

**SERVICING AGREEMENT**

**by and between**

**SQUARE MILE LODGING RECOVERY LLC**

**and**

**MIDLAND LOAN SERVICES, INC.**

Dated as of May 18, 2010

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## **SCHEDULES AND EXHIBIT**

### **Exhibit**

**Exhibit A**                      Loan Schedule

### **Schedules**

**Schedule 1**                      Fee Schedule  
**Schedule 2**                      Servicing Obligations  
**Schedule 3**                      Reimbursement of Servicer Advances  
**Schedule 4**                      Form of Electronic Report on the Loans and Underlying Collateral  
**Schedule 5**                      Termination Without Cause  
**Schedule 6**                      Business Plans and Consolidated Business Plans

## SERVICING AGREEMENT

THIS SERVICING AGREEMENT (as the same shall be amended or supplemented, this "**Agreement**") is made and entered into as of the 18th day of May, 2010 (the "**Effective Date**"), by and between Square Mile Lodging Recovery LLC, a Delaware limited liability company (including its successors and assigns, the "**Manager**"), and Midland Loan Services, Inc., a Delaware corporation (including those of its successors and assigns as are expressly permitted pursuant to this Agreement, the "**Servicer**").

### RECITALS

WHEREAS, 2010-1 SFG Venture LLC (the "**Company**") owns the Loans (as defined below) described on the Loan Schedule attached hereto as Exhibit A (the "**Loan Schedule**");

WHEREAS, the Manager is the "Manager" of the Company with the authority and responsibility to service and manage the Loans and related Underlying Collateral (as defined below) pursuant to that certain Amended and Restated Limited Liability Company Operating Agreement dated as of the Closing Date defined below (the "**LLC Operating Agreement**"), by and between the Company, the Manager, including in its separate capacity as a member of the Company (in such capacity as a member, together with its permitted successors and assigns, the "**Private Owner**"), and the Federal Deposit Insurance Corporation (in any capacity, the "**FDIC**"), as receiver for the Failed Bank defined below (the FDIC, in such capacity, the "**Receiver**"), and the Receiver as the "Initial Member" under the LLC Operating Agreement, including its successors and assigns, the "**Initial Member**"); and

WHEREAS, the Manager and the Servicer desire that the Servicer service and administer the Loans and the Underlying Collateral on behalf of the Company and the Manager in a manner that is, at all times, consistent with the requirements of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and agreements contained herein, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Manager and the Servicer hereby agree as follows:

### ARTICLE I **DEFINITIONS AND CONSTRUCTION**

Section 1.1 **Definitions.** For purposes of this Agreement, the following terms shall have the meanings and definitions hereinafter respectively set forth.

"**Acceptable Rating**" shall mean (i) a rating of "Average (Select Servicer List)" for construction loan servicers by Standard and Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc., (ii) a rating of "Acceptable" for construction loan servicers by Fitch, Inc., (iii) a rating of "Approved" for construction loan servicers by Moody's Investors Service, or (iv) a "Qualified Servicer".

"**Acquired Property**" shall mean (i) any Underlying Collateral to which title is acquired by or on behalf of the Company or any Ownership Entity, the Failed Bank or the Receiver by

foreclosure, by deed in lieu of foreclosure, by power of sale or by sale pursuant to the Uniform Commercial Code, (ii) the equity interests in the Ownership Entities, and (iii) the assets held directly or indirectly by the Ownership Entities.

**“Advance Loan”** shall have the meaning given in the Revolver.

**“Affiliate”** shall mean, with respect to any specified Person, (i) any other Person directly or indirectly Controlling or Controlled by or under common Control with such specified Person, (ii) any Person owning or Controlling ten percent (10%) or more of the outstanding voting securities, voting equity interests, or beneficial interests of the Person specified, (iii) any officer, director, general partner, managing member, trustee, employee or promoter of the Person specified or any Immediate Family Member of such officer, director, general partner, managing member, trustee, employee or promoter, (iv) any corporation, partnership, limited liability company or trust for which any Person referred to in clause (ii) or (iii) acts in that capacity, or (v) any Person who is an officer, director, general partner, managing member, trustee or holder of ten percent (10%) or more of the outstanding voting securities, voting equity interests or beneficial interests of any Person described in clauses (i) through (iv); provided, however, that none of the Initial Member, the Purchase Money Notes Guarantor, the Collateral Agent or any Affiliate (for this purpose determined disregarding clauses (ii), (iii) and (iv) of this definition (including in the context of clause (v) of this definition) and disregarding the Company and any Person Controlled by the Company) of any of the foregoing shall be deemed to be an “Affiliate” of the Company or of any Person Controlled by the Company.

**“Agreement”** shall have the meaning given in the preamble of this Agreement.

**“Ancillary Documents”** shall mean the LLC Operating Agreement and each “Ancillary Document” defined therein (excluding this Agreement).

**“Approved Business Plan”** shall have the meaning given in the Revolver.

**“Borrower”** shall mean any borrower with respect to any Loan.

**“Bulk Sale”** shall have the meaning given in the LLC Operating Agreement.

**“Business Day”** shall mean any day except a Saturday, Sunday or other day on which commercial banks in Washington DC or United States federal government offices are required or authorized by Law to close.

**“Business Plan”** shall have the meaning given in the LLC Operating Agreement.

**“Change of Control”** with respect to the Servicer shall mean, (i) the Servicer’s Specified Parent for any reason (x) failing or ceasing to Control the Servicer or (y) failing or ceasing to own, beneficially and of record, and directly or indirectly (including through one or more subsidiaries), at least fifty and one-tenth percent (50.1%) in value of all of the equity interests in the Servicer, or (ii) without limitation of clause (i), in the event the Servicer is (or at the time it became the Servicer, was) an Affiliate of the Private Owner, any Change of Control of the Private Owner.

**“Closing Date”** shall mean May 18, 2010.

**“Collateral Agent”** shall mean the FDIC, in its capacity as the Collateral Agent under (and as defined in) the Reimbursement, Security and Guaranty Agreement, and any successor Collateral Agent thereunder.

**“Collection Account”** shall mean the Collection Account established by the Company pursuant to (and as defined in) the Custodial and Paying Agency Agreement.

**“Company”** shall have the meaning given in the recitals of this Agreement.

**“Consolidated Business Plan”** shall have the meaning given in the LLC Operating Agreement.

**“Construction Loan”** shall have the meaning given in the Revolver.

**“Contract for Deed”** shall mean an executory contract with a third party to convey real property to such third party upon payment of the amounts set forth therein and/or the performance of any other obligations described therein, including any installment land contract.

**“Contribution Agreement”** shall mean the Loan Contribution and Sale Agreement dated as of the Closing Date between the Initial Member and the Company.

**“Control”** (including the phrases **“Controlled by”** and **“under common Control with”**) when used with respect to any specified Person shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or interests, by contract or otherwise.

**“Controlled Affiliate”** with respect to the Servicer or any Subservicer, shall mean any Affiliate thereof that is Controlled by the Servicer or such Subservicer, as applicable, or by its Specified Parent (in the case of the Servicer).

**“Custodial and Paying Agency Agreement”** shall mean, initially, the Custodial and Paying Agency Agreement dated as of May 18, 2010, by and between the Company, the Purchase Money Notes Guarantor and the initial Custodian and Paying Agent, and thereafter any replacement Custodial and Paying Agency Agreement entered into from time to time pursuant to the LLC Operating Agreement.

**“Custodian”** shall mean Wells Fargo Bank, N.A., or any successor thereto as the “Custodian” under the Custodian and Paying Agency Agreement.

**“Default”** shall have the meaning given in Section 7.1.

**“Discretionary Funding Advance”** shall mean an advance by the Manager to the Company designated as a “Discretionary Funding Advance” pursuant to the LLC Operating Agreement for the making of applicable Funding Draws with respect to specific Loans or related Acquired Property.

**“Effective Date”** shall have the meaning given in the preamble of this Agreement.

**“Eligible Account”** shall mean one (1) or more segregated trust or custodial account or accounts established and maintained with an Eligible Institution, each of which shall be for the benefit of the Company and the Collateral Agent as required by Article II.

**“Eligible Institution”** shall mean a Person that is not an Affiliate of the Private Owner (or the Manager) and that is a federally insured depository institution that is well capitalized; provided that an Affiliate of the Private Owner (or the Manager) may be deemed to be an Eligible Institution if the Purchase Money Notes Guarantor, the Initial Member and the Revolver Lender provide a written consent (which may be withheld, conditioned or delayed in each such Person’s sole and absolute discretion), which consent may be withdrawn upon written notification to the Manager, in which case such Affiliate of the Private Owner (or of the Manager) shall no longer constitute an Eligible Institution as of the receipt of such notice and any accounts maintained pursuant to this Agreement at such institution shall be moved to an Eligible Institution within three (3) Business Days after the receipt of such notice.

**“Electronic Report”** shall have the meaning given in Section 5.2(e).

**“Environmental Hazard”** shall have the meaning given in the LLC Operating Agreement.

**“Escrow Account”** shall have the meaning given in Section 2.7.

**“Escrow Advance”** shall mean any advance made to pay taxes or insurance premiums or any other cost or expense that, but for a shortfall in the Borrower’s Escrow Account, is payable using funds in the Borrower’s Escrow Account.

**“Excess Working Capital Advance”** shall mean an advance by the Manager to the Company designated as an “Excess Working Capital Advance” pursuant to the LLC Operating Agreement.

