

In the Matter of the Rehabilitation of:

Case No.: 10-CV-1576

Segregated Account of Ambac Assurance Corporation

**AFFIDAVIT OF CHARLES BREHM ON BEHALF OF WELLS FARGO BANK, N.A., IN ITS CAPACITY AS TRUSTEE AND IN SIMILAR CAPACITIES FOR CERTAIN RMBS TRUSTS AND AS INDENTURE TRUSTEE ON CERTAIN STUDENT LOAN BACKED SECURITIES TRANSACTIONS AND ON BEHALF OF THE CERTIFICATEHOLDERS AND NOTEHOLDERS FOR SUCH TRUSTS AND TRANSACTIONS**

STATE OF MARYLAND )  
 :SS  
COUNTY OF HOWARD )

Charles Brehm, being first duly sworn on oath, deposes and states as follows:

1. I am a Vice President and Default and Restructuring Account Manager in the Corporate Trust Services division at Wells Fargo Bank, N.A. I make this Affidavit in support of the Objection to the Plan of Rehabilitation of Wells Fargo Bank, N.A., in its capacity (i) (a) as Trustee for certain residential mortgage-backed securities (“RMBS”) trusts, and (b) and in such other capacities under other RMBS trusts as obligate Wells Fargo to submit Policy claims to AMBAC, receive Policy claim payments from AMBAC and otherwise perform administrative functions under any Policies issued by and/or insurance agreements entered into with AMBAC or under any other documents related to such Policies and insurance agreements, and in either case on behalf of the RMBS trusts' holders, and (ii) as Indenture Trustee (Wells Fargo as Indenture Trustee and as Trustee, collectively, the “Wells Fargo Trustee”) for certain student loan backed securities

("SLS") transactions and on behalf of the holders of the notes (such holders and the holders of the RMBS trusts, collectively, the "Holders") issued under such transactions (such SLS transactions and the RMBS trusts, collectively, the "Trusts"), to be filed in this action on November 8, 2010. The facts stated herein are based on my personal knowledge or reports from others with whom I work.

2. The Wells Fargo Trustee serves as trustee or in such other capacities as described above in paragraph 1 for certain holders of certificates in a number of residential mortgage-backed securitization ("RMBS") transactions and student loan ("SLS") securitization transactions, which holders (the "Insured Certificateholders") are ultimate beneficiaries of certain financial guaranty insurance policies (collectively, the "Policies," and each individually, a "Policy") issued by and insurance agreements entered into by Ambac Assurance Corporation ("Ambac"). The Policies, which are held and/or administered by the Wells Fargo Trustee for the benefit of the Insured Certificateholders, insure against certain losses incurred by, and/or allocated to, certificates held by the Insured Certificateholders.

3. The Wells Fargo Trustee serves as trustee for approximately thirty (30) RMBS transactions involving a Policy for which the Wells Fargo Trustee is the policyholder. The unpaid principal balance of the certificates covered by the Policies is approximately \$3.1 billion. In addition, the Wells Fargo Trustee serves in a capacity other than trustee for approximately 20 RMBS transactions where it performs in such capacity certain duties in respect of Ambac Policies (the RMBS transactions referred to

in this paragraph, collectively, the “RMBS Transactions,” and each individually, an “RMBS Transaction”).

4. The Wells Fargo Trustee also serves as trustee for approximately fifty-four (54) SLS transactions involving a Policy for which the Wells Fargo Trustee is the policyholder (collectively, the “SLS Transactions,” and each individually, an “SLS Transaction”). The unpaid principal balance of the certificates covered by the Policies is approximately \$2.5 billion.

5. Each RMBS and SLS Transaction is governed by a separate set of operative documents, which may include a pooling and servicing agreement, servicing agreements, a sale and servicing agreement, a trust agreement and/or an indenture and other related documents (the “Operative Documents”), delineating the rights and responsibilities of each of the parties to the transaction, including the trustee and the insurer. The RMBS and SLS Transactions usually also incorporate an insurance agreement, which further delineates the rights and responsibilities of the parties to the transaction vis-à-vis the Policy (together with the Operative Documents, the insurance agreement, and the Policy, the “Governing Documents”).

6. The role of the Wells Fargo Trustee varies from transaction to transaction, and a transaction’s Operative Documents do not always charge the named trustee with responsibility for making distributions to certificateholders. For example, the Pooling and Servicing Agreement for one RMBS Transaction in Wells Fargo’s portfolio, the Option One Mortgage Loan Trust 2007-FXD1 transaction (the “Option One PSA”), contemplates that the paying agent, not the “trustee,” could have responsibility for

making distributions to certificateholders. (See Option One PSA § 5.05.) (A true and correct copy of relevant portions of the Option One PSA is attached as **Exhibit A** hereto.)

While the paying agent can be, and currently is, the same entity as the trustee in the Option One Mortgage Loan Trust 2007-FXD1 transaction, that will not always be the case, nor will it necessarily be the case in all the RMBS or SLS Transactions that the Operative Documents assign the Wells Fargo Trustee responsibility for making distributions to Certificateholders or Noteholders, as applicable.

7. The Governing Documents require that Ambac pay all timely submitted claims within a finite period of time. This requirement ensures that the Wells Fargo Trustee or paying agent, as applicable, is able to pay, on the date scheduled for distributions for a given period (the "Distribution Date"), all amounts owed to Insured Certificateholders, including amounts that are the responsibility of Ambac to pay under the terms of the Policies. For example, the Policy for the Option One Mortgage Loan Trust 2007-FXD1 transaction obligates Ambac to pay claims on the later of "(a) one (1) Business Day following notification to Ambac of Nonpayment or (b) the Business Day on which the Insured Amounts are Due for Payment." (See Certificate Guaranty Insurance Policy for Option One Mortgage Loan Trust 2007-FXD1 Asset-Backed Certificates, Series 2007-FXD1 Class A, a true and correct copy of which is attached as **Exhibit B** hereto.)

8. I understand that, if the proposed Plan of Rehabilitation for Ambac were confirmed by the Court, Ambac would no longer be obligated to pay claims by the deadlines set in the Governing Documents of the RMBS and SLS Transactions. If

Ambac no longer had to pay claims on or before the Distribution Date on which Insured Certificateholders are entitled to receive claim payments from Ambac, the Wells Fargo Trustee would face difficult operational issues and Insured Certificates could be prejudiced.

9. For example, if Ambac did not pay a claim until after the Distribution Date that Ambac is required to pay such claim under the Governing Documents, the Wells Fargo Trustee would have to decide which “record date Insured Certificateholders” should be paid the Policy claim belatedly delivered by Ambac. The Governing Documents generally require that on any Distribution Date, Certificateholders of record as of the end of the immediately prior month are entitled to distributions. If Ambac delays payment of claims, it will be very difficult for the Wells Fargo Trustee to identify the Insured Certificateholders as of a record date one or more months in the past in order to make a distribution of a Policy claim to such Holders. If the Wells Fargo Trustee instead chose to deliver the late-paid Ambac Policy claim amount to Insured Certificateholders of record as of a different date, the prior record date Insured Certificateholders might argue that they have been prejudiced because, under the Governing Documents, the claims should have been paid on the earlier Distribution Date when the claim was made to Ambac.

