

MORTGAGE PARTNERSHIP FINANCE[®] PROGRAM

PFI SERVICING SALE AGREEMENT

THIS PFI SERVICING SALE AGREEMENT (the "PFI Sale Agreement" or the "Agreement") dated as of the ___ day of _____, 200_, is entered into by COLONIAL SAVINGS, F.A. ("Colonial"), a federal savings association organized and existing under the laws of the United States, **[INSERT LEGAL NAME OF SELLING PFI]** (the "Selling PFI"), **[INSERT TYPE OF ORGANIZATION, such as: a national banking association]** organized and existing under the laws of **[INSERT THE JURISDICTION, such as: the state of Illinois, or the United States]**, the FEDERAL HOME LOAN BANK OF **[INSERT NAME OF MPF BANK]** (the "Owner Bank") and the FEDERAL HOME LOAN BANK OF CHICAGO as MPF Provider (the "MPF Provider"), the Owner Bank and the MPF Provider each a corporation organized and existing under the laws of the United States. In addition, by signing the MPF Bank Servicing Sale Agreement with Colonial, the Owner Bank and the MPF Provider (the "MPF Bank Sale Agreement"), the Federal Home Loan Bank of Dallas ("FHLB Dallas") has consented to this Agreement (the Owner Bank and FHLB Dallas sometimes together referred to as the "MPF Banks"; and Colonial and the Selling PFI sometimes together referred to as the "PFIs").

I. GENERAL INFORMATION

This article contains important basic information about this PFI Sale Agreement.

1.1. Purpose of Agreement. The purpose of this Agreement is:

(a) To provide the terms and conditions for the transfer to Colonial from the Selling PFI of all servicing rights and responsibilities related to the MPF[®] Mortgages delivered to the Owner Bank by the Selling PFI under one or more conventional Concurrent Sale Master Commitments (the "Concurrent Sale MCs") for which the Selling PFI is the Originator and Colonial is the Servicer; and

(b) To modify and supplement the MORTGAGE PARTNERSHIP FINANCE ("MPF") Program Participating Financial Institution Agreement dated as of **[INSERT DATE OF SELLING PFI AGMT WITH THE MPF BANK]** between the Selling PFI and the Owner Bank (the "Selling PFI Agreement") as provided in this Agreement, including the Owner Bank consenting to the Selling PFI transferring to Colonial the Servicing Responsibilities (as defined below). Such transfer shall include all Servicing Responsibilities and all Servicing Rights but shall not include the credit enhancement obligation for the Concurrent Sale MCs (the "Credit Enhancement") or the right to receive credit enhancement fees under the Concurrent Sale MCs (the "Credit Enhancement Fees"). (The mortgages delivered under the Concurrent Sale MCs shall be conventional fixed rate mortgages having a minimum term of ten (10) years, and shall be referred to herein collectively as the "Serviced Mortgages" and individually as a "Serviced Mortgage." All duties and obligations relating to servicing of the Serviced Mortgages other than the Credit Enhancement obligation shall be referred to herein as the "Servicing Responsibilities," and all rights and benefits relating to such servicing other than the right to receive Credit Enhancement Fees shall be referred to herein as the "Servicing Rights." The Servicing Rights and Servicing Responsibilities together shall sometimes be referred to as the "Subject Servicing.")

1.2. Concurrent Servicing Sale Manual. The parties agree that the provisions of the MPF Concurrent Servicing Sale Manual for Colonial Savings, as amended from time to time (the "Servicing Sale Manual") are incorporated into this Agreement by reference as if fully set forth herein.

1.3. Consideration. In consideration of the purposes, provisions and promises of this PFI Sale Agreement, the parties agree to all that this Agreement contains.

1.4 MPF Bank Sale Agreement. The Owner Bank acknowledges that, in order for the Selling PFI to deliver Mortgages under a Concurrent Sale MC, the Owner Bank must have executed the MPF Bank Sale Agreement which is described in the first paragraph of this Agreement.