**“Excluded Expenses”** shall mean fees, costs, expenses or indemnified amounts that:

- (a) are in excess of the relevant amounts provided for in an Approved Business Plan (assuming the applicable category of fees, costs or expenses are included in the applicable Approved Business Plan) or that are not otherwise permitted to be incurred by the Company or the Manager under the Revolver;
- (b) are not incurred in accordance with the Servicing Standard;
- (c) constitute or are incurred to pay any expenses or costs of any Affiliate of the Manager or the Company, or any Affiliate of the Servicer or any Subservicer; provided, that Excluded Expenses under this clause (c) do not include costs or expenses expressly payable to the Servicer pursuant to this Agreement or to any Subservicer pursuant to any Subservicing Agreement that would be deemed Excluded Expenses under this clause (c) solely as a result of the Servicer or such Subservicer being an Affiliate of the Manager or the Company, so long as



such amounts would otherwise constitute Servicing Expenses but for application of this clause (c);

(d) are incurred to pay fees or other compensation to or expenses of financial advisers, except to the extent the same are incurred as brokerage fees or sales commissions incurred (x) to market or sell the Loans or any Acquired Property in a Bulk Sale, the terms of which Bulk Sale (including the financial adviser's or broker's fees or sales commissions) are approved in advance by the Initial Member, the Revolver Lender and the Purchase Money Notes Guarantor, or (y) in connection with the marketing or sale of any Acquired Property (including any REO Property) or any portion thereof on an individual basis;

(e) are incurred to pay any fine, tax or other penalty, late fee, service charge, interest or similar charge, costs to release Liens or any other costs or expenses (including legal fees and expenses) incurred by or on behalf of the Servicer or any Subservicer as a result of the Servicer's or any Subservicer's failure to service any Loan or Underlying Collateral properly in accordance with the applicable Loan Documents, this Agreement, any Subservicing Agreement or otherwise, or failure to make a payment in a timely manner, or failure otherwise to act in a timely manner;

(f) are incurred to pay any interest on any amounts paid by any Person with respect to any Servicing Expenses or Pre-Approved Charges (as such term is defined in the Contribution Agreement);

(g) constitute or are incurred to pay any overhead or administrative costs (whether or not attributable to the servicing or management of any Loan) incurred by the Servicer, any Subservicer or any other Person (including any travel expenses and any expenses incurred to comply with Section 5.2), in each case other than Reimbursable Company Administrative Expenses;

(h) are incurred to pay any servicing, management or similar fees paid to any Subservicer or any other Person (other than property management fees approved in writing by the Initial Member);

(i) are incurred (other than Reimbursable Company Administrative Expenses with respect to the Company or the Ownership Entities) by the Servicer or any other Person to become a MERS member or to maintain the Servicer or such Person as a MERS member in good standing; or

(j) constitute or are incurred to pay amounts subject to the indemnity obligations of the Private Owner under Section 4.6 of the LLC Operating Agreement or of the Servicer under Section 8.2 of this Agreement.

**“Failed Bank”** shall mean Silverton Bank, N.A.

**“Fee Schedule”** shall mean Schedule 1 attached hereto, as the same may be amended from time to time by the Manager and the Servicer without the consent of the Purchase Money Notes Guarantor, the Revolver Lender or the Initial Member.

“**FDIC**” shall have the meaning given in the recitals of this Agreement.

“**Funding Draw**” shall mean: (i) any principal advance with respect to a Loan pursuant to the funding provisions of the applicable Loan Documents and in accordance with the Servicing Standard, in each case so long as (a) if required by Law or if otherwise deemed necessary by the Manager or required hereunder, an endorsement to each applicable title policy insuring the Loan, which endorsement shall be in form and content acceptable to the Manager, is obtained that (1) brings down the effective date of the title policy to the date on which the applicable Funding Draw it covers is made, (2) increases the liability limit of the title policy by an amount equal to the principal amount of such Funding Draw, and (3) contains no new exceptions to title, (b) notwithstanding anything to the contrary contained in this Agreement, if the then outstanding Unpaid Principal Balance of the Loan exceeds (or would, after taking into account the applicable Funding Draw, so exceed) the value of the Underlying Collateral, the Servicer shall make or permit any such Funding Draw only if the Servicer determines, in its reasonable judgment and subject to any applicable Servicing Obligations, that the Borrower is reasonably likely to be able to repay the Loan, or that the making of the Funding Draw is in the best interests (in terms of maximizing the value of the Loan) of the Company and the Initial Member, or that the Company is otherwise legally obligated to make such Funding Draw under the applicable Loan Documents, and (c) such advance is made in accordance with the terms of the Loan and the Loan Documents, provided, however, that if such advance would result in the principal amount of such Loan being in excess of the related unfunded commitment with respect thereto (as set forth under the Loan Documents) or if any term with respect to the Loan or the Loan Documents precludes such advance in the event of a Borrower default, the applicable unfunded commitment may be increased (and such advance may be made) and/or such term may be waived, in each case only if the Servicer determines, in its reasonable judgment and in accordance with the Servicing Standard and subject to any applicable Servicing Obligations, that such increase to the unfunded commitment (and related advance) or waiver is in the best interests of the Company and the Initial Member in terms of maximizing the value of the Loan and, in the case of any such increase to the unfunded commitment (or other advance not contemplated in the existing Loan Documents), (x) such increased commitment and the related advance are evidenced by an applicable Note (or Notes) and amendments to the Loan Documents (including Underlying Collateral Documents) pursuant to which such increased commitment and advance shall be secured by all of the Underlying Collateral for such Loan on terms and conditions consistent with the Loan Documents as in effect prior to such amendment (without otherwise amending the terms and conditions in any such Loan Document except as reasonably required to permit such advance to be made in accordance herewith and with the Servicing Standard), and (y) the Servicer complies with the requirements in item (i)(a) above; and (ii) payments of costs and expenses associated with the continued construction of REO Property (including the payment of so-called “soft costs” payable during construction (such as real estate taxes, ground rents and insurance premiums)) as would typically have been paid out of funding of the applicable Loan relating to such REO Property (as reasonably determined by the Manager), in each case (x) only to the extent the Servicer determines, in its reasonable judgment and subject to any applicable Servicing Obligations, that the payment of such costs and expenses is in the best interests (in terms of maximizing the value of the Loan and such REO Property) of the Company and the Initial Member, and (y) in accordance with the Servicing Standard and the Loan Documents that were applicable to the REO Property before it became an REO Property (not including payment of debt service under the applicable Loan Documents, and without limiting

the amounts to be funded to the applicable unfunded commitment, if any, existing under the Loan Documents); provided, that, in no event shall any such costs and expenses payable pursuant to any such Funding Draw include any Excluded Expenses; and provided, further, that the making of Funding Draws by the Servicer shall be subject to such additional requirements or consents as may be set forth in the Servicing Obligations.

“**GAAP**” shall mean United States generally accepted accounting principles as in effect from time to time.

“**Governmental Authority**” shall mean (i) any United States or non-United States national, federal, state, local, municipal, provincial or international government or any political subdivision of any thereof, or (ii) any governmental, regulatory or administrative authority, agency or commission, or judicial or arbitral body, of any of the foregoing described in clause (i).

“**ground lease**” shall have the meaning given in Section 5.2(e).

“**Group of Loans**” shall have the meaning given in the Contribution Agreement.

“**Immediate Family Member**” shall mean, with respect to any individual, his or her spouse, parent, parent-in-law, grandparent, descendant, nephew, niece, brother, sister, brother-in-law, sister-in-law, child (whether natural or adopted), child-in-law, stepchild, grandchild and grandchild-in-law.

“**Indemnified Parties**” shall have the meaning given in Section 8.2.

“**Initial Member**” shall have the meaning given in the recitals of this Agreement.

“**Insolvency Event**” shall mean, with respect to any specified Person, the occurrence of any of the following events:

- (i) the specified Person makes an assignment for the benefit of creditors;
- (ii) the specified Person files a voluntary petition for relief in any Insolvency Proceeding;
- (iii) the specified Person is adjudged bankrupt or insolvent or there is entered against the specified Person an order for relief in any Insolvency Proceeding;
- (iv) the specified Person files a petition or answer seeking for the specified Person any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any Law;
- (v) the specified Person seeks, consents to, or acquiesces in the appointment of a trustee, receiver or liquidator of the specified Person or of all or any substantial part of the specified Person’s properties;

(vi) the specified Person files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the specified Person in any proceeding described in clauses (i) through (v);

(vii) the specified Person becomes unable to pay its obligations as they become due, or the sum of such specified Person's debts is greater than all of such Person's property, at a fair valuation; or

(viii) (i) at least sixty (60) days have passed following the commencement of any proceeding against the specified Person seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any Law and such proceeding has not been dismissed, or (ii) (x) at least sixty (60) days have passed following the appointment of a trustee, receiver or liquidator for the specified Person or all or any substantial part of the specified Person's properties without the specified Person's agreement or acquiescence, and such appointment is not vacated or stayed, or (y) if such appointment is stayed, at least sixty (60) days have passed following the expiration of the stay and such appointment has not been vacated.

**"Insolvency Proceeding"** shall mean any proceeding under Title 11 of the United States Code (11 U.S.C. §§101, et seq.) or any proceeding under any other Debtor Relief Law.

**"LLC Operating Agreement"** shall have the meaning given in the recitals of this Agreement.

**"Law"** shall mean any applicable statute, law, ordinance, regulation, rule, code, injunction, judgment, decree or order (including any executive order) of any Governmental Authority.

**"Lien"** shall mean any mortgage, deed of trust, pledge, deed to secure debt, trust deed, security interest, charge, restriction on or condition to transfer, voting or exercise or enjoyment of any right or beneficial interest, option, right of first refusal, easement, covenant, restriction and any other lien, claim or encumbrance of any nature whatsoever.