10. Additionally, if Ambac did not pay a claim until after the Distribution Date corresponding to the submission of the claim, the timing delay creates significant administrative difficulties and economic expense for the Wells Fargo Trustee. For example, the Wells Fargo Trustee might have to restate any reports made as of the earlier

Distribution Date, which is a complicated and time-consuming process that will impose new burdens on the Wells Fargo Trustee. The Wells Fargo Trustee might also have to devote resources to explaining payment delays, reporting discrepancies and other matters to individual investors. These extra expenses and administrative duties are unexpected, unplanned for, and were not contracted for when Wells Fargo assumed its role under the RMBS and SLS Transactions.

11. I understand that the Plan contemplates that Ambac will deliver Surplus Notes to the Wells Fargo Trustee in lieu of a portion of the amount payable on Policy claims. The delivery of Surplus Notes to the Wells Fargo Trustee will present difficult operational issues. I understand that the Wells Fargo Trustee might have to facilitate the issuance of book-entry Surplus Notes through The Depository Trust Company (“DTC”) to participant holders of record at DTC. When it agreed to serve as trustee for the RMBS and SLS Transactions, the Wells Fargo Trustee (and other participants in the transactions) understood that the only consideration that would ever be delivered to investors was cash. The Wells Fargo Trustee’s procedures and protocols have thus been designed to handle distribution of cash consideration. If Ambac were permitted to deliver Surplus Notes instead of cash, the Wells Fargo Trustee would have to build a new operational process to handle the new consideration, which is time-consuming and will impose additional burden. To deliver the Surplus Notes, the Wells Fargo Trustee will be required to purchase a report from DTC and then contact individual investors to plan for the electronic delivery of the Surplus Notes. In addition, new reporting, reconciliation, oversight, quality control, staffing, documentation, compliance and audit procedures will

have to be developed, tested, implemented and managed. These operational and procedural challenges are exacerbated by the fact that the Surplus Note delivery process will entail significant manual effort on the part of individual employees, thereby increasing the chance for human error.

12. These new processes and procedures will necessarily impose significant burden and expense on the Wells Fargo Trustee. While it is difficult to quantify the expense associated with the devotion of additional human and information technology resources to the trust administration process for affected RMBS and SLS Transactions, the burden will be significant and necessitate the reallocation of institutional resources. The Wells Fargo Trustee anticipates incurring a number of hard, out-of-pocket expenses, including professional services fees (attorneys, accountants and consultants) and costs imposed by DTC. For example, for each delivery of Surplus Notes for a particular RMBS or SLS Transaction, the Wells Fargo Trustee will be required to purchase from DTC a securities position report identifying the holders of record of a class of Insured Certificates. I understand that DTC charges a fee on a per CUSIP basis for the securities position report, and each RMBS and SLS Transaction could involve numerous individual CUSIPs. The cost of obtaining this report on a regular basis is expected to be significant.

13. Under the terms of most Governing Documents, Ambac enjoys certain rights of subrogation and reimbursement for previously paid Policy Claims. Although the precise terms vary among the RMBS Transactions, on a given Distribution Date,

Ambac typically enjoys a priority right to be reimbursed for previously paid Policy claims before other Certificateholders get distributions


14. For example, the Option One PSA requires that, on each Distribution Date, Interest Collections be used to pay Reimbursement Amounts to Ambac in respect of amounts previously paid by Ambac in respect of Insured Certificates before any such amounts are paid to holders of certain subordinate certificates. (*See* Option One PSA § 4.01.)

15. In SLS transactions, Ambac's right to reimbursement for payments on principal-payment claims generally does not require that it be reimbursed in cash, but rather that it receive the insured note, or an interest in a portion thereof in an amount equal to the reimbursement amount. For example, the Indenture for the South Carolina Student Loan Corporation Student Loan Backed Notes provides in relevant part that “should [Noteholders] be entitled to receive full payment of principal from Ambac Assurance, they must surrender their Notes (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Notes to be registered in the name of Ambac Assurance) for payment to the Insurance Trustee, and not the Trustee or Paying Agent, if any, and [ ] that should they be entitled to receive partial payment of principal from Ambac Assurance, they must surrender their Notes for payment thereon first to the Trustee or Paying Agent, if any, who shall note on such Notes the portion of the principal paid by the Trustee or Paying Agent, if any, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of

principal." (Indenture § 1208(d), a true and correct copy of which is attached as Exhibit  
C hereto.)

  
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Charles Brehm

Subscribed and sworn to before me  
this 5<sup>th</sup> day of November, 2010

  
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Notary Public  
My commission expires on 8/21/2012

Colleen Perry  
Notary Public  
Baltimore County  
Maryland  
My Commission Expires 8-21-2012

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OPTION ONE MORTGAGE ACCEPTANCE CORPORATION,  
Depositor

OPTION ONE MORTGAGE CORPORATION,  
Servicer

and

WELLS FARGO BANK, N.A.,  
Trustee

POOLING AND SERVICING AGREEMENT

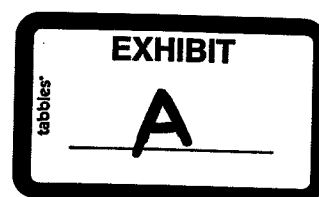
Dated as of January 1, 2007

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Option One Mortgage Loan Trust 2007-FXD1

Asset-Backed Certificates, Series 2007-FXD1

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following the date on which Definitive Certificates for a Floating Rate Certificate are available pursuant to Section 5.02, the Record Date for such Certificates shall be the Close of Business on the last Business Day of the calendar month preceding the month in which the related Distribution Date occurs.

“Relevant Servicing Criteria”: The Servicing Criteria applicable to the various parties, as set forth on Exhibit S attached hereto. For clarification purposes, multiple parties can have responsibility for the same Relevant Servicing Criteria.

“Reference Banks”: Those banks (i) with an established place of business in London, England, (ii) not controlling, under the control of or under common control with the Depositor, the Originator or the Servicer or any affiliate thereof and (iii) which have been designated as such by the Depositor; provided, however, that if fewer than two of such banks provide a LIBOR rate, then any leading banks selected by the Depositor which are engaged in transactions in United States dollar deposits in the international Eurocurrency market.

“Regular Certificate”: Any of the Class A Certificates, Class C Certificates or Class P Certificates.

“Regulation AB”: Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1123, as such may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission in the adopting release (Asset-Backed Securities, Securities Act Release No. 33-8518, 70 Fed. Reg. 1,506, 1,631 (Jan. 7, 2005)) or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

“Reimbursement Amount”: As to any Distribution Date, the sum of (x) (i) all Insured Payments paid by the Certificate Insurer, but for which the Certificate Insurer has not been reimbursed prior to such Distribution Date pursuant to Section 4.01, plus (ii) interest accrued on such Insured Payments not previously repaid, calculated at the Late Payment Rate from the date the Trustee received the related Insured Payments or the date such payments were made, and (y) without duplication (i) any other amounts then due and owing to the Certificate Insurer under the Insurance Agreement, as certified to the Trustee by the Certificate Insurer plus (ii) interest on such amounts at the Late Payment Rate.