1.5 Certain Definitions. Any capitalized terms that are used in this Agreement (whether used in the singular or the plural), if not otherwise defined in this Agreement shall have the meaning set forth in the Servicing Sale Manual or the Origination Guide.

II. SERVICING SALE; REPRESENTATIONS; INDEMNIFICATION

2.1 Servicing to be Sold. Subject to the terms and conditions of this Agreement, and in reliance upon the representations, warranties, covenants and agreements hereinafter set forth, the Selling PFI shall sell, assign, and transfer to Colonial and Colonial shall purchase from the Selling PFI the Servicing Rights in accordance with this Agreement and the Servicing Sale Manual.

2.2 Servicing Released Premium. The parties agree that the Servicing Released Premium for the Servicing Rights will be calculated and paid in accordance with the Servicing Sale Manual.

2.3 Date of Servicing Sale. The Servicing Rights with respect to Serviced Mortgages shall be transferred to Colonial as of the Sale Date (as defined in the Servicing Sale Manual) for such Mortgages.

2.4 Selling PFI's Representations, Warranties and Covenants. As of the Sale Date for each Serviced Mortgage, the Selling PFI represents and warrants with respect to such Mortgage that it has complied with all applicable requirements of the MPF Guides, the Selling PFI Agreement, the Servicing Sale Manual, this Agreement and Applicable Law, and the Selling PFI covenants to continue to comply with all such requirements until the Serviced Mortgage is paid off or otherwise liquidated. In addition, the Selling PFI represents and warrants as of the Sale Date with respect to the Servicing Rights for such Serviced Mortgage that: (i) the Selling PFI is the sole and lawful owner of the Servicing Rights; (ii) the Selling PFI has the full right and power to transfer the Servicing Rights to Colonial; (iii) except for the Selling PFI Agreement and this Agreement, the Servicing Rights are not subject to any contract or other agreement of the Selling PFI; (iv) the Concurrent Sale MC remains in full force and effect; and (v) the Selling PFI Agreement remains in full force and effect.

2.5 Colonial's Covenants. In connection with the Subject Servicing, Colonial covenants and agrees to comply with all applicable requirements of the MPF Guides, Colonial's PFI Agreement, the Servicing Sale Manual, this Agreement and Applicable Law. In particular, in connection with the Serviced Mortgages and the Servicing Responsibilities, Colonial agrees to comply with the privacy requirements of the MPF Guides and Applicable Law.

2.6 Privacy. Colonial represents and warrants as follows:

(a) Colonial is in compliance with all applicable laws relating to the privacy and safeguarding of nonpublic personal information including but not limited to the Gramm-Leach-Bliley Act and related regulations;

(b) Colonial shall use nonpublic personal information received from the Selling PFI, the Owner Bank or the MPF Provider only for the purposes anticipated in this Agreement, and shall not disclose such information for any purpose which is not covered by a statutory exception authorized by the Gramm-Leach-Bliley Act and related regulations;

(c) Colonial is under no legal or contractual obligation to share nonpublic personal information concerning any customer received pursuant to this Agreement with any party other than the MPF Provider, the Selling PFI, the Dallas Bank and the MPF Bank.

(d) Colonial has instituted appropriate administrative, technical and physical safeguards to: (i) ensure the security and confidentiality of customer information; (ii) protect against anticipated threats or hazards to the security or integrity of such information; and (iii) protect against unauthorized access to or use of such information.

2.7 Mortgages Not Transferred. In the event the Selling PFI delivers a Mortgage under a Concurrent Sale MC that does not in all material respects comply with the parameters of the concurrent servicing sale program outlined in the Servicing Sale Manual, the Selling PFI shall repurchase such Mortgage from the Owner Bank (and refund the SRP, if the SRP has been paid) as provided in Chapter 7.2 of the Servicing Sale Manual. In addition, Colonial has the right to refuse the Servicing Responsibilities with respect to non-complying Mortgages by rejecting the Servicing Files submitted in connection with such Mortgages, as provided in the Servicing Sale Manual and, if such rejection occurs, Colonial's DDA shall not be debited for the SRP for such Mortgages.

