorporation by reference	Depositor or Master Servicer
		*This information need only be reported on the Form 10-D for the distribution period in which updated information is required pursuant to the Items.	
8		Other Information	
		Disclose any information required to be reported on Form 8-K during the period covered by the Form 10-D but not reported	The Responsible Entity for the applicable Form 8-K item as indicated below
9		Exhibits	
		Distribution report	Indenture Trustee
		Exhibits required by Item 601 of Regulation S-K, such as material agreements	Depositor
8-K			
	1.01	Entry into a Material Definitive Agreement	
		Disclosure is required regarding entry into or amendment of any definitive agreement that is material to the securitization, even if depositor is not a party. Examples: servicing agreement, custodial agreement	Depositor

		Note: disclosure not required as to definitive agreements that are fully disclosed in the prospectus	
1.02		Termination of a Material Definitive Agreement	
		Disclosure is required regarding termination of any definitive agreement that is material to the securitization (other than expiration in accordance with its terms), even if depositor is not a party. Examples: servicing agreement, custodial agreement.	Depositor
1.03		Bankruptcy or Receivership	
		Disclosure is required regarding the bankruptcy or receivership, if known to the Depositor, Master Servicer or Indenture Trustee, with respect to any of the following: Sponsor (Seller), Depositor, Master Servicer, Indenture Trustee, Swap Provider, Cap Provider, Custodian	Depositor/Master Servicer/Indenture Trustee
2.04		Triggering Events that Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement	
		Includes an early amortization, performance trigger or other event, including event of default, that would materially alter the payment priority/distribution of cash flows/amortization schedule. Disclosure will be made of events other than waterfall triggers which are disclosed in the 4.05 statement	N/A
3.03		Material Modification to Rights of Security Holders	
		Disclosure is required of any material modification to documents defining the rights of Noteholders, including the Pooling and Servicing Agreement	Party requesting material modification
5.03		Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year	
		Disclosure is required of any amendment "to the governing documents of the issuing entity"	Depositor or Master Servicer
6.02		Change of Master Servicer, Servicer or Indenture Trustee	
		Requires disclosure of any removal, replacement, substitution or addition of any master servicer, affiliated servicer, other servicer servicing 10% or more of pool assets at time of report, other material servicers, certificate administrator or indenture trustee. Reg AB disclosure about any new servicer or indenture trustee is also required.	Indenture Trustee, Servicer or Master Servicer
6.03		Change in Credit Enhancement or Other External Support	
		Covers termination of any enhancement in manner other than by its terms, the addition of an enhancement, or a material change in the enhancement provided. Applies to external credit enhancements as well as derivatives. Reg AB disclosure about any new enhancement provider is also required.	Depositor or Master Servicer
6.04		Failure to Make a Required Payment	Indenture Trustee
6.05		Securities Act Updating Disclosure	
		If any material pool characteristic differs by 5% or more at the time of issuance of the securities from the description in the final prospectus, provide updated Reg AB disclosure about the actual asset pool.	Depositor or Master Servicer
		If there are any new servicers or originators required to be disclosed under Regulation AB as a result of the foregoing,	Depositor or Master Servicer

		provide the information called for in Items 1108 and 1110 respectively.	
	7.01	Regulation FD Disclosure	Depositor or Master Servicer
	8.01	Other Events	
		Any event, with respect to which information is not otherwise called for in Form 8-K, that the registrant deems of importance to security holders.	Depositor or Master Servicer
	9.01	Financial Statements and Exhibits	The Responsible Entity applicable to reportable event
10-K			
	9B	Other Information	
		Disclose any information required to be reported on Form 8-K during the fourth quarter covered by the Form 10-K but not reported	The Responsible Entity for the applicable Form 8-K item as indicated above
	15	Exhibits and Financial Statement Schedules	
		Item 1112(b) - Significant Obligor Financial Information	N/A
		Item 1114(b)(2) - Credit Enhancement Provider Financial Information	
		Determining applicable disclosure threshold	N/A
		Obtaining required financial information or effecting incorporation by reference	N/A
		Item 1115(b) - Derivative Counterparty	