**"Loan"** shall mean any loan, Loan Participation, Ownership Entity (including any cash and cash equivalents held directly or indirectly by such Ownership Entities) or Acquired Property listed on the Loan Schedule, and any loan into which any listed loan or Loan Participation is refinanced or modified, and includes with respect to each such loan, Loan Participation, Ownership Entity, Acquired Property or other related asset or Related Agreements: (i) any obligation evidenced by a Note; (ii) all rights, powers or Liens of the Company or any Ownership Entity in or under the Underlying Collateral and Underlying Collateral Documents and in and to Acquired Property (including all Ownership Entities and REO Property held by any Ownership Entity); (iii) all rights of the Company or any Ownership Entity pursuant to any Contract for Deed and in or to the real property that is subject to any such Contract for Deed; (iv) all rights of the Company or any Ownership Entity pursuant to any lease and in or to the related leased property; (v) all rights to causes of action, lawsuits, judgments, claims and demands of any nature available to or being pursued by or for the benefit of the Company or any Ownership Entity with respect to the Loans, the Underlying Collateral or the ownership, use, function, value

of or other rights pertaining thereto, whether arising by way of counterclaim or otherwise, other than any claims retained by the Initial Member pursuant to Section 2.7 of the Contribution Agreement; (vi) all guaranties, warranties, indemnities and similar rights in favor of the Company or any Ownership Entity with respect to any of the Loans; (vii) all rights of the Company or any Ownership Entity under the Related Agreements; and (viii) all rights of the Initial Member, the Failed Bank or SFG to any Deficiency Balances (as defined in the Contribution Agreement).

**“Loan Documents”** shall mean all documents, agreements, certificates, instruments and other writings (including all Underlying Collateral Documents) now or hereafter executed by or delivered or caused to be delivered by any Borrower or any Obligor evidencing, creating, guaranteeing or securing, or otherwise executed or delivered in respect of, all or any part of a Loan or any Acquired Property or evidencing any transaction contemplated thereby, and all Modifications thereto.

**“Loan Participation”** shall mean any loan listed on the Loan Schedule subject to a shared credit, participation, co-lending or similar intercreditor agreement under which the Initial Member, the Failed Bank, SFG, or the Receiver was, or the Company is, the lead or agent financial depository institution or otherwise managed or held the credit or sold participations, or under which the Initial Member, the Failed Bank, SFG or the Receiver was, or the Company is, a participating financial depository institution or purchased participations in a credit managed by another Person.

**“Loan Participation Agreement”** shall mean an agreement under which the Initial Member, the Failed Bank, SFG or the Receiver was, or the Company is, the lead or agent financial depository institution or otherwise managed or held a shared credit or sold participations, or under which the Initial Member, the Failed Bank, SFG or the Receiver was, or the Company is, a participating financial depository institution or purchased participations in a credit managed by another Person.

**“Loan Proceeds”** shall mean all of the following: (i) any and all proceeds with respect to any or all of the Loans and any or all of the Underlying Collateral, including principal, interest, default interest, prepayment fees, premiums and charges, extension and exit fees, late fees, assumption fees, other fees and charges, insurance proceeds and condemnation payments (or any portion thereof) that are not used and disbursed to repair, replace or restore the related Underlying Collateral in accordance with the terms of the Loan Documents and the Ancillary Documents, and, with respect to any Acquired Property, operating cash flow realized from such Acquired Property net of Servicing Expenses, whether paid directly to the Company or payable to or distributed by an Ownership Entity; (ii) any and all proceeds from sales or other dispositions or refinancings of any or all of the Loans (including Acquired Property) net of Servicing Expenses incurred in connection with such sale or other disposition or refinancing; (iii) any proceeds from making a draw under any letter of credit or certificate of deposit held with respect to any Loan, provided that such draw is permitted by the terms of the Loan Documents; (iv) any recoveries from the Borrowers or the Obligors of any kind or nature with respect to the Loans; (v) any deposits or down payments forfeited by prospective purchasers or lessees of any space at any Underlying Collateral; and (vi) any interest or other earnings accrued and paid on any of the amounts described in the foregoing clauses (i) through (v) while held in the Collection

Account or any Other Account; provided, however, that, with respect to proceeds of any Loan Participation (including as a result of any sale or other disposition of such Loan Participation or of Underlying Collateral relating thereto), the Loan Proceeds shall exclude any amounts payable to others under the applicable Loan Participation Agreement.

**“Loan Schedule”** shall have the meaning given in the recitals of this Agreement.

**“Manager”** shall have the meaning given in the preamble of this Agreement.

**“MERS”** shall mean Mortgage Electronic Registration Systems, Incorporated.

**“MERS@ System”** shall mean the MERSCORP, Inc. mortgage electronic registry system, as more particularly described in the MERS Procedures Manual.

**“Modification”** shall mean any extension, renewal, substitution, replacement, supplement, amendment or modification of any agreement, certificate, document, instrument or other writing, whether or not contemplated in the original agreement, document or instrument.

**“Note”** shall mean each note or promissory note, lost instrument affidavit, loan agreement, Loan Participation Agreement, intercreditor agreement, reimbursement agreement, any other evidence of indebtedness of any kind, or any other agreement, document or instrument evidencing a Loan, and all Modifications to the foregoing.

**“Obligor”** shall mean (i) any guarantor of all or any portion of any Loan or all or any of any Borrower’s obligations set forth and described in the Loan Documents, or (ii) any other Person (other than the Borrower, the lender(s) and any administrative or other agent) that is obligated pursuant to the Loan Documents with respect to a Loan, and shall include the guarantor under any completion guaranty or similar document.

**“Other Accounts”** shall have the meaning given in Section 2.8.

**“Ownership Entity”** shall mean any direct wholly-owned subsidiary of the Company satisfying the requirements of an “Ownership Entity” as such term is defined in the LLC Operating Agreement, whether contributed or sold by the Initial Member to the Company on the Closing Date or formed or acquired by the Company thereafter.

**“Participated Loan”** means a Loan originated by the Initial Member, SFG or any of their predecessors-in-interest as lead lender, a portion of which was participated to one or more Persons and with respect to which the Initial Member, SFG or any of their predecessors-in-interest is the lead lender.

**“Paying Agent”** shall mean the Paying Agent under the Custodial and Paying Agency Agreement.

**“Person”** shall mean any individual, corporation, partnership (general or limited), limited liability company, limited liability partnership, firm, joint venture, association, joint-stock company, trust, estate, unincorporated organization, governmental or regulatory body or other entity.

**“Pre-Existing Liabilities”** shall have the meaning given in Section 8.4.

**“Prior Servicer”** and **“Prior Servicers”** shall have the meaning given in Section 4.2(o).

**“Private Owner”** shall have the meaning given in the recitals of this Agreement.

**“Purchase Money Notes Defeasance Date”** shall have the meaning given in the LLC Operating Agreement.

**“Purchase Money Notes Guarantor”** shall mean the FDIC, in its corporate capacity, as Purchase Money Purchase Money Notes Guarantor under the Purchase Money Notes Guaranty (as such terms are defined in the Custodial and Paying Agency Agreement) until the Purchase Money Notes Defeasance Date.

**“Qualified Servicer”** shall mean any Person that (i) is properly licensed and qualified to conduct business in each jurisdiction in which such licenses and qualifications to conduct business are necessary for the servicing of the Loans and management of the Underlying Collateral and the Acquired Property, (ii) has the management capacity and experience to service loans of the type held by the Company, especially performing and non-performing construction loans secured by commercial properties, including the number and types of loans serviced, and the ability to track, process and post payments, to furnish tax reports to the Borrowers, to monitor construction, and to approve and disburse construction draws, (iii) either (x) has an Acceptable Rating or (y) is approved by and continues to be acceptable to the Manager in its sole discretion (it being understood that the Manager will not be permitted to grant such approval unless the Initial Member also consents, and may be required to withdraw such acceptance if the Initial Member so requests that the same be withdrawn), and (iv) in the event any of the serviced Loans are (or are required pursuant to the terms hereof to be) registered on the MERS® System, is a member of MERS.

**“Receiver”** shall have the meaning given in the recitals of this Agreement.

**“Regulation AB”** shall mean the regulations at 17 C.F.R. §§229.1100, et seq., as the same may be amended from time to time.

**“Reimbursable Company Administrative Expenses”** shall have the meaning given in the LLC Operating Agreement.

**“Reimbursement, Security and Guaranty Agreement”** shall mean the Reimbursement, Security and Guaranty Agreement dated as of the Closing Date among the FDIC, acting in its corporate capacity and as Receiver and as Collateral Agent and as Revolver Lender, the Company, and the guarantors party thereto.

**“Related Agreement”** shall mean (i) any agreement, document or instrument (other than the Note and Underlying Collateral Documents) relating to or evidencing any obligation to pay or securing any Loan (including any equipment lease, letter of credit, bankers’ acceptance, draft, system confirmation of transaction, Loan history, affidavit, general collection information, and correspondence and comments relating to any obligation), (ii) any agreement relating to real property or rights in or to any real property (including leases, tenancies, concessions, licenses or

other rights of occupancy or use and security deposits related thereto), (iii) any collection, contingency fee, and tax and other service agreements (including those referred to in Section 4.2 of the Contribution Agreement) that are specific to the Loans (or any of them) and that are assignable, (iv) any letter of assurance, letter of credit or similar instrument evidencing an obligation of SFG, the Failed Bank, the Initial Member, the Company or any Ownership Entity that was issued for the benefit of any Person and relates in any way to a Loan or the acquisition, development or construction of any project with respect to which the proceeds of such Loan were used or were intended to be used, and (v) any interest rate swap arrangement between the Borrower and any of SFG, the Failed Bank, the Initial Member or the Company (in each case as the applicable lender, agent or other creditor under the Loan) that relates to any Loan.

**“Related Party”** shall mean with respect to any Person, any party related to such Person in the manner delineated in 26 U.S.C.A § 267(b) and the regulations promulgated thereunder, as such law and regulations may be amended from time to time.

**“REO Property”** shall mean any real property (and related personal property) included in the Acquired Property.

**“Restricted Servicer Change of Control”** shall mean any Change of Control with respect to the Servicer that has not been approved in writing by the Initial Member and the Manager (which approval shall not be unreasonably withheld).