“Relief Act”: The Servicemembers Civil Relief Act.

“Relief Act Interest Shortfall”: With respect to any Distribution Date, for any Mortgage Loan with respect to which there has been a reduction in the amount of interest collectible thereon for the most recently ended Due Period as a result of the application of the Relief Act or any similar state law, the amount by which (i) interest collectible on such Mortgage Loan during such Due Period is less than (ii) one month’s interest on the Stated Principal Balance of such Mortgage Loan at the Mortgage Rate for such Mortgage Loan before giving effect to the application of the Relief Act.

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

ARTICLE IV

FLOW OF FUNDS

SECTION 4.01. Distributions.

(a) (I) On each Distribution Date, the Trustee shall withdraw from the Distribution Account an amount equal to the Credit Risk Manager Fee for such Distribution Date and shall pay such amount to the Credit Risk Manager and, then, withdraw that portion of Available Funds for such Distribution Date consisting of the Group I Interest Remittance Amount for such Distribution Date, and make the following disbursements and transfers in the order of priority described below, in each case to the extent of the Group I Interest Remittance Amount remaining for such Distribution Date:

(i) to the Certificate Insurer, the amount owing to the Certificate Insurer under the Insurance Agreement for the Premium allocable to the Group I Certificates;

(ii) to the Class I-A-1 Certificates, the Monthly Interest Distributable Amount and the Unpaid Interest Shortfall Amount, if any, for the Class I-A-1 Certificates for such Distribution Date;

(iii) to the Certificate Insurer, the Reimbursement Amount owing to the Certificate Insurer allocable to the Group I Certificates;

(iv) concurrently, to each Class of Group II Certificates and Group III Certificates, on a *pro rata* basis based on the entitlement of each such Class, an amount equal to the excess, if any, of (x) the amount required to be distributed pursuant to Section 4.01(a)(II)(ii) or Section 4.01(a)(III)(ii) below for such Distribution Date over (y) the amount actually distributed pursuant to such section from the Group II Interest Remittance Amount or the Group III Interest Remittance Amount, respectively; and

(v) to the Certificate Insurer, the Reimbursement Amount owing to the Certificate Insurer allocable to the Group II Certificates and Group III Certificates and to the extent not paid pursuant to Section 4.01(a)(II) or Section 4.01(a)(III) below.

(II) On each Distribution Date the Trustee shall withdraw from the Distribution Account that portion of Available Funds for such Distribution Date consisting of the Group II Interest Remittance Amount for such Distribution Date, and make the following disbursements and transfers in the order of priority described below, in each case to the extent of the Group II Interest Remittance Amount remaining for such Distribution Date:

(i) to the Certificate Insurer, the amount owing to the Certificate Insurer under the Insurance Agreement for the Premium allocable to the Group II Certificates;

(ii) to the Class II-A-1 Certificates, the Monthly Interest Distributable Amount and the Unpaid Interest Shortfall Amount, if any, for the Class II-A-1 Certificates for such Distribution Date;

(iii) to the Certificate Insurer, the Reimbursement Amount owing to the Certificate Insurer allocable to the Group II Certificates;

(iv) concurrently, to each Class of Group I Certificates and Group III Certificates, on a *pro rata* basis based on the entitlement of each such Class, an amount equal to the excess, if any, of (x) the amount required to be distributed pursuant to Section 4.01(a)(I)(ii) above or Section 4.01(a)(III)(ii) below for such Distribution Date over (y) the amount actually distributed pursuant to such section from the Group I Interest Remittance Amount or the Group III Interest Remittance Amount, respectively; and

(v) to the Certificate Insurer, the Reimbursement Amount owing to the Certificate Insurer allocable to the Group I Certificates and Group III Certificates and to the extent not paid pursuant to Section 4.01(a)(I) above or Section 4.01(a)(III) below.

(III) On each Distribution Date the Trustee shall withdraw from the Distribution Account that portion of Available Funds for such Distribution Date consisting of the Group III Interest Remittance Amount for such Distribution Date, and make the following disbursements and transfers in the order of priority described below, in each case to the extent of the Group III Interest Remittance Amount remaining for such Distribution Date:

(i) to the Certificate Insurer, the amount owing to the Certificate Insurer under the Insurance Agreement for the Premium allocable to the Group III Certificates;

(ii) concurrently, to each Class of Group III Certificates, on a *pro rata* basis based on the entitlement of each such Class, the Monthly Interest Distributable Amount and the Unpaid Interest Shortfall Amount, if any, for each such Class of Certificates;

(iii) to the Certificate Insurer, the Reimbursement Amount owing to the Certificate Insurer allocable to the Group III Certificates;

(iv) concurrently, to each Class of Group I Certificates and Group II Certificates, on a *pro rata* basis based on the entitlement of each such Class, an amount equal to the excess, if any, of (x) the amount required to be distributed pursuant to Section 4.01(a)(I)(ii) or Section 4.01(a)(II)(ii) above for such Distribution Date over (y) the amount actually distributed pursuant to such section from the Group I Interest Remittance Amount or the Group II Interest Remittance Amount, respectively; and

(v) to the Certificate Insurer, the Reimbursement Amount owing to the Certificate Insurer allocable to the Group I Certificates and Group II Certificates and to the extent not paid pursuant to Section 4.01(a)(I) or Section 4.01(a)(II) above.

(b) (I) On each Distribution Date (a) prior to the Stepdown Date or (b) on which a Trigger Event is in effect, distributions in respect of principal to the extent of the Group I Principal Distribution Amount shall be made in the following amounts and order:

(i) to the Certificate Insurer, the amount owing to the Certificate Insurer under the Insurance Agreement for the Premium allocable to the Group I Certificates and to the extent not paid pursuant to Section 4.01(a) above;

(ii) to the Holders of the Class I-A-1 Certificates until the Certificate Principal Balance thereof has been reduced to zero;

(iii) after taking into account the amount distributed to the Group II Certificates pursuant to Section 4.01(b)(II)(ii) below and the amount distributed to the Group III Certificates pursuant to Section 4.01(b)(III)(ii) below on such Distribution Date, concurrently, to the Group II Certificates and the Group III Certificates (allocated as described below), on a *pro rata* basis based on the Certificate Principal Balance of each such Class until the Certificate Principal Balances thereof have been reduced to zero; and

(iv) to the Certificate Insurer, the Reimbursement Amount owing to the Certificate Insurer and to the extent not paid pursuant to Section 4.01(a) above.