2.8 Indemnification for Breach.

(a) As used in this Agreement, the term "Indemnified Party" shall be understood to mean any of the MPF Banks, the PFIs and the MPF Provider and each of their respective successors, assigns, shareholders, directors, officers, employees and agents.

(b) If a party to this Agreement (an "Indemnifying Party") commits a breach of covenant or representation under this Agreement or the Servicing Sale Manual (whether such breach was intentional, negligent or unintentional), the Indemnifying Party agrees to indemnify, defend and hold harmless the Indemnified Parties from and against any loss, damage, claim, action, liability, penalty, cost or expense, including without limitation legal fees and expenses, which the Indemnified Parties incur as a result of such breach. If an Indemnified Party seeks indemnification under this section in connection with a legal action, it must give prompt notice of such action to the Indemnifying Party, but delay or failure by the Indemnified Party to provide such notice shall not release the Indemnifying Party from indemnity obligations unless and only to the extent that the Indemnifying Party shows that such delay or failure materially prejudiced the defense of such action. An Indemnifying Party shall be responsible to conduct defense of a legal action covered by this section through counsel reasonably satisfactory to the Indemnified Party, and the Indemnified Party shall be permitted to control fully the defense of such claim and to settle such claim subject to the Indemnifying Party's approval, which approval shall not be unreasonably withheld.

(c) If there is a default by an Indemnifying Party of its indemnity obligation, or a default under or termination of this Agreement, or an Indemnified Party believes that there is a conflict between the Indemnified Party and the Indemnifying Party or its counsel, the Indemnified Party may engage separate counsel at the expense of the Indemnifying Party. If the Indemnifying Party fails to assume the defense of an action within ten (10) days after receiving notice, then the Indemnifying Party shall be bound by any determination made in the action or by any compromise or settlement the Indemnified Party may effect. The Indemnified Party agrees to use reasonable efforts to mitigate any claims tendered to the Indemnifying Party. The Indemnified Party shall assign to the Indemnifying Party all of its claims for recovery against third parties for any indemnification provided by the Indemnifying Party, whether such claims arise pursuant to insurance coverage, contribution, subrogation or otherwise.

III. CONSENT AND TRANSFER OF OBLIGATIONS

3.1. Consent by Owner Bank. Pursuant to Article IX of the Selling PFI Agreement, the Owner Bank hereby consents to the Selling PFI transferring the Subject Servicing to Colonial, subject however to the provisions of this Agreement.

3.2. Servicing Obligations of the PFIs.

(a) Colonial agrees to service the Serviced Mortgages in accordance with the terms and conditions of the Colonial PFI Agreement (including but not limited to any Servicing Guide waivers or amendments relating to servicing) as if the Serviced Mortgages had been delivered under the Colonial PFI Agreement, provided, however, that the Selling PFI shall remain liable for (i) origination obligations and origination representations and warranties for the Serviced Mortgages arising under the terms of the Selling PFI Agreement, (ii) delivery of Collateral Files and Servicing Files for the Serviced Mortgages as required by the Origination Guide and the Servicing Sale Manual, and (iii) violations of servicing obligations for a Serviced Mortgage that occur prior to the Sale Date.

(b) Notwithstanding the foregoing provisions of this Section 3.2, in servicing the Serviced Mortgages Colonial shall be able to rely on any Origination Guide waivers or amendments relating to origination granted to the Selling PFI (and shall not be bound by any amendments to the Selling PFI Agreement or Concurrent Sale MCs relating to origination that will affect the servicing of any Serviced Mortgages unless Colonial approves such amendments prior to delivery of the Mortgage Files for such Mortgages to Colonial under this Agreement), but no such waivers or amendments granted to Colonial shall apply to the Serviced Mortgages. The MPF Provider agrees not to approve any waiver or amendment for the Selling PFI which would result in additional servicing costs or responsibilities for Colonial, without the prior written consent of Colonial.