**“Retained Obligations”** shall have the meaning given in Section 2.6.

**“Revolver”** shall mean that certain Revolving Credit Agreement dated as of the Closing Date between the Company, as borrower, and the Initial Member, as lender (the Initial Member, in such capacity, together with its successors and assigns, the **“Revolver Lender”**).

**“Revolver Lender”** shall have the meaning given in the definition of “Revolver”.

**“Servicer”** shall have the meaning given in the preamble of this Agreement.

**“Servicer Advances”** shall mean advances made by or on behalf of the Servicer to fund Servicing Expenses.

**“Servicing Expenses”** shall mean all customary and reasonable out-of-pocket fees, costs, expenses and indemnified amounts incurred in connection with servicing the Loans and the Acquired Property, including (i) any and all out-of-pocket fees, costs, expenses and indemnified amounts which a Borrower is obligated to pay to any Person or to reimburse to the lender, in each case, pursuant to the applicable Note or any other Loan Documents, including Escrow Advances, (ii) any and all reasonable out-of-pocket expenses necessary to protect or preserve the value of the Underlying Collateral or the priority of the Liens and security interests created by the Loan Documents relating thereto, including taxes, insurance premiums (including forced place insurance premiums), payment of ground rent, the costs of prevention of waste, repairs and maintenance, foreclosure expenses and legal fees and expenses relating to foreclosure or other litigation with respect to the Loans, (iii) any and all direct expenses related to the preservation, operation, management, leasing and sale of the Acquired Property (including real estate brokerage fees), (iv) Reimbursable Company Administrative Expenses, (v) subject to Section 4.6



of the LLC Operating Agreement (and excluding any amounts or claims the Private Owner is required to bear or indemnify pursuant to such Section 4.6), to the extent not covered by any of clauses (i) through (iv), legal fees and expenses (including judgments, settlements and reasonable attorneys fees) incurred by the Company, the Manager or the Servicer (including to reimburse any Subservicer) in its (or any Subservicer's) defense of claims asserted against the Company (or the Manager, the Servicer or any Subservicer) that relate to one (1) or more Loans or the conduct of the business of the Company, and allege, as the basis for such claims, any act or omission of the Company (or the Manager, the Servicer or any Subservicer) but only if (1) such claims are not attributable to any act or omission of the Company, the Manager, the Servicer or any Subservicer in a manner inconsistent with, or in violation of, the Servicing Standard or any of the provisions of this Agreement, the LLC Operating Agreement or any other Ancillary Document, and, (2) (x) such claims are decided and there are final non appealable orders or judgments (unless the Initial Member has agreed in writing that no appeal needs to be taken) in favor of the Company (or the Manager or the Servicer) or if decided against the Company (or the Manager or the Servicer) without any finding of bad faith, gross negligence or willful misconduct on the part of any of the foregoing, or (y) there is entered into a final settlement of any such claim with the prior written consent of the Initial Member, (vi) subject to Section 4.6 of the LLC Operating Agreement, (x) expenses incurred in accordance with Section 4.5(c) of the Contribution Agreement and (y) expenses incurred in connection with any litigation (including any bankruptcy action) included in the Obligations (as defined in the Contribution Agreement) and assumed pursuant to Section 4.5(a) or (b) or Section 4.6 of the Contribution Agreement, (vii) any and all fees, costs and expenses in connection with the registration of the Purchase Money Notes as described in Article 2 of the Custodial and Paying Agency Agreement, including the fees for the registration of the Purchase Money Notes with the Depository (as defined in the Custodial and Paying Agency Agreement)], and (viii) the costs of preparing, negotiating and recording any REO Mortgage (as defined in the Reimbursement, Security and Guaranty Agreement, including mortgage recording taxes) and the costs associated with the additional documentation required pursuant to Section 8.11 of the Reimbursement, Security and Guaranty Agreement, in each case pursuant to Section 8.11 of the Reimbursement, Security and Guaranty Agreement; provided, however, that Servicing Expenses shall not include any (A) Excluded Expenses, (B) costs of construction or any other costs or expenses to be funded using the proceeds of the Advance Loans under the Revolver, or (C) any other costs or expenses to be funded (or which, assuming relevant conditions are satisfied, could be funded) using Funding Draws.

**"Servicing Fee"** shall have the meaning given in Section 2.3.

**"Servicing Obligations"** shall have the meaning given in Section 2.4.

**"Servicing Standard"** shall have the meaning given in Section 2.4.

**"Servicing Transfer Date"** shall mean, with respect to any particular Loan or Group of Loans, the later of the Effective Date and the applicable "Servicing Transfer Date" for such Loan or Group of Loans as defined in, and determined pursuant to, the Contribution Agreement.

**"SFG"** shall mean Specialty Finance Group, LLC, a Georgia limited liability company and a wholly-owned subsidiary of the Failed Bank.

**“Site Assessment”** shall have the meaning given in Section 3.3.

**“Specified Date”** shall mean the tenth (10<sup>th</sup>) day of each month, or such other day as is agreed to by the Servicer and the Manager, provided, however, that, in any case, if such day is not a Business Day, the Specified Date shall be the immediately preceding Business Day.

**“Specified Parent(s)”** with respect to the Servicer shall mean any Person or Persons that the Manager and the Initial Member may agree from time to time shall be designated as the “Specified Parent” with respect to the Servicer; provided, that, (i) the Servicer’s initial Specified Parent is PNC Bank, National Association.

**“Subservicer”** shall have the meaning given in Section 4.1.

**“Subservicing Agreement”** shall have the meaning given in Section 4.2.

**“Termination Notice”** shall mean any written notice of termination required pursuant to Article VII.

**“Underlying Collateral”** shall mean any and all real or personal property, whether tangible, intangible or mixed, securing or pledged to secure a Loan, including (i) any account, equipment, guarantee or contract right, equity, partnership or other interest that is the subject of any Underlying Collateral Document and (ii) as the context requires, Acquired Property, whether or not expressly specified.

**“Underlying Collateral Document”** shall mean any pledge agreement, security agreement, personal, corporate or other guaranty, deed of trust, deed, trust deed, deed to secure debt, mortgage, contract for the sale of real property, assignment, collateral agreement, stock power or other agreement or document of any kind, whether an original or a copy, whether similar to or different from those enumerated, (i) securing in any manner the performance or payment by any Borrower or any Obligor of its obligations or the obligations of any Borrower or any Obligor pursuant to any of the Loans or Notes evidencing the Loans, or (ii) evidencing ownership of any Acquired Property.

**“Uniform Commercial Code”** shall mean the Uniform Commercial Code as in effect in any applicable jurisdiction, as amended from time to time.

**“Unpaid Principal Balance”** shall mean, at any time, (i) when used in connection with multiple Loans, an amount equal to the aggregate then outstanding principal balance of such Loans, and (ii) when used with respect to a single Loan, an amount equal to the then outstanding principal balance of such Loan; provided, however, that:

(a) with respect to any Loan Participation (and any related Acquired Property), the Unpaid Principal Balance of such Loan Participation shall include only the Company’s allocable share thereof in accordance with the applicable Loan Participation Agreement;

(b) with respect to any Acquired Property that is included among the Loans on the Closing Date, the Unpaid Principal Balance of such Acquired Property shall initially be the

amount set forth on the Loan Schedule, as adjusted to its Adjusted Cut-Off Date Unpaid Principal Balance (as defined in, and determined pursuant to, the Contribution Agreement), and thereafter determined in the same manner as all other Acquired Property;

(c) in the case of a Loan for which some or all of the related Underlying Collateral has been converted to Acquired Property (including REO Property), until such time as the Acquired Property (or any portion thereof) is liquidated, the Unpaid Principal Balance of such Loan shall be deemed to equal the amount of the Unpaid Principal Balance of such Loan (adjusted pro rata for debt forgiveness or retained indebtedness) at the time at which such Loan was converted to Acquired Property, plus, without duplication, any outstanding balance remaining on such Loan which is evidenced by a modification agreement or a replacement or successor promissory note executed by the Borrower, less the net proceeds of any sales of any portions of the Acquired Property effective after such conversion; and

(d) the Unpaid Principal Balance with respect to any Acquired Property will be increased by the amount of, without duplication, (1) any Funding Draws or Advance Loans applied with respect thereto in accordance with this Agreement or any other Ancillary Document or the Revolver (as applicable), and (2) any Servicing Expenses capitalized thereto in accordance with Law to the extent that capitalizing such Servicing Expenses would have been permitted under the applicable Loan Documents prior to the conversion of the Loan to the Acquired Property.

**“Working Capital Expenses”** shall mean any Servicing Expenses, Pre-Approved Charges (as such term is defined in the Contribution Agreement), Funding Draws (or permitted uses thereof, as the context may require), Management Fee, Interim Management Fee, Interim Servicing Fee (as each such term is defined in the LLC Operating Agreement) or fees of the Custodian and Paying Agent.

**“Working Capital Loans”** shall have the meaning given in the Revolver.

Section 1.2 Construction. This Agreement shall be construed and interpreted in accordance with the following:

(a) References to “Affiliates” include, with respect to any specified Person, only such other Persons which from time to time constitute “Affiliates” of such specified Person, and do not include, at any particular time, other Persons that may have been, but at such time have ceased to be, “Affiliates” of such specified Person, except to the extent that any such reference specifically provides otherwise.

(b) The term “or” is not exclusive.

(c) A reference to a Law includes any amendment, modification or replacement to such Law.

(d) References to any document, instrument or agreement (including this Agreement) (a) shall be deemed to include all appendices, exhibits, schedules and other attachments thereto and all documents, instruments or agreements issued or executed in replacement thereof, and (b) shall mean such document, instrument or agreement, or replacement

thereto, as amended, modified and supplemented from time to time in accordance with its terms and as the same is in effect at any given time.