(II) On each Distribution Date (a) prior to the Stepdown Date or (b) on which a Trigger Event is in effect, distributions in respect of principal to the extent of the Group II Principal Distribution Amount shall be made in the following amounts and order:

(i) to the Certificate Insurer, the amount owing to the Certificate Insurer under the Insurance Agreement for the Premium allocable to the Group II Certificates and to the extent not paid pursuant to Section 4.01(a) above;

(ii) to the Class II-A-1 Certificates until the Certificate Principal Balance thereof has been reduced to zero;

(iii) after taking into account the amount distributed to the Group I Certificates pursuant to Section 4.01(b)(I)(ii) above and the amount distributed to the Group III Certificates pursuant to Section 4.01(b)(III)(ii) below on such Distribution Date, concurrently, to the Group I Certificates and the Group III Certificates (allocated as described below), on a *pro rata* basis based on the Certificate Principal Balance of each such Class until the Certificate Principal Balances thereof have been reduced to zero; and

(iv) to the Certificate Insurer, the Reimbursement Amount owing to the Certificate Insurer and to the extent not paid pursuant to Section 4.01(a) above.

(III) On each Distribution Date (a) prior to the Stepdown Date or (b) on which a Trigger Event is in effect, distributions in respect of principal to the extent of the Group III Principal Distribution Amount shall be made in the following amounts and order:

(i) to the Certificate Insurer, the amount owing to the Certificate Insurer under the Insurance Agreement for the Premium allocable to the Group III Certificates and to the extent not paid pursuant to Section 4.01(a) above;

(ii) to the Group III Certificates (allocated as described below), until the Certificate Principal Balances thereof have been reduced to zero;

(iii) after taking into account the amount distributed to the Group I Certificates pursuant to Section 4.01(b)(I)(ii) above and the amount distributed to the Group II Certificates pursuant to Section 4.01(b)(II)(ii) above on such Distribution Date, concurrently, to the Group I Certificates and the Group II Certificates (allocated as described below), on a *pro rata* basis based on the Certificate Principal Balance of each such Class until the Certificate Principal Balances thereof have been reduced to zero; and

(iv) to the Certificate Insurer, the Reimbursement Amount owing to the Certificate Insurer and to the extent not paid pursuant to Section 4.01(a) above.

(c) (I) On each Distribution Date (a) on or after the Stepdown Date and (b) on which a Trigger Event is not in effect, distributions in respect of principal to the extent of the Group I Principal Distribution Amount shall be made in the following amounts and order:

(i) to the Certificate Insurer, the amount owing to the Certificate Insurer under the Insurance Agreement for the Premium allocable to the Group I Certificates and to the extent not paid pursuant to Section 4.01(a) above;

(ii) to the Class I-A-1 Certificates, the Group I Senior Principal Distribution Amount until the Certificate Principal Balance thereof has been reduced to zero;

(iii) to the Group II Certificates and Group III Certificates (allocated as described below), on a *pro rata* basis based on the aggregate Certificate Principal Balance of each such group of certificates, an amount equal to the excess, if any, of (x) the amount required to be distributed pursuant to Section 4.01(c)(II)(ii) or Section 4.01(c)(III)(ii) below for such Distribution Date over (y) the amount actually distributed pursuant to Section 4.01(c)(II)(ii) or Section 4.01(c)(III)(ii) below from the Group II Principal Distribution Amount or Group III Principal Distribution Amount, respectively, on such Distribution Date; and

(iv) to the Certificate Insurer, the Reimbursement Amount owing to the Certificate Insurer and to the extent not paid pursuant to Section 4.01(a) above.

(II) On each Distribution Date (a) on or after the Stepdown Date and (b) on which a Trigger Event is not in effect, distributions in respect of principal to the extent of the Group II Principal Distribution Amount shall be made in the following amounts and order:

(i) to the Certificate Insurer, the amount owing to the Certificate Insurer under the Insurance Agreement for the Premium allocable to the Group II Certificates and to the extent not paid pursuant to Section 4.01(a) above;

(ii) to the Class II-A-1 Certificates, the Group II Senior Principal Distribution Amount until the Certificate Principal Balance thereof has been reduced to zero;

(iii) to the Group I Certificates and Group III Certificates (allocated as described below), on a *pro rata* basis based on the aggregate Certificate Principal Balance of each such group of certificates, an amount equal to the excess, if any, of (x) the amount required to be distributed pursuant to Section 4.01(c)(I)(ii) above or Section

4.01(c)(III)(ii) below for such Distribution Date over (y) the amount actually distributed pursuant to Section 4.01(c)(I)(ii) above or Section 4.01(c)(III)(ii) below from the Group I Principal Distribution Amount or Group III Principal Distribution Amount, respectively, on such Distribution Date; and

(iv) to the Certificate Insurer, the Reimbursement Amount owing to the Certificate Insurer and to the extent not paid pursuant to Section 4.01(a) above.

(III) On each Distribution Date (a) on or after the Stepdown Date and (b) on which a Trigger Event is not in effect, distributions in respect of principal to the extent of the Group III Principal Distribution Amount shall be made in the following amounts and order:

(i) to the Certificate Insurer, the amount owing to the Certificate Insurer under the Insurance Agreement for the Premium allocable to the Group III Certificates and to the extent not paid pursuant to Section 4.01(a) above;

(ii) to the Group III Certificates (allocated as described below), the Group III Senior Principal Distribution Amount until the Certificate Principal Balances thereof have been reduced to zero;

(iii) to the Group I Certificates and Group II Certificates, on a *pro rata* basis based on the aggregate Certificate Principal Balance of each such group of certificates, an amount equal to the excess, if any, of (x) the amount required to be distributed pursuant to Section 4.01(c)(I)(ii) or Section 4.01(c)(II)(ii) above for such Distribution Date over (y) the amount actually distributed pursuant to Section 4.01(c)(I)(ii) or Section 4.01(c)(II)(ii) above from the Group I Principal Distribution Amount or Group II Principal Distribution Amount, respectively, on such Distribution Date; and

(iv) to the Certificate Insurer, the Reimbursement Amount owing to the Certificate Insurer and to the extent not paid pursuant to Section 4.01(a) above.

With respect to the Group III Certificates, all principal distributions will be distributed first to the Class III-A-6 Certificates, the Lockout Distribution Amount, until the Certificate Principal Balance has been reduced to zero, and then, sequentially, to the Class III-A-1, Class III-A-2, Class III-A-3, Class III-A-4, Class III-A-5 and Class III-A-6 Certificates, in that order, until the Certificate Principal Balance of each such Class of Certificates has been reduced to zero.

(d) On each Distribution Date, the Net Monthly Excess Cashflow shall be distributed as follows:

(i) to the Class or Classes of Certificates then entitled to receive distributions in respect of principal, in an amount equal to any Extra Principal Distribution Amount, distributable to such Holders as part of the Group I Principal Distribution Amount, Group II Principal Distribution Amount and/or the Group III Principal Distribution Amount as described under Section 4.01(b) and Section 4.01(c) above;

(ii) to the Net WAC Rate Carryover Reserve Account, the amount of any Net WAC Rate Carryover Amounts on the Class A Certificates for such Distribution Date;

(iii) to the Swap Provider, any Swap Termination Payments resulting from a Swap Provider Trigger Event;

(iv) to the Holders of the Class C Certificates, (a) the Monthly Interest Distributable Amount and any remaining Overcollateralization Release Amount for such Distribution Date and (b) on any Distribution Date on which the Certificate Principal Balances of the Class A Certificates have been reduced to zero, any remaining amounts in reduction of the Certificate Principal Balance of the Class C Certificates, until the Certificate Principal Balance thereof has been reduced to zero;

(v) if such Distribution Date follows the Prepayment Period during which occurs the latest date on which a Prepayment Charge may be required to be paid in respect of any Mortgage Loans, to the Holders of the Class P Certificates, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance thereof is reduced to zero; and

(vi) any remaining amounts to the Holders of the Residual Certificates (in respect of the appropriate Class R Interest).