3.3. No Fees Payable by the MPF Banks with Respect to the Servicing Transfer. The PFIs agree that (i) neither of the MPF Banks shall have any obligation to compensate either the Selling PFI or Colonial with respect to transfer of the Subject Servicing to Colonial, and (ii) the only liability of the Owner Bank shall be for: (a) the Credit Enhancement Fees as provided in Section 3.4, and (b) the Servicing Fee in the amount of twenty-five basis points (0.25%) of the Principal Balance of the Serviced Mortgages paid in accordance with the Servicing Sale Manual, which Colonial shall be entitled to retain as if the Concurrent Sale MCs had been issued under the terms of the Colonial PFI Agreement.

3.4 No Transfer of CE Obligation or CE Fees. The Selling PFI's Credit Enhancement obligation with respect to the Serviced Mortgages is not being assumed by Colonial, and the right to receive Credit Enhancement Fees for the Serviced Mortgages is also not being transferred to Colonial. The Credit Enhancement obligation and CE Fee payment will be administered in accordance with the Servicing Sale Manual and the Origination and Servicing Guides.

IV. ADDITIONAL OBLIGATIONS OF PFIs

4.1. Origination Responsibilities. The Selling PFI agrees that transfer of the Subject Servicing to Colonial shall not relieve the Selling PFI of its responsibilities to originate the Serviced Mortgages in accordance with the requirements of the Selling PFI Agreement and the Origination Guide.

4.2 Fees to Colonial. With respect to each Serviced Mortgage, the Selling PFI will pay to Colonial the fees specified in Chapter 5 of the Servicing Sale Manual.

4.3. Limits on Colonial Competition. Colonial will not compete with the Selling PFI by soliciting a Serviced Mortgage Borrower for any product or service which the Selling PFI has indicated it offers in the Non-Compete Instructions to Colonial (in the form of Exhibit 1).

4.4 Banks' Right of Set-off Not Affected. The PFIs agree that nothing in this PFI Sale Agreement shall limit or impair the MPF Banks' right to set-off under the Selling PFI Agreement or Colonial's PFI Agreement (the "PFI Agreements"). Such right shall include enforcing the Selling PFI Agreement with respect to the Credit Enhancement against any of the Selling PFI's funds held by or at the Owner Bank and/or collateral pledged by the Selling PFI to secure its obligations to the Owner Bank, provided, however, that setoff against the Selling PFI's assets will not be permitted to recover for losses resulting from a breach of contract or violation of law by Colonial. Further, the PFIs agree that they shall not raise as a defense in any action taken by the MPF Banks to enforce the Servicing Responsibilities or the Credit Enhancement the fact that: (i) the Serviced Mortgages were delivered to the Owner Bank pursuant to the Selling PFI Agreement; (ii) the Serviced Mortgages are owned by the Owner Bank or any successor or assignee of the Owner Bank, and not owned by FHLB Dallas; or (iii) the Servicing Rights and the Credit Enhancement are held by different PFIs.

4.5. Agreements and Selling PFI's Warranties Not Affected. Nothing in this PFI Sale Agreement shall be deemed to amend or modify the PFI Agreements nor limit, impair or otherwise affect the rights and obligations of the PFIs or MPF Banks under the PFI Agreements other than as provided in this Agreement. Without limiting the foregoing sentence, none of the Selling PFI's origination warranties shall be deemed to be waived, limited or impaired by reason of the Owner Bank's consent to transfer of the Subject Servicing to Colonial.

V. MISCELLANEOUS PROVISIONS

5.1. Termination. With the exception of Section 5.5, the terms "terminate" and "termination" used in this PFI Sale Agreement shall be understood to refer only to termination of the Agreement with respect to the future delivery of Serviced Mortgages and would not apply in any way to prior deliveries. If such termination occurs, all terms of this Agreement not related to future deliveries shall continue in full force and effect. Such termination shall be permitted as follows:

(a) The Selling PFI may terminate this Agreement at any time by giving written notice of termination to all other parties. Such termination shall be effective after all outstanding Delivery Commitments issued under the Concurrent Sale MCs are filled or on such later date as the termination notice may specify.