(e) Unless otherwise specified, the words “hereof,” “herein” and “hereunder” and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(f) The words “include” and “including” and words of similar import are not limiting, and shall be construed to be followed by the words “without limitation,” whether or not they are in fact followed by such words.

(g) The word “during” when used with respect to a period of time shall be construed to mean commencing at the beginning of such period and continuing until the end of such period.

(h) Unless the context otherwise requires, singular nouns and pronouns when used herein shall be deemed to include the plural and vice versa and impersonal pronouns shall be deemed to include the personal pronoun of the appropriate gender.

## **ARTICLE II**

### **SERVICING OBLIGATIONS OF THE SERVICER**

Section 2.1 Appointment and Acceptance as Servicer. Effective as of the Effective Date (and, with respect to each Loan or Group of Loans, as of the applicable Servicing Transfer Date with respect thereto), the Manager appoints the Servicer to service, administer, manage and dispose of the Loans and the Underlying Collateral on behalf of and as an agent of the Manager.

Section 2.2 Limited Power of Attorney. The Manager hereby grants to the Servicer a limited power of attorney to execute all documents on its behalf (including as the “Manager” of the Company, in turn acting on behalf of the Company) in accordance with the Servicing Standard and as may be necessary to effectuate the Servicer’s obligations under this Agreement until such time as the Manager revokes said limited power of attorney. Revocation of the limited power of attorney shall take effect upon (i) the receipt by the Servicer of written notice thereof from or on behalf of the Manager, or (ii) termination of this Agreement pursuant to Article VII.

Section 2.3 Servicing Fee. As consideration for servicing the Loans and the Underlying Collateral, the Manager shall pay the Servicer a servicing fee in the amount and at such times as are set forth on the Fee Schedule (the “**Servicing Fee**”).

Section 2.4 Servicing Standard. The Servicer shall take such actions and perform such duties in connection with the servicing, administration, management and disposition of the Loans and the Underlying Collateral as are set forth on Schedule 2, as the same may be amended from time to time by the Manager and the Servicer (the “**Servicing Obligations**”). The Servicer shall perform its Servicing Obligations (i) in the best interests and for the benefit of the Company, (ii) in accordance with the terms of the Loans (and related Loan Documents), (iii) in accordance with the terms of this Agreement (including this Article II), (iv) in accordance with all Laws, (v) subject to Section 5.7, in accordance with the requirements of the LLC Operating Agreement, the Custodial and Paying Agency Agreement and the other Ancillary Documents, and (vi) to the

extent consistent with the foregoing terms, in the same manner in which a prudent servicer would service and administer similar loans and in which a prudent servicer would manage and administer similar properties for its own portfolio or for other Persons, whichever standard is higher, but using no less care and diligence than would be customarily employed by a prudent servicer following customary and usual standards of practice of prudent mortgage lenders, loan servicers and asset managers servicing, managing and administering similar loans and properties on an arms' length basis (the requirements in clauses (i) through (vi) collectively, the "**Servicing Standard**"). In addition, the Servicer shall perform its Servicing Obligations without regard to (a) any relationship that the Servicer, the Company, the Manager or any Subservicer or any of their respective Affiliates may have to any Borrower, any Obligor or any of their respective Affiliates, including any other banking or lending relationship and any other relationship described in Section 5.1(h), (b) the Company's, the Manager's, the Servicer's or any Subservicer's obligation to make disbursements and advances with respect to the Loans and the Underlying Collateral, (c) any relationship that the Servicer or any Subservicer may have to each other or to the Company, the Manager or any of their respective Affiliates, or any relationship that any of their respective Affiliates may have to the Company, the Manager or any of their respective Affiliates (other than the contractual relationship evidenced by this Agreement or any Subservicing Agreement), and (d) the Servicer's or any Subservicer's right to receive compensation (including the Servicing Fee) for its services under this Agreement or any Subservicing Agreement.

#### Section 2.5 Collection Account.

(a) The Servicer shall deposit into the Collection Account all Loan Proceeds on a daily basis (without deduction or setoff as provided in Section 11.2) within two (2) Business Days after receipt thereof by the Servicer. The Servicer shall not cause funds from any other source (other than interest or earnings on each of the Loan Proceeds, the proceeds of Working Capital Loans pursuant to the terms of the Revolver, and the proceeds of Excess Working Capital Advances and Discretionary Funding Advances and other funds expressly permitted to be deposited into the Collection Account pursuant to the Custodial and Paying Agency Agreement) to be commingled in the Collection Account.

(b) Except as otherwise directed by the Manager, any and all amounts on deposit in (or that are required to have been deposited into) the Collection Account (including interest and earnings thereon) shall be disbursed strictly in accordance with this Agreement (including the additional terms and conditions set forth in the Servicing Obligations) for purposes of payment of applicable Working Capital Expenses (including the making of applicable Funding Draws); provided, however, that if the Servicer or any Subservicer erroneously deposits any amounts into the Collection Account, it may withdraw such erroneously deposited amount.

(c) Except as otherwise directed by the Manager, any and all amounts required to be remitted by the Servicer to the Collection Account under this Agreement shall be remitted by wire transfer, in immediately available funds.

(d) The Collection Account (and all funds therein) will be subject to an account control agreement among the Paying Agent, the Company, the Revolver Lender and the Collateral Agent.

Section 2.6 Retained Obligations. As used herein, the “**Retained Obligations**” shall mean, collectively, the obligations of the “Servicer” described in Article 3 hereof and those obligations set forth on Schedule 2 attached hereto that are identified with an “x” as an obligation to be performed by the Manager. Notwithstanding anything to the contrary set forth in this Agreement, the Servicer shall not be required to perform and/or satisfy the Retained Obligations and the Manager shall retain all responsibility for the performance and/or satisfaction of the same. When used in connection with the Retained Obligations all references to the Servicer shall, *mutatis mutandis*, be deemed a reference to Manager.

Section 2.7 Escrow Accounts. Except as otherwise directed by the Manager, the Servicer shall establish and maintain one (1) or more Eligible Accounts, each of which shall be held in trust for the benefit of the Company and the Collateral Agent (each, an “**Escrow Account**”, which term shall include all so-called “lockbox” accounts maintained under the Loan Documents and any other accounts maintained by the Company under the Loan Documents for amounts deposited or required to be deposited therein by the applicable Borrower). Except as otherwise directed by the Manager, the Servicer shall deposit into the applicable Escrow Account on a daily basis all collections from the Borrowers for the payment of taxes, assessments, hazard insurance premiums, and comparable items for the account of the Borrowers, and all other amounts required to be deposited in such Escrow Account pursuant to the applicable Loan Documents; it being agreed and understood that such deposited amounts shall not be deemed Loan Proceeds. The Servicer shall pay to the Borrowers interest on funds in Escrow Accounts to the extent required by Law or the applicable Loan Documents.

Section 2.8 Other Accounts. At the direction of the Manager, the Servicer shall establish and maintain such other Eligible Accounts as may be directed by the Manager, each of which shall be held in trust for the benefit of the Company and the Collateral Agent, and shall be funded and disbursed only in accordance with such instructions as are provided by the Manager (“**Other Accounts**”).

Section 2.9 Maintenance of Insurance Policies; Errors and Omissions and Fidelity Coverage.

(a) The Servicer and each Subservicer shall cause insurance coverage to be maintained for the Underlying Collateral (including any Acquired Property) as required under the Revolver, the Reimbursement, Security and Guaranty Agreement and the LLC Operating Agreement, including, whether or not so required (but in all events subject to the requirements in LLC Operating Agreement and, for so long as the same remain in effect the Reimbursement, Security and Guaranty Agreement), insurance from an insurer reasonably acceptable to the Manager for each Loan with respect to which the Borrower has failed to maintain required insurance, fire, hurricane, flood and hazard insurance with extended coverage as is customary in the area in which the Underlying Collateral is located and in such amounts and with such deductibles as, from time to time, is directed by the Manager.

(b) The Servicer and each Subservicer shall maintain each of the following types of insurance coverage having such limits as described below:

(i) Errors & Omissions Liability with limits of not less than \$10,000,000 per claim and \$10,000,000 in the aggregate. The Manager shall be notified immediately upon the reduction of or potential reduction of fifty percent (50%) of the limits. The Manager may require that the Servicer and each Subservicer purchase additional limits to provide back to the required limits as stated above. "Potential reduction of fifty percent (50%)" shall mean any knowledge by the Servicer or Subservicer, as applicable, that a claim or the sum of all claims, current or initiated after the effective date of the policy which would reduce the limits by fifty percent (50%).

(ii) Directors & Officers Liability with limits of not less than \$10,000,000 each claim and \$10,000,000 in the aggregate.

(iii) Crime Insurance or a Fidelity Bond in an amount of not less than \$10,000,000 covering employee theft, forgery & alteration, wire/funds transfer, computer fraud, client coverage. Such coverage shall insure all employees or any other persons authorized by the Servicer or Subservicer to handle any funds, money, documents and papers relating to any Loan, and shall protect the Servicer or Subservicer, as applicable, against losses arising out of theft, embezzlement, fraud, misplacement, and other similar causes. The Manager and the Company shall each be named as a loss payee with respect to claims arising out of assets handled under this Agreement or any applicable Servicing Agreement or Subservicing Agreement.

(iv) General Liability with limits of not less than \$1,000,000 each occurrence, \$2,000,000 in the aggregate, including coverage for products/completed operations, advertising and personal injury. The Manager and the Company shall each be named as additional insured. The policy shall include a Waiver of Subrogation in favor of the Manager and the Company.

(v) Auto Liability with a combined single limit of not less than \$1,000,000 to provide coverage for any owned, hired, or non-owned vehicles.

(vi) Workers Compensation in such amount as required by the states in which the Servicer or Subservicer, as applicable, operates, including coverage for Employer's Liability in an amount not less than, \$1,000,000. The policy shall include a Waiver of Subrogation in favor of the Manager and the Company.