On each Distribution Date, all amounts representing Prepayment Charges in respect of the Mortgage Loans received during the related Prepayment Period and any Servicer Prepayment Charge Amounts paid by the Servicer during the related Prepayment Period will be withdrawn from the Distribution Account and distributed by the Trustee to the Holders of the Class P Certificates and shall not be available for distribution to the Holders of any other Class of Certificates. The payment of the foregoing amounts to the Holders of the Class P Certificates shall not reduce the Certificate Principal Balances thereof.

(e) On each Distribution Date, after making the distributions of the Available Funds as set forth above, the Trustee will *first*, withdraw from the Net WAC Rate Carryover Reserve Account all income from the investment of funds in the Net WAC Rate Carryover Reserve Account and distribute such amount to the Holders of the Class C Certificates, and *second*, withdraw from the Net WAC Rate Carryover Reserve Account, to the extent of amounts remaining on deposit therein, the amount of any Net WAC Rate Carryover Amount for such Distribution Date and distribute such amounts, concurrently, to each Class of Class A Certificates, *pro rata* based on the related Net WAC Rate Carryover Amount for each such Class.

(f) On or before each Distribution Date, Net Swap Payments (whether payable to the Swap Provider or to the Supplemental Interest Trust Trustee), any Swap Termination Payment owed to the Swap Provider not resulting from a Swap Provider Trigger Event pursuant to the Swap Agreement and any Swap Termination Payments owed to the Supplemental Interest Trust Trustee will be deposited by the Supplemental Interest Trust Trustee into the Swap Account. On each Distribution Date and prior to any distribution to any Certificate, the Swap Administrator shall withdraw and distribute from amounts on deposit in the

Swap Account (other than amounts representing Swap Termination Payments received by the Supplemental Interest Trust Trustee) the following amounts:

- (i) to the Swap Provider, any Net Swap Payment owed to the Swap Provider pursuant to the Interest Rate Swap Agreement for such Distribution Date; and
- (ii) to the Swap Provider, any Swap Termination Payment owed to the Swap Provider not due to a Swap Provider Trigger Event pursuant to the Interest Rate Swap Agreement and to the extent not paid by the Supplemental Interest Trust Trustee from any upfront payment received pursuant to any replacement interest rate swap agreement..

On each Distribution Date, after making the distributions of the Available Funds, Net Monthly Excess Cashflow and amounts on deposit in the Net WAC Rate Carryover Reserve Account as set forth above, the Trustee, in its capacity as Supplemental Interest Trust Trustee, shall distribute the amount on deposit in the Swap Account as follows:

- (i) to the Class III-A-1 Certificates, the related Monthly Interest Distributable Amount and Unpaid Interest Shortfall Amount remaining;
- (ii) to the Certificate Insurer, any remaining amounts owed to the Certificate Insurer under the Insurance Agreement or this Agreement or as reimbursement for prior draws made on the Policy, with interest thereon at the Late Payment Rate;
- (iii) to the Class or Classes of Certificates then entitled to receive distributions in respect of principal, in an amount equal to the difference between (x) the Overcollateralization Deficiency Amount, if any, and (y) the amount distributed pursuant to Section 4.01(d)(i) of this Agreement; and
- (iv) to the Class III-A-1 Certificates, the related Net WAC Rate Carryover Amount remaining undistributed.

Notwithstanding any of the foregoing, the aggregate amount distributed under clause (iii) above on such Distribution Date, when added to the cumulative amount distributed under clause (iii) above on all prior Distribution Dates, will not be permitted to exceed the cumulative amount of Realized Losses incurred on the Mortgage Loans since the Cut-off Date through the last day of the related Prepayment Period (reduced by the aggregate amount of Subsequent Recoveries received since the Cut-off Date through the last day of the related Prepayment Period). Any amounts that would otherwise be distributable from the Supplemental Interest Trust on any Distribution Date under clause (iii) above, but for the foregoing proviso, will be retained in the Supplemental Interest Trust and will be included in amounts available for distribution from the Supplemental Interest Trust on the next succeeding Distribution Date, subject to the foregoing proviso in the case of amounts to be distributed under clause (iii) above.

(g) Method of Distribution. The Trustee shall make distributions in respect of a Distribution Date to each Certificateholder of record on the related Record Date (other than as provided in Section 10.01 respecting the final distribution), in the case of Certificateholders of the Regular Certificates, by check or money order mailed to such Certificateholder at the address appearing in the Certificate Register, or by wire transfer. Distributions among Certificateholders

shall be made in proportion to the Percentage Interests evidenced by the Certificates held by such Certificateholders.

(h) Distributions on Book-Entry Certificates. Each distribution with respect to a Book-Entry Certificate shall be paid to the Depository, which shall credit the amount of such distribution to the accounts of its Depository Participants in accordance with its normal procedures. Each Depository Participant shall be responsible for disbursing such distribution to the Certificate Owners that it represents and to each indirect participating brokerage firm (a "brokerage firm" or "indirect participating firm") for which it acts as agent. Each brokerage firm shall be responsible for disbursing funds to the Certificate Owners that it represents. All such credits and disbursements with respect to a Book-Entry Certificate are to be made by the Depository and the Depository Participants in accordance with the provisions of the Certificates. None of the Trustee, the Depositor, the Servicer or the Originator shall have any responsibility therefor except as otherwise provided by applicable law.

(i) Subsequent Recoveries. On each Distribution Date, following all distributions on the Certificates pursuant to Section 4.01, an amount equal to the amount of Subsequent Recoveries deposited into the Collection Account pursuant to Section 3.10 and included in the Available Funds for such Distribution.

(j) Distribution of Insured Payments. With respect to any Distribution Date, in the event of an Insured Payment, the Trustee shall make such payments from the amount drawn under the Policy for the purposes specified in the Policy. The Certificate Insurer shall be deemed to be the assignee of the Holders of the Class A Certificates to the extent of any amount of Insured Payments disbursed by the Trustee from proceeds of the Policy and to such extent, shall be the subrogee of each such Holder of such Certificates; provided, however, that any such right of subrogation inuring to the Certificate Insurer hereunder or otherwise shall be and is subordinated to the rights under this Agreement of the Holders of such Certificates and in accordance with Section 4.02.