(b) If Colonial is terminating its participation in the entire MPF concurrent servicing sale program, Colonial may terminate this Agreement without cause by giving ninety (90) days' written notice of termination to all parties.

(c) In circumstances other than as described in Section 5.1(b), Colonial may terminate this Agreement with the prior written consent of the MPF Provider, which shall not be unreasonably withheld. Following receipt of the MPF Provider's approval, Colonial shall give written notice of termination to all other parties. Such termination shall be effective after all outstanding Delivery Commitments issued under the Concurrent Sale MCs are filled or on such later date as the termination notice may specify.

5.2 Event of Default. As used in this subsection, an "Event of Default" shall be understood to be:

(a) Any breach by the Selling PFI of Section 2.4 items (i) through (v); or

(b) A breach by the Selling PFI of any other provision of this Agreement, the Servicing Sale Manual or the MPF Guides which the MPF Provider concurs with Colonial: (i) has resulted in material harm to Colonial, (ii) is likely to continue to result in material harm to Colonial, and (iii) was not corrected by the

Selling PFI within the time period specified in a written notice from Colonial, such time period to be approved by the MPF Provider.

5.3 Remedies. In addition to other remedies provided in this Agreement:

(a) Upon the occurrence of an Event of Default which is described in Section 5.2(a), for each Serviced Mortgage which is affected by the Event of Default the Selling PFI shall:

- (1) Repurchase the Mortgage from the Owner Bank;
- (2) Pay the SRP Refund (defined below) to Colonial; and
- (3) Accept the return of Servicing Responsibilities for the Mortgage from Colonial.

(b) Upon the occurrence of an Event of Default which is described in Section 5.2(b), for each Serviced Mortgage which is affected by the Event of Default the Selling PFI shall, at Colonial's request:

- (1) Pay the SRP Refund to Colonial; and
- (2) Accept the return of Servicing Responsibilities for the Mortgage; and
- (3) If required by the Owner Bank, repurchase the Mortgage from the Owner Bank.

(c) Upon the occurrence of one or more Events of Default which affect a significant number of Serviced Mortgages, Colonial may, with the prior written consent of the MPF Provider which will not be unreasonably withheld, elect to require payment of the SRP Refund by the Selling PFI and return of servicing to the Selling PFI for all Serviced Mortgages in which case the Owner Bank may require the Selling PFI to repurchase all Serviced Mortgages unless (i) the Selling PFI is approved to perform the Servicing Responsibilities, (ii) the Selling PFI employs an MPF Program approved subservicer to perform the Servicing Responsibilities with respect to the Serviced Mortgages, or (iii) the Owner Bank arranges for another PFI to perform the Servicing Responsibilities with respect to the Serviced Mortgages..

(d) Upon the occurrence of any Event of Default which affects a Serviced Mortgage, Colonial may recover from the Selling PFI damages and costs resulting from the Event of Default, net of any SRP Refund paid for such Mortgage under Section 5.3(a) through (c) above.

(e) The payment by the Selling PFI of the SRP Refund required under this Section 5.3 shall be made and shall be refunded to Colonial in the manner described in Chapter 7.2 of the Servicing Sale Manual.

5.4 Calculation of SRP Refund. As used in this Agreement, the "SRP Refund" shall be a pro rata portion of the SRP based on the time Colonial has serviced the Mortgage compared to the SRP Multiple. The "SRP Multiple" is the Servicing Released Premium percentage divided by the percentage utilized to calculate the Servicing Fee (i.e., if the SRP Percentage is 1.25% and the percentage utilized to calculate the Servicing Fee is 0.25%, the SRP Multiple would be 1.25% divided by 0.25%, or 5). The SRP Refund calculation is as follows: $SRP\ Refund = SRP\ paid \times [(SRP\ Multiple\ minus\ years\ (expressed\ to\ the\ nearest\ one-tenth\ of\ a\ year)\ elapsed\ since\ Sale\ Date)\ divided\ by\ SRP\ Multiple]$.