(vii) Umbrella Liability in an amount of not less than \$10,000,000 each occurrence and in the aggregate.

All such policies shall be written with carriers having a minimum insurer rating of A- VIII from A.M. Best and A from Standard & Poor's. All such policies shall have a minimum notice of cancellation of thirty (30) days, except for non-payment of premium whereby a ten (10) day

notice of cancellation is acceptable. Certificates shall show each of the Manager and the Company as certificate holder, or as otherwise designated by the language in clauses (i)-(vii) above.

The Servicer shall provide (or shall cause each Subservicer to provide) the Purchase Money Notes Guarantor, the Revolver Lender, the Manager and the Initial Member with certificates evidencing all such policies on the Effective Date (and, with respect to each Loan, the applicable Servicing Transfer Date with respect thereto) and each anniversary of the Closing Date thereafter, and otherwise upon request of the Manager, the Purchase Money Notes Guarantor, the Revolver Lender or the Initial Member. Copies of fidelity bonds and insurance policies required to be maintained pursuant to this Section 2.9 shall be made available to the Manager, the Purchase Money Notes Guarantor, the Revolver Lender and the Initial Member or their respective representatives on the Effective Date (and, with respect to each Loan, on the applicable Servicing Transfer Date with respect thereto), and shall otherwise be made available to any of the Manager, the Purchase Money Notes Guarantor, the Revolver Lender and the Initial Member and their respective representative upon request.

Section 2.10 Funding of Working Capital Expenses and Funding Draws. To the extent set forth in, and subject to the terms of, this Agreement (including the Servicing Obligations), the Servicer shall, on behalf of the Manager, in turn acting on behalf of the Company (and from Company funds made available by the Manager), make applicable Funding Draws and pay other applicable Working Capital Expenses; provided that the making of the same is consistent with the applicable terms and conditions in the Custodial and Paying Agency Agreement and, subject to Section 5.7, the applicable terms and conditions in the LLC Operating Agreement, the Revolver and the other Ancillary Documents. The Servicer acknowledges that (a) proceeds of Discretionary Funding Advances shall be used exclusively for making Funding Draws with respect to specified Loans or related Acquired Property (and in no event may Discretionary Funding Advances be used for payment of any Working Capital Expenses other than Funding Draws); and (b) proceeds of Excess Working Capital Advances shall be used exclusively for payment Working Capital Expenses other than Funding Draws (and in no event may Excess Working Capital Advances be used for the making of any Funding Draws) and for such other purposes as may be expressly permitted pursuant to the Revolver and the LLC Operating Agreement.

Section 2.11 Expenses. Except as otherwise directed by the Manager, the Servicer shall use its reasonable best efforts to recover from the Borrowers and the Obligors all amounts of Servicing Expenses that are advanced by the Servicer (as permitted or required pursuant to the Servicing Obligations) as Servicer Advances to the extent that the Borrowers and Obligors are responsible for such Servicing Expenses under the Loan Documents. All such amounts not recovered from the Borrowers or the Obligors and all other Servicer Advances shall be reimbursed only in accordance with the terms set forth on Schedule 3 attached hereto, as the same may be amended from time to time by the Manager (without the consent of the Initial Member) and the Servicer. In no event may any Servicer Advances be deductible from or netted against any Loan Proceeds. In the event the Servicer is reimbursed for any amount that does not qualify as a Servicing Expense, the Servicer shall be obligated to refund such amounts to the Manager, or, if so directed by the Manager, directly to the Company (to the Collection Account) on the Specified Date immediately following the Servicer's receipt of notice from the Manager



requesting the same. No Servicer Advances shall bear interest chargeable in any way to the Company or deductible from any Loan Proceeds.

Section 2.12 Insured or Guaranteed Loans. If any Loans being serviced pursuant to this Agreement are insured or guaranteed by any Governmental Authority, the Servicer acknowledges and agrees that, if the Manager so directs pursuant to the Servicing Obligations with respect to such Loans, it shall take any and all actions as may be necessary to insure that such insurance or guarantees remain in full force and effect. The Servicer acknowledges and agrees that, upon assumption of the Servicing Obligations with respect to the Loans pursuant to this Agreement, it agrees to fulfill all of the Company's obligations under the contracts of insurance or guaranty.

Section 2.13 Registration with MERS. In the event that any of the Loans are (or are required by the Servicing Obligations to be) registered on the MERS® System, the Servicer shall maintain (or register, as applicable) such Loan on the MERS® System and execute and deliver on behalf of the Company any and all instruments of assignment and other comparable instruments with respect to such assignment or re-recording of a mortgage securing a Loan in the name of MERS®, solely as nominee for the Company and its successors and assigns. The Manager shall be designated as the "servicer" and the "investor" with respect to the Loans that are registered on the MERS® System, and the Servicer shall be designated as the "subservicer" with respect to such Loans. No other Person shall be identified on the MERS® System as having any interest in any of the Loans unless otherwise consented to by the Manager. All Loans registered on the MERS® System shall remain registered on the MERS® System unless default, foreclosure or similar legal or MERS® requirements dictate otherwise. The Servicer shall provide the Manager and the Initial Member with such reports from the MERS® System as the Manager or the Initial Member, from time to time, may request, including to allow the Manager and the Initial Member to verify the Persons identified on the MERS® System as having any interest in any of the Loans and to confirm that the Loans required to be registered on the MERS® System are so registered. Without limiting the foregoing, upon the request of the Manager or the Initial Member, the Servicer shall cause MERS® to run a query with respect to any and all specified fields on the MERS® System with respect to any or all of the Loans registered on the MERS® System and provide the results to the Manager and the Initial Member and, if requested by the Manager or the Initial Member, shall cause MERS® to change the information in such fields, to the extent MERS® will do so in accordance with its policies and procedures, to reflect its instructions.

### **ARTICLE III**

#### **LOAN DEFAULTS; ACQUISITION OF COLLATERAL**

Section 3.1 Delinquency Control. Except as otherwise directed by the Manager, the Servicer shall maintain a collection department that substantially complies with the Servicing Standard and protects the Company's interests in the Loans and the Underlying Collateral in accordance with the Servicing Standard.

Section 3.2 Discretion of the Servicer in Responding to Defaults of Borrower. Upon the occurrence of an event of default under any of the Loan Documents, but subject to the other terms and conditions of this Agreement, including the Servicing Obligations of the Servicer and

such direction as the Manager may otherwise provide that is consistent with the Servicer's compliance with the Servicing Standard, the Servicer, with the consent of the Manager, shall cause to be determined the response to such default and course of action with respect to such default, including (a) the selection of attorneys to be used in connection with any action, whether judicial or otherwise, to protect the interests of the Company in the Loan and the Underlying Collateral, (b) the declaration and recording of a notice of such default and the acceleration of the maturity of the Loan, (c) the institution of proceedings to foreclose on the Loan Documents, Underlying Collateral or Acquired Property securing the Loan pursuant to the power of sale contained therein or through a judicial action, (d) the institution of proceedings against any Obligor, (e) the acceptance of a deed in lieu of foreclosure, (f) the purchase of the real property Underlying Collateral at a foreclosure sale or trustee's sale or the purchase of the personal property Underlying Collateral at a Uniform Commercial Code sale, and (g) the institution or continuation of proceedings to obtain a deficiency judgment against such defaulting Borrower or any Obligor and the collection of such judgment. Notwithstanding anything to the contrary contained herein, but subject to Section 5.7, the Servicer shall not, in connection with any such default or otherwise, take (or refrain from taking) any action if the taking (or refraining from taking) of such action is inconsistent with the terms of the Revolver, the LLC Operating Agreement or any other Ancillary Documents or any applicable Approved Business Plans without the prior written consent of the Manager.

Section 3.3 Acquisition of Acquired Property. Any acquisition of Underlying Collateral shall conform with the terms and conditions of this Agreement (including the Servicing Obligations of the Servicer). With respect to any Loan as to which the Servicer has received actual notice of, or has actual knowledge of, any Environmental Hazard with respect to the related Underlying Collateral, the Servicer shall immediately provide written notice of same to the Manager. In addition, if the Manager so directs, prior to the acquisition of title to any Underlying Collateral, the Servicer shall cause to be commissioned with respect to such Underlying Collateral (i) a "Transaction Screen Process" consistent with ASTM Standard E 1528-06, by an environmental professional or (ii) such other site inspections and assessments by a Person who regularly conducts environmental audits using customary industry standards as would customarily be undertaken or obtained by a prudent lender in order to ascertain whether there are any actual or threatened Environmental Hazards (a "Site Assessment"), and the cost of such Site Assessment shall be deemed to be a Servicing Expense as long as the costs for such Site Assessment were not paid to any Affiliate of the Manager or any Affiliate of the Servicer or any Subservicer. Except as is otherwise directed by the Manager, the Servicer or any Subservicer shall not acquire or otherwise cause the Company or any subsidiary or other entity in which the Company owns any interest to acquire all or any portion of any Underlying Collateral having any actual or threatened Environmental Hazard by foreclosure, deed in lieu of foreclosure, power of sale or sale pursuant to the Uniform Commercial Code or otherwise. If title to any Underlying Collateral that constitutes real property is to be acquired by foreclosure, by deed in lieu of foreclosure, by power of sale or by sale pursuant to the Uniform Commercial Code, or otherwise, title to such Acquired Property shall be taken by and held in the name of an Ownership Entity; provided, however, that for any Underlying Collateral which becomes Acquired Property after the Servicing Transfer Date relating thereto and with respect to which there exists any Environmental Hazard, the Ownership Entity that holds such Underlying Collateral may hold title only to the relevant Underlying Collateral with respect to which the Environmental Hazard exists.