(k) It is the intention of all of the parties hereto that the Class C Certificates receive all principal and interest received by the Trust on the Mortgage Loans that is not otherwise distributable to any other Class of Regular Certificates or REMIC Regular Interests. If the Trustee determines that the Residual Certificates are entitled to any distributions, the Trustee, prior to any such distribution to any Residual Certificate, shall notify the Depositor of such impending distribution. Upon such notification, the Depositor will request an amendment to the Pooling and Servicing Agreement to revise such mistake in the distribution provisions. The Residual Certificate Holders, by acceptance of their Certificates, and the Servicer(s) hereby agree and no further consent shall be necessary, notwithstanding anything to the contrary in Section 11.01 of the Pooling and Servicing Agreement.

#### SECTION 4.02. The Policy.

(a) If the Trustee determines that an Insured Amount to be covered by the Policy will exist for the related Distribution Date, the Trustee shall complete the notice in the form of Exhibit A to the Policy (the "Notice") and submit such Notice in accordance with the Policy to the Certificate Insurer no later than 12:00 P.M., New York City time, on the second

(f) No service charge shall be made for any registration of transfer or exchange of Certificates of any Class, but 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.

All Certificates surrendered for registration of transfer or exchange shall be canceled by the Certificate Registrar and disposed of pursuant to its standard procedures.

SECTION 5.03. Mutilated, Destroyed, Lost or Stolen Certificates.

If (i) any mutilated Certificate is surrendered to the Certificate Registrar or the Certificate Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Certificate and (ii) there is delivered to the Trustee, the Depositor, the Certificate Insurer, the NIMS Insurer and the Certificate Registrar such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Trustee or the Certificate Registrar that such Certificate has been acquired by a bona fide purchaser, the Trustee shall execute on behalf of the Trust, 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. Upon the issuance of any new Certificate under this Section, the Trustee or the Certificate Registrar may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee and the Certificate Registrar) in connection therewith. Any duplicate Certificate issued pursuant to this Section, shall constitute complete and indefeasible evidence of ownership in the Trust, as if originally issued, whether or not the lost, stolen or destroyed Certificate shall be found at any time.

SECTION 5.04. Persons Deemed Owners.

The Servicer, the Depositor, the Trustee, the Certificate Insurer, the NIMS Insurer, the Certificate Registrar, any Paying Agent and any agent of the Servicer, the Depositor, the Trustee, the Certificate Insurer, the NIMS Insurer, the Certificate Registrar, any Paying Agent or the Trustee may treat the Person, including a Depository, in whose name any Certificate is registered as the owner of such Certificate for the purpose of receiving distributions pursuant to Section 4.01 and for all other purposes whatsoever, and none of the Servicer, the Trust, the Certificate Insurer, the Trustee nor any agent of any of them shall be affected by notice to the contrary.

SECTION 5.05. Appointment of Paying Agent.

(a) The Paying Agent shall make distributions to Certificateholders from the Distribution Account pursuant to Section 4.01 and shall report the amounts of such distributions to the Trustee. The duties of the Paying Agent may include the obligation (i) to withdraw funds from the Collection Account pursuant to Section 3.11(a) and for the purpose of making the distributions referred to above and (ii) to distribute statements and provide information to Certificateholders as required hereunder. The Paying Agent hereunder shall at all times be an entity duly incorporated and validly existing under the laws of the United States of America or any state thereof, authorized under such laws to exercise corporate trust powers and subject to supervision or examination by federal or state authorities. The Paying Agent shall initially be the

Trustee. The Trustee may appoint a successor to act as Paying Agent, which appointment shall be reasonably satisfactory to the Depositor, the Certificate Insurer and the NIMS Insurer.

(b) The Trustee shall cause the Paying Agent (if other than the Trustee) to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee that such Paying Agent shall hold all sums, if any, held by it for payment to the Certificateholders in trust for the benefit of the Certificateholders entitled thereto until such sums shall be paid to such Certificateholders and shall agree that it shall comply with all requirements of the Code regarding the withholding of payments in respect of Federal income taxes due from Certificate Owners and otherwise comply with the provisions of this Agreement applicable to it.

## ARTICLE VIII

### THE TRUSTEE

#### SECTION 8.01. Duties of Trustee.

The Trustee, prior to the occurrence of a Servicer Event of Termination and after the curing of all Servicer Events of Termination which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Agreement. If a Servicer Event of Termination has occurred (which has not been cured) of which a Responsible Officer has knowledge, the Trustee shall exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee, upon receipt of all resolutions, certificates, statements, opinions, reports, documents, orders or other instruments furnished to the Trustee which are specifically required to be furnished pursuant to any provision of this Agreement, shall examine them to determine whether they conform to the requirements of this Agreement; provided, however, that the Trustee will not be responsible for the accuracy or content of any such resolutions, certificates, statements, opinions, reports, documents or other instruments. If any such instrument is found not to conform to the requirements of this Agreement in a material manner the Trustee shall take such action as it deems appropriate to have the instrument corrected, and if the instrument is not corrected to the Trustee's satisfaction, the Trustee will provide notice thereof to the Certificateholders, the Certificate Insurer and the NIMS Insurer.

No provision of this Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own misconduct; provided, however, that:

(i) prior to the occurrence of a Servicer Event of Termination, and after the curing of all such Servicer Events of Termination which may have occurred, the duties and obligations of the Trustee shall be determined solely by the express provisions of this Agreement, the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, no implied covenants or obligations shall be read into this Agreement against the Trustee and, in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Agreement;

(ii) the Trustee shall not be personally liable for an error of judgment made in good faith by a Responsible Officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining or investigating the facts related thereto;

(iii) the Trustee shall not be personally liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the Certificate Insurer, the NIMS Insurer or the Majority Certificateholders relating to the time, method and place of conducting any proceeding for any remedy available to the

Trustee, or exercising or omitting to exercise any trust or power conferred upon the Trustee, under this Agreement; and

(iv) the Trustee shall not be charged with knowledge of any failure by the Servicer to comply with the obligations of the Servicer referred to in clauses (i) and (ii) of Section 7.01(a) unless a Responsible Officer of the Trustee at the Corporate Trust Office obtains actual knowledge of such failure or the Trustee receives written notice of such failure from the Servicer, the Certificate Insurer, the NIMS Insurer or the Majority Certificateholders.

The Trustee shall not be required 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 there is reasonable ground for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it, and none of the provisions contained in this Agreement shall in any event require the Trustee to perform, or be responsible for the manner of performance of, any of the obligations of the Servicer under this Agreement, except during such time, if any, as the Trustee shall be the successor to, and be vested with the rights, duties, powers and privileges of, the Servicer in accordance with the terms of this Agreement.

SECTION 8.02. Certain Matters Affecting the Trustee.

Except as otherwise provided in Section 8.01:

(a) (i) the Trustee may request and rely upon, and shall be protected in acting or refraining from acting upon, any resolution, Officers' Certificate, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, appraisal, bond or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties, and the manner of obtaining consents and of evidencing the authorization of the execution thereof by Certificateholders shall be subject to such reasonable regulations as the Trustee may prescribe;

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

(iii) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement, or to institute, conduct or defend any litigation hereunder or in relation hereto, at the request, order or direction of any of the Certificateholders, the Certificate Insurer or the NIMS Insurer, pursuant to the provisions of this Agreement, unless such Certificateholders, the Certificate Insurer or the NIMS Insurer, as applicable, shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby; the right of the Trustee to perform any discretionary act enumerated in this Agreement shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct in the performance of any such act;

# Ambac

## Certificate Guaranty Insurance Policy

Ambac Assurance Corporation  
One State Street Plaza, 15th Floor  
New York, New York 10004  
Telephone: (212) 668-0340

**Insured Obligations:**

Option One Mortgage Loan Trust 2007-FXD1  
Asset-Backed Certificates, Series 2007-FXD1  
Class A

**Policy Number:** AB1060BE

**Premium:**

As specified in the endorsement  
attached hereto and made a part  
hereof.