5.5 Termination of Servicing. If Colonial's duty to service one or more Serviced Mortgages should be terminated for any reason, Colonial shall transfer the Servicing Responsibilities to a successor servicer in accordance with applicable MPF Bank agreements; provided, however, that the successor servicer must be qualified, competent and in good standing with all applicable regulators and under the MPF Program.

5.6 Transfer of Servicing. If Colonial transfers the Subject Servicing to another servicer:

(a) In the sale agreement pursuant to which the Subject Servicing is transferred, Colonial shall include the requirement that the acquiring servicer (and any subsequent servicers) will be bound by the terms of this PFI Sale Agreement in all respects necessary to protect the Selling PFI and its ongoing interest in the Subject Servicing including its Credit Enhancement obligation; and

(b) The servicer acquiring the Subject Servicing from Colonial must be qualified, competent and in good standing with all applicable regulators and under the MPF Program, and prior written approval of the transfer must be obtained from its MPF Bank and the Owner Bank prior to the transfer.

5.7. Amendment of Agreement. All amendments to this PFI Sale Agreement shall be in writing duly executed and delivered by the PFIs and MPF Banks.

5.8. Governing Law. The parties acknowledge that the MPF Program is offered to participating financial institutions in numerous states, that the MPF Provider provides services to the MPF Banks, the Selling PFI and all participating financial institutions wherever located, and that this Agreement will be performed in part in the State of Illinois because of the services to be provided by the MPF Provider to or on behalf of the MPF Banks. **CONSEQUENTLY, THIS CONSENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE SUBSTANTIVE LAWS (BUT NOT THE CONFLICTS LAW) OF THE STATE OF ILLINOIS APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THE STATE OF ILLINOIS, AND APPLICABLE FEDERAL LAWS.**

5.9. Successors and Assigns. This PFI Sale Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns; provided, however, that the foregoing provision shall not be deemed to permit the assignment by the Selling PFI or Colonial of any of its rights or obligations hereunder without the prior written consent of the MPF Banks.

5.10. Execution in Counterparts; Facsimile Execution Permitted. This PFI Sale Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same Agreement. The parties further agree that this Agreement and signature pages thereof may be transmitted between them by facsimile machine and that counterpart facsimile copies are included in the Agreement. The parties intend that faxed signatures may constitute original signatures and that faxed signature pages containing the signatures (original or faxed) of all parties are binding on the parties.

VI. SIGNATURES

By signing below, the parties agree to all of the terms and provisions of this Agreement. Each of the parties has executed and delivered this Agreement, which shall take effect on the date when this Agreement has been executed and delivered by all four parties.

COLONIAL SAVINGS, F.A.

SELLING PFI:

[INSERT LEGAL NAME OF SELLING PFI]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

OWNER BANK:

**FEDERAL HOME LOAN BANK
OF [INSERT MPF BANK]**

**FEDERAL HOME LOAN BANK OF CHICAGO,
as MPF PROVIDER**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

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EXHIBIT 1

NON-COMPETE INSTRUCTIONS

If the Selling PFI offers any of the products or services listed below, those items should be lined through and initialed by the Selling PFI, and such products or services will not be offered by Colonial in accordance with Section 4.3 of the PFI Sale Agreement.

Mortgage related loans:

- Mortgage loans (purchase or refinance)
- Home improvement loans
- Home equity loans or lines of credit

Bank accounts:

- Checking or money market accounts
- Savings accounts or certificates of deposit
- IRAs

Other loans:

- Auto loans
- RV / Boat loans
- Student loans
- Unsecured personal loans

Insurance products:

- Accident and health insurance
- Life insurance
- Disability insurance
- Hazard insurance

[INSERT NAME OF SELLING PFI]

Name of signing officer

Signature of signing officer

Date: _____