Section 3.4 Administration of REO Properties. In addition to any other terms and conditions set forth herein, in connection with any REO Properties, the Servicer shall, in each case subject to applicable instructions from the Manager and the Servicing Obligations, comply with the following terms and conditions:

(a) The Servicer shall cause the applicable Ownership Entity to maintain insurance in compliance with applicable requirements herein and in the LLC Operating Agreement.

(b) The Servicer shall cause the applicable Ownership Entity to (i) perform the obligations that such Ownership Entity is required to perform under the leases to which it is a party in all material respects and (ii) enforce, in accordance with commercially reasonable practices for properties similar to the applicable REO Property, the material obligations to be performed by the tenants under such leases.

(c) The Servicer shall not permit any Ownership Entity to initiate or consent to any zoning reclassification of any portion of the REO Property owned by such Ownership Entity, or use or permit the use of any portion of an REO Property in any manner that could result in such use (taking into account any applicable variance obtained in accordance with the Servicing Standard) becoming a non-conforming use under any zoning ordinance or any other applicable land use law, rule or regulation, without the prior consent of the Manager, the Collateral Agent, the Revolver Lender and the Initial Member.

(d) The Servicer shall not permit any Ownership Entity to suffer, permit or initiate the joint assessment of REO Property (i) with any other real property constituting a Tax lot separate from such REO Property, and (ii) with any portion of an REO Property which may be deemed to constitute personal property, or any other procedure whereby the Lien of any Taxes which may be levied against such personal property shall be assessed or levied or charged to such REO Property.

(e) From and after the completion of any buildings or other improvements at an REO Property, the Servicer shall cause the applicable Ownership Entity to maintain such REO Property in a good and safe condition and repair (subject to such alterations as the Manager may from time to time determine to be appropriate in accordance with the Servicing Standard and applicable requirements herein and in the Ancillary Documents) and in accordance with Law.

(f) All property managers with respect to any REO Property shall, in their respective property management agreements or by separate agreement, subordinate their rights under such agreements (including their right to receive management fees) to the rights and interest of the Collateral Agent and the Revolver Lender under the applicable REO Mortgage (as defined in the Reimbursement, Security and Guaranty Agreement).

(g) With respect to any REO Property that is leased under a ground or other lease (in each case, a "**ground lease**"), the Servicer shall cause the applicable Ownership Entity to (i) pay all rents and other sums required to be paid by the tenant under and pursuant to the provisions of the applicable ground lease as and when such rent or other charge is payable, and

(ii) diligently and timely perform and observe all of the terms, covenants and conditions binding on the tenant under the ground lease. The Servicer shall not permit the applicable Ownership Entity to subordinate or consent to the subordination of any ground lease to any mortgage, lease or other interest on or in the ground lessor's interest in the applicable REO Property without the prior consent of the Manager, the Revolver Lender and the Collateral Agent unless such subordination is required under the provisions of such ground lease.

(h) In the event the Manager elects to fund the construction of the REO Property (pursuant to Funding Draws for such purpose), then the Servicer shall cause each Ownership Entity to pursue with diligence the construction of the REO Property owned by such Ownership Entity (i) in accordance with the construction, construction management (if any) and all other material contracts relating to such construction, and all requirements of Law, all restrictions, covenants and easements affecting such REO Property, and all applicable governmental approvals, (ii) in substantial compliance with the plans and specifications therefor as in existence on the Closing Date and as thereafter modified by the Manager (or the Servicer, to the extent permitted in the Servicing Obligations), (iii) in a good and workmanlike manner and free of defects, (iv) in a manner such that such REO Property remains free from any Liens, claims or assessments (actual or contingent) for any material, labor or other item furnished in connection therewith, and (v) in conformance with the requirements for Funding Draws.

(i) Notwithstanding any other provision of this Section 3.4 to the contrary, (i) in operating, managing, leasing or disposing of any REO Property, the Servicer shall act in the best interests of the Company, and the members and creditors of the Company (including the FDIC in its various capacities) and in accordance with the Servicing Standard, and (ii) without relieving the Servicer of any obligation elsewhere in this Agreement, and subject to any applicable Servicing Obligations, the Servicer shall not be required to act in accordance with a specific provisions of this Section 3.4 if such action is (A) not in the best interests of the Company and the members and creditors of the Company (including the FDIC in its various capacities), as determined by the Servicer in the exercise of its reasonable discretion, or (B) not in accordance with the Servicing Standard.

(j) The Servicer shall furnish to the Manager, the Revolver Lender, the Collateral Agent and the Initial Member such reports regarding the construction, leasing and sales efforts of or relating to the REO Property as the Manager, the Revolver Lender, the Collateral Agent or the Initial Member shall reasonably request.

#### **ARTICLE IV** **SUBSERVICING**

Section 4.1 Retention of Subservicer. The Servicer may engage or retain one or more subservicers, including Affiliates of the Manager or of the Servicer (individually and collectively, "**Subservicer**"), as it may deem necessary and appropriate, provided that any Subservicer meets the requirements set forth in the definition of "Qualified Servicer".

Section 4.2 Subservicing Agreement Requirements. Any subservicing agreement with any Subservicer ("**Subservicing Agreement**") shall, among other things:

(a) provide for the servicing of the Loans and management of the Underlying Collateral by the Subservicer in accordance with the Servicing Standard and the other terms of the Servicing Agreement and the LLC Operating Agreement;

(b) be terminable upon no more than thirty (30) days prior notice in the event of any Event of Default (as defined in the LLC Operating Agreement), any Default under this Agreement or any default under the Subservicing Agreement as set forth in Section 4.2(m);

(c) provide that the Servicer as well as the Manager and the Initial Member shall each be entitled to exercise termination rights thereunder;

(d) provide that the Subservicer and the Servicer acknowledge that the Subservicing Agreement constitutes a personal services agreement between the Servicer and the Subservicer;

(e) provide that each of the Initial Member and the Manager is a third party beneficiary under the Subservicing Agreement for all purposes and is entitled to enforce the Subservicing Agreement, and that each of the FDIC, the Purchase Money Notes Guarantor, the Revolver Lender and the Company is a third party beneficiary thereunder to the extent of any rights expressly granted to such Person under the Subservicing Agreement (and such Subservicing Agreement shall include rights in favor of the FDIC, the Purchase Money Notes Guarantor, the Revolver Lender and the Company that are equivalent to the rights granted to such Persons hereunder) and is entitled to enforce the Subservicing Agreement with respect to such rights; and further provide that in no event shall any amendment or waiver to any such Subservicing Agreement limit or affect any rights of any such third party beneficiary thereunder without the express written consent of such third party beneficiary;

(f) provide that (i) upon the occurrence of any Default under the Subservicing Agreement, each of the Manager (or applicable successor "Manager" under the LLC Operating Agreement) and the Initial Member may exercise all of the rights of the Servicer under the Subservicing Agreement and cause the termination or assignment of the Subservicing Agreement to any other Person, without penalty or payment of any fee, and (ii) if the Initial member (or any successor "Manager" under the LLC Operating Agreement) exercises its right in Section 7.2 to cause the termination or assignment of the Servicing Agreement from the Manager to any other Person, the Initial Member or such successor Manager shall also have the right to cause the termination or assignment of the Subservicing Agreement, without penalty or payment of any fee;

(g) provide that the Initial Member, the Manager, the Purchase Money Notes Guarantor, the Revolver Lender and the Company (and each of their respective representatives) shall each have access to and the right to review, copy and audit the books and records of the Subservicer and that the Subservicer shall make available its officers, directors, employees, accountants and attorneys to answer the Initial Member's, the Manager's, the Purchase Money Notes Guarantor's, the Revolver Lender's and the Company's (and each of their respective representatives') questions or to discuss any matter relating to the Subservicer's affairs, finances and accounts, as they relate to the Loans, the Underlying Collateral, the Servicing Obligations, the Collection Account, the Escrow Accounts or any Other Accounts established or maintained

pursuant to the Servicing Agreement or the Subservicing Agreement, accounts created under the Revolver or the Custodial and Paying Agency Agreement or any matters relating to the Servicing Agreement or the Subservicing Agreement or the rights or obligations thereunder;

(h) provide that all Loan Proceeds are to be deposited into the Collection Account on a daily basis (without reduction or setoff as provided in Section 11.12) within two (2) Business Days of receipt and that under no circumstances are any funds, other than Loan Proceeds and interest and earnings thereon and on the proceeds of Working Capital Loans pursuant to the Revolver and Excess Working Capital Advances and Discretionary Funding Advances, to be commingled into the Collection Account;

(i) provide that the Subservicer shall not sell, transfer or assign its rights under the Subservicing Agreement with the Servicer and that any prohibited sale, transfer or assignment shall be void *ab initio*;

(j) provide that the Subservicer consents to the immediate termination of the Subservicer pursuant to Section 7.2;

(k) provide that there shall be no right of setoff on the part of the Subservicer against the Loan Proceeds (or the Company);

(l) provide for such other matters as are necessary or appropriate to ensure that the Subservicer is obligated to comply with the Servicing Obligations of the Servicer under the Servicing Agreement in the conduct of such matters as are delegated to the Subservicer;

(m) (i) contain default provisions that relate to the actions of the Subservicer that correspond to the provisions of Section 7.1(a), (b), (c), (d), (e), (f), and (g) hereof, and (ii) provide that each of the Manager and the Initial Member has the right (x) to terminate the Subservicing Agreement by providing written notice upon the occurrence of any such default, without any cure period other than as may be provided for in such default provisions under such Subservicing Agreement (which cure periods shall be no longer than the cure provisions in the corresponding provisions of Section 7.1 of this Agreement), and (y) otherwise to enforce the rights of the Servicer under the Subservicing Agreement;