**Ambac Assurance Corporation (Ambac)**, a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees unconditionally and irrevocably to pay to the Trustee for the benefit of the Holders of the Insured Obligations, that portion of the Insured Amounts which shall become Due for Payment but shall be unpaid by reason of Nonpayment.

Ambac will make such payments to the Trustee from its own funds on the later of (a) one (1) Business Day following notification to Ambac of Nonpayment or (b) the Business Day on which the Insured Amounts are Due for Payment. Such payments of principal or interest shall be made only upon presentation of an instrument of assignment in form and substance satisfactory to Ambac, transferring to Ambac all rights under such Insured Obligations to receive the principal of and interest on the Insured Obligation. Ambac shall be subrogated to all the Holders' rights to payment on the Insured Obligations to the extent of the insurance disbursements so made. Once payments of the Insured Amounts have been made to the Trustee, Ambac shall have no further obligation hereunder in respect of such Insured Amounts.

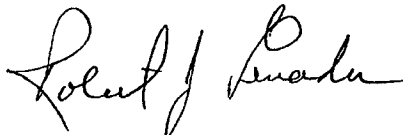
In the event the Trustee for the Insured Obligations has notice that any payment of principal or interest on an Insured Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Trustee has been deemed a preferential transfer and theretofore recovered from its Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

This Policy is noncancelable by Ambac for any reason, including failure to receive payment of any premium due hereunder. The premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Insured Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment, including failure of the Trustee to make any payment due Holders of Insured Amounts.

To the fullest extent permitted by applicable law, Ambac hereby waives and agrees not to assert any and all rights and defenses, to the extent such rights and defenses may be available to Ambac, to avoid payment of its obligations under this Policy in accordance with the express provisions hereof.

Any capitalized terms not defined herein shall have the meaning given such terms in the endorsement attached hereto or in the Agreement.

In witness whereof, Ambac has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as their original signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.



President



Secretary



Authorized Representative

Effective Date: January 31, 2007



A GENERAL RESOLUTION

PROVIDING FOR THE ISSUANCE AND SALE OF SOUTH CAROLINA STUDENT  
LOAN CORPORATION STUDENT LOAN BACKED NOTES AND OTHER  
MATTERS RELATING THERETO.

Effective November 9, 2004

(Conformed with amendments through October 24, 2006)



only, together with interest accrued to the Redemption Date, and that from and after such Redemption Date interest thereon shall cease to accrue and be payable. Such notice shall however state that it is a conditional notice and that the redemption shall be cancelled if moneys are not available on the Redemption Date as provided in Section 1106. Unless otherwise directed in an applicable Series Resolution, the Trustee shall mail a copy of such notice, postage prepaid, not less than 15 nor more than 30 days before the Redemption Date to the Noteholders of any Notes or portions of Notes which are to be redeemed, at their last addresses, appearing upon the registry books, to Ambac Assurance and to each Rating Agency, but failure to so mail any such notice to a given Noteholder shall not affect the validity of the proceedings for the redemption of Notes to other Noteholders.

Section 1106. Payment of Redeemed Notes. Notice having been given in the manner provided in Section 1105, the Notes or portions thereof so called for redemption shall become due and payable on the Redemption Date so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date, and, upon presentation and surrender thereof at the office specified in such notice, together with, a written instrument of transfer duly executed by the Noteholder or his duly authorized attorney, such Notes, or portion thereof shall be paid at the Redemption Price plus interest accrued and unpaid to the Redemption Date. If there shall be drawn for redemption less than all of a Note, the Corporation shall execute and the Trustee shall authenticate and the Paying Agent deliver, upon the surrender of such Note, without charge to the Noteholder thereof, for the unredeemed balance of the principal amount of the Note so surrendered at the option of the Noteholder thereof, Notes of like Class and Series, interest rate and maturity in any Authorized Denomination. If, on the Redemption Date, moneys for the redemption of all the Notes (or portions thereof) to be redeemed, together with interest to the Redemption Date, shall be held by any Paying Agent so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Redemption Date interest on the Notes or portions thereof so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the Redemption Date, the redemption shall be cancelled and such Notes or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

## ARTICLE XII

### FINANCIAL GUARANTY INSURANCE

Section 1201. Ambac Assurance Control. Notwithstanding anything else in the Resolution to the contrary, for so long as a Policy is in effect and Ambac Assurance is in compliance thereunder, the remaining provisions of this Article XII apply.

Section 1202. Consent of Ambac Assurance. Any provision of this Resolution expressly recognizing or granting rights in or to Ambac Assurance may not be amended in any manner which affects the rights of Ambac Assurance hereunder without the prior written consent of Ambac Assurance if no Insurer Default has occurred. Ambac Assurance reserves the right to charge the Corporation a fee for any consent or amendment to this Resolution while any Policy is outstanding.

Section 1203. Consent of Ambac Assurance in Lieu of Noteholder Consent. Unless otherwise provided in this Section, Ambac Assurance's (if no Insurer Default has occurred) consent shall be required in lieu of Noteholder consent, when required, for the following purposes: (i) execution and delivery of any supplemental resolution or any amendment, supplement or change to or modification of this Resolution; (ii) removal of the Trustee or Paying Agent and selection and appointment of any successor trustee or paying

agent; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Noteholder consent all as provided in Article VIII herein..

Section 1204. Consent of Ambac Assurance in the Event of Insolvency. Any reorganization or liquidation plan with respect to the Corporation must be acceptable to Ambac Assurance. In the event of any reorganization or liquidation, Ambac Assurance shall have the right to vote on behalf of all Noteholders who hold Ambac Assurance-insured Notes absent a default by Ambac Assurance under the applicable Policy insuring such Notes.

Section 1205. Consent of Ambac Assurance Upon Default. Anything in this Resolution to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as defined herein if no Insurer Default has occurred, Ambac Assurance shall be entitled to control and direct the enforcement of all rights and remedies granted to the Noteholders or the Trustee for the benefit of the Noteholders under this Resolution all as provided in Article IX herein.

Section 1206. Notices to be Sent to the General Counsel Office of Ambac Assurance. The Trustee or the Corporation (as appropriate) shall notify Ambac Assurance of any failure of the Corporation to provide relevant notices, certificates, or other information required by this Resolution. Notwithstanding any other provision of this Resolution, the Trustee or Corporation (as appropriate) shall immediately notify Ambac Assurance if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default hereunder.

Section 1207. Other Information to be Given to Ambac Assurance. Ambac Assurance shall be entitled to discuss the affairs, finances and accounts of the Corporation or any information Ambac Assurance may reasonably request regarding the security for the Notes with appropriate officers of the Corporation. The Trustee or the Corporation (as appropriate) will permit Ambac Assurance to have access to and to make copies of all books and records relating to the Notes at any reasonable time.

Section 1208. Payment Procedure. As long as any Policies for Notes shall be in full force and effect, the Corporation, the Trustee and any Paying Agent agree to comply with the following provisions:

(a) At least one (1) day prior to all Interest Payment Dates, the Trustee or Paying Agent, if any, will determine whether there will be sufficient funds in the Funds and Accounts to pay the principal of or interest on the Notes on such Interest Payment Date. If the Trustee or Paying Agent, if any, determines that there will be insufficient funds in such Funds or Accounts, the Trustee or Paying Agent, if any, shall so notify Ambac Assurance. Such notice shall specify the amount of the anticipated deficiency, the Notes to which such deficiency is applicable and whether such Notes will be deficient as to principal or interest, or both. If the Trustee or Paying Agent, if any, has not so notified Ambac Assurance at least one (1) day prior to an Interest Payment Date, Ambac Assurance will make payments of principal or interest due on the Notes on or before the first day next following the date on which Ambac Assurance shall have received notice of nonpayment from the Trustee or Paying Agent, if any.

(b) The Trustee or Paying Agent, if any, shall, after giving notice to Ambac Assurance as provided in (a) above, make available to Ambac Assurance and, at Ambac Assurance's direction, to The Bank of New York, in New York, New York, as insurance trustee for Ambac Assurance or any successor insurance trustee (the "Insurance Trustee"), the registration books of the Corporation maintained by the Trustee or Paying Agent, if any, and all records relating to the Funds and Accounts maintained under this Resolution.

(c) The Trustee or Paying Agent, if any, shall provide Ambac Assurance and the Insurance Trustee with a list of Noteholders of Notes entitled to receive principal or interest payments from Ambac Assurance under the terms of the applicable Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the Noteholders of Notes entitled to receive full or partial interest payments from Ambac Assurance, and (ii) to pay principal upon Notes surrendered to the Insurance Trustee by the Noteholders of Notes entitled to receive full or partial principal payments from Ambac Assurance.

(d) The Trustee or Paying Agent, if any, shall, at the time it provides notice to Ambac Assurance pursuant to (a) above, notify Noteholders of Notes entitled to receive the payment of principal or interest thereon from Ambac Assurance (i) as to the fact of such entitlement, (ii) that Ambac Assurance will remit to them all or a part of the interest payments next coming due upon proof of Noteholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the Noteholder's right to payment, (iii) that should they be entitled to receive full payment of principal from Ambac Assurance, they must surrender their Notes (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Notes to be registered in the name of Ambac Assurance) for payment to the Insurance Trustee, and not the Trustee or Paying Agent, if any, and (iv) that should they be entitled to receive partial payment of principal from Ambac Assurance, they must surrender their Notes for payment thereon first to the Trustee or Paying Agent, if any, who shall note on such Notes the portion of the principal paid by the Trustee or Paying Agent, if any, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Trustee or Paying Agent, if any, has notice that any payment of principal or interest on a Note which has become due for payment and which is made to a Noteholder by or on behalf of the Corporation has been deemed a preferential transfer and theretofore recovered from its Noteholder pursuant to the United States Bankruptcy Code by a trustee in Bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee or Paying Agent, if any, shall, at the time Ambac Assurance is notified pursuant to (a) above, notify all Noteholders that in the event that any Noteholder's payment is so recovered, such Noteholder will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee or Paying Agent, if any, shall furnish to Ambac Assurance its records evidencing the payments of principal and interest on the Notes which have been made by the Trustee or Paying Agent, if any, and subsequently recovered from Noteholders and the dates on which such payments were made.

(f) In addition to those rights granted Ambac Assurance under this Resolution, Ambac Assurance shall, to the extent it makes payment of principal or interest on the Notes, become subrogated to the rights of the recipients of such payments in accordance with the terms of any Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee or Paying Agent, if any, shall note Ambac Assurance's rights as subrogee on the registration books of the Corporation maintained by the Trustee or Paying Agent, if any, upon receipt from Ambac Assurance of proof of the payment of interest thereon to the Noteholders of the Notes, and (ii) in the case of subrogation as to claims for past due principal, the Trustee or Paying Agent, if any, shall note Ambac Assurance's rights as subrogee on the registration books of the Corporation maintained by the Trustee or Paying Agent, if any, upon surrender of the Notes by the Noteholders thereof together with proof of the payment of principal thereof.

**The 2006-A Series Resolution amended Section 1208 by adding the following paragraph:**

(g) The Corporation hereby covenants and agrees that it shall reimburse Ambac Assurance, but solely from Pledged Assets, for any amounts paid under the Policies and all costs of collection thereof and enforcement of this Resolution and any other documents executed in connection with the Resolution, together with interest thereon, from the date paid or incurred by Ambac Assurance until payment thereof in full by the Corporation, payable at the Late Payment Rate, including without limitation (to the extent permitted by applicable law) interest on claims paid by Ambac Assurance in respect of interest on the Notes. Such payment obligation shall be payable on demand, but solely from Pledged Assets, and on a parity with, and from the same sources and secured by the same security as, regularly scheduled principal and interest payments in respect of the Notes. There should be no implication here or elsewhere in this Resolution that the Corporation shall be obligated to make any payments or reimbursements to Ambac Assurance except from Pledged Assets.

Section 1209. Trustee Related Provisions. (a) The Trustee (or Paying Agent) may be removed at any time, at the request of Ambac Assurance, for any material breach of its obligations and/or duties set forth in this Resolution.

(b) Ambac Assurance shall receive prior written notice of any Trustee (or Paying Agent) resignation.

(c) Every successor Trustee appointed pursuant to this Section shall be a trust company or Corporation in good standing located in or authorized to do business in the State, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$100,000,000 and acceptable to Ambac Assurance. Any successor Paying Agent, if applicable, shall not be appointed unless Ambac Assurance approves such successor in writing.

(d) Notwithstanding any other provision of this Resolution in determining whether the rights of the Noteholders will be adversely affected by any action taken pursuant to the terms and provisions of this Resolution, the Trustee (or Paying Agent) shall consider the effect on the Noteholders as if there were no Policies.

(e) Notwithstanding any other provision of this Resolution, no removal, resignation or termination of the Trustee (or Paying Agent) shall take effect until a successor, acceptable to Ambac Assurance, shall be appointed.

Section 1210. Interested Parties. (a) To the extent that this Resolution confers upon or gives or grants to Ambac Assurance any right, remedy or claim under or by reason of this Resolution, Ambac Assurance is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

(b) Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Corporation, the Trustee, Ambac Assurance, the Paying Agent (if any) and the Noteholders of the Notes, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Resolution contained by and on behalf of the Corporation shall be for the sole and exclusive benefit of the Corporation, the Trustee, Ambac Assurance, the Paying Agent (if any) and the Noteholders of the Notes.