(n) provide that (i) the Subservicer consents to its immediate termination under the Subservicing Agreement upon the occurrence of any of (x) a Default under Section 7.1(b) of this Agreement, or (y) an Insolvency Event with respect to the Subservicer or any of its Related Parties, and (ii) the occurrence of any Insolvency Event with respect to the Subservicer or any of its Related Parties constitutes a default under the Subservicing Agreement;

(o) provide a full release and discharge of the Initial Member, the Company, the Existing Servicers (as defined in the Contribution Agreement), the FDIC, in relation to any particular Loan, SFG, the Failed Bank and any predecessor-in-interest thereof, any Ownership Entities existing as of the applicable Servicing Transfer Date, and all of their respective officers, directors, employees, agents, attorneys, contractors and representatives, and all of their respective successors, assigns and Affiliates (but excluding, in all cases, the Manager) (any such Person, a "**Prior Servicer**" and collectively, the "**Prior Servicers**"), from any and all claims (including any counterclaim or defensive claim), demands, causes of action, judgments or legal

proceedings and remedies of whatever kind or nature that the Subservicer had, has or might have in the future, whether known or unknown, which are related in any manner whatsoever to the servicing of the Loans by any Prior Servicer prior to the applicable Servicing Transfer Date (other than due to gross negligence, violation of Law or willful misconduct of such Prior Servicer);

(p) provide that all Loans registered on the MERS® System shall remain registered unless default, foreclosure or similar legal or MERS requirements dictate otherwise;

(q) provide that the Subservicer shall immediately notify the Manager and the Initial Member upon becoming aware of any Subservicer or any Affiliate thereof at any time, (i) being or becoming a partner or joint venturer with any Borrower or Obligor, (ii) being or becoming an agent of any Borrower or Obligor, or allowing any Borrower or Obligor to be an agent of such Subservicer or of any Affiliate thereof, or (iii) having any interest whatsoever in any Borrower or Obligor; and

(r) not conflict with the Servicing Standard or any other terms or provisions of this Agreement, the LLC Operating Agreement, the Revolver, the Custodial and Paying Agency Agreement or any of the other Ancillary Documents insofar as such other terms or provisions apply to the Subservicer or the Servicing Obligations. Nothing contained in any Subservicing Agreement shall alter any obligation of the Servicer under this Agreement or the Manager under the LLC Operating Agreement and, in the event of any inconsistency between the Subservicing Agreement and the terms of either this Agreement or the LLC Operating Agreement, the terms of this Agreement or the LLC Operating Agreement, as applicable, shall apply.

**Section 4.3 Servicer Liable for Subservicers.** Notwithstanding anything to the contrary contained herein, the use of any Subservicer shall not release the Servicer from any of its Servicing Obligations or other obligations under this Agreement, and the Servicer shall remain responsible and liable for all acts and omissions of each Subservicer as fully as if such acts and omissions were those of the Servicer. All actions of any Subservicer performed pursuant to the Subservicing Agreement with the Servicer shall be performed as an agent of the Servicer. No Subservicer shall be paid any fees or indemnified out of any Loan Proceeds, it being understood that all fees and related costs and liabilities of retaining any Subservicers shall be the sole responsibility of the Servicer.

**Section 4.4 Manager Approval Required.** Each Subservicing Agreement and all Modifications thereto and the selection of the Subservicer (subject to the requirements of Section 4.1 hereof), regardless of whether the Subservicer is an Affiliate of the Servicer, shall be subject to the prior written approval of the Manager (which approval shall not be unreasonably withheld, delayed or conditioned so long as the provisions required under Section 4.2 are not modified or deleted). A copy of all Subservicing Agreements, as executed and delivered and all amendments thereto, shall be provided to the Manager.

**Section 4.5 Regulation AB Requirements.** The Servicer shall use commercially reasonable efforts to maintain in place, and to confirm, where applicable, that each Subservicer has in place, policies and procedures to comply with the relevant servicing criteria provisions of

Section 1122(d)(1) of Regulation AB that are applicable and relate to the servicing being conducted under this Agreement, including for purposes of preparation and delivery of the annual reports (including the independent accountant report) required pursuant to Section 5.2(g) below; provided that the following Regulation AB criteria shall not be deemed relevant to the servicing being conducted under this Agreement: Section 1122(d)(1)(iii) regarding backup servicer requirements; Sections 1122(d)(3)(i-iv) regarding paying agent requirements; and Section 1122(d)(4)(xv) regarding external credit enhancement.

**ARTICLE V**  
**REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE SERVICER**

Section 5.1 Representations and Warranties. The Servicer hereby makes the following representations and warranties as of the Effective Date:

(a) The Servicer (i) is a corporation, duly organized, validly existing and in good standing under the laws of the State of Delaware, (ii) has qualified or will qualify to transact business as a foreign entity and will remain so qualified, in the state or states and other jurisdictions where the Loans or the nature of the Servicer's activities under this Agreement makes such qualification necessary, (iii) has all licenses and other governmental approvals necessary to carry on its business as now being conducted and to perform its obligations hereunder, and (iv) has established and shall maintain its principal place of business in the United States.

(b) The Servicer has all requisite power, authority and legal right to service each Loan, and to execute, deliver and perform, and to enter into and consummate the transactions contemplated by, this Agreement, and this Agreement has been duly authorized by all requisite corporate action on the part of the Servicer.

(c) This Agreement and all Ancillary Documents and other agreements contemplated hereby to which the Servicer is or will be a party constitute the valid, legal, binding and enforceable obligations of the Servicer, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally, and by general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law); and all requisite corporate action has been taken by the Servicer to make this Agreement and all Ancillary Documents and other agreements contemplated hereby to which the Servicer is or will be a party valid and binding upon the Servicer in accordance with their terms and conditions.

(d) The Persons executing this Agreement on behalf of the Servicer are duly authorized to do so.

(e) The execution and delivery of this Agreement by the Servicer, the servicing of the Loans and the Underlying Collateral under this Agreement, the consummation of any other of the transactions contemplated by this Agreement, and the fulfillment of or compliance with the terms hereof are in the ordinary course of business of the Servicer and will not (i) result in a breach of any term or provision of the articles or charter or bylaws or other organizational documents of the Servicer, (ii) conflict with, result in a breach, violation or



acceleration of, or result in a default (or an event which, with notice or lapse of time, or both, would constitute a default) under the terms of any agreement or other instrument to which the Servicer is a party or by which it may be bound, or (iii) constitute a violation of any Law applicable to the Servicer, and the Servicer is not in breach or violation of any agreement or instrument, or in violation of any Law of any Governmental Authority having jurisdiction over it which breach or violation may impair the Servicer's ability to perform or meet any of its obligations under this Agreement.

(f) No litigation is pending or, to the Servicer's knowledge, threatened, against the Servicer that would prohibit the Servicer from entering into this Agreement or is likely to materially and adversely affect either the ability of the Servicer to perform its obligations under this Agreement or the financial condition of the Servicer.

(g) Any consent, approval, authorization or order of any Governmental Authority required for the execution, delivery and performance by the Servicer of or compliance by the Servicer with this Agreement or the consummation of the transactions contemplated by this Agreement has been obtained and is effective.

(h) Neither the Servicer nor any Subservicer or their respective Controlled Affiliates shall, at any time, (i) be a partner or joint venturer with any Borrower or Obligor, (ii) be an agent of any Borrower or Obligor, or allow any Borrower or Obligor to be an agent of the Servicer or any Subservicer or any such Controlled Affiliate of either, or (iii) have any interest whatsoever in any Borrower or Obligor.

(i) The Servicer is, and all times so long as this Agreement is in effect shall remain, a Qualified Servicer.

Section 5.2 Reporting, Books and Records and Compliance Covenants. The Servicer covenants to the Manager as follows:

(a) The Servicer shall be responsible for submitting all Internal Revenue Service information returns related to each Loan for all applicable periods commencing with the Servicing Transfer Date with respect thereto (or, if later, the Effective Date). Information returns include reports on Forms 1098 and 1099 and any other reports required by Law. The Servicer shall be responsible for submitting all information returns required under Law of any foreign Governmental Authority, to the extent such are required to be filed by the Company under such Law, relating to the Loans, for the calendar or Tax year in which the Effective Date falls and thereafter.

(b) The Servicer shall cause to be kept and maintained, at all times, at the Servicer's principal place of business, a complete and accurate set of files, books and records (including records transferred by the Manager to the Servicer) regarding the Loans and the Underlying Collateral, and the Company's interests in the Loans and the Underlying Collateral, including records relating to the Collection Account, the Escrow Accounts and any Other Accounts maintained in connection with the Loans, Servicer Advances, Funding Draws and other Working Capital Expenses and collection and remittance of Loan Proceeds. The books of account shall be maintained in a manner that provides sufficient assurance that: (i) transactions

are executed in accordance with the general or specific authorization of the Manager consistent with the provisions of the LLC Operating Agreement; and (ii) transactions of the Company are recorded in such form and manner as will: (A) permit preparation of federal, state and local income and franchise Tax returns and information returns in accordance with the LLC Operating Agreement and as required by Law; (B) permit preparation of the Company's financial statements in accordance with GAAP and the LLC Operating Agreement and the provisions of the reports required to be provided thereunder; and (C) maintain accountability for the Company's assets.

(c) The Servicer shall cause all such books and records to be maintained and retained until the date that is the later of ten (10) years after the Closing Date and three (3) years after the date on which the final Loan Proceeds are distributed to the Company, which date shall be established by notice to the Servicer from the Manager. All such books and records shall be available during such period for inspection by the Manager, the FDIC, the Purchase Money Notes Guarantor, the Revolver Lender and the Initial Member (and their respective representatives, including any applicable Governmental Authority) at all reasonable times during business hours on any Business Days (or, in the case of any such inspection after the term hereof, at such other location as is provided by notice to the Manager, the FDIC, the Purchase Money Notes Guarantor, the Revolver Lender and the Initial Member, as applicable), in each instance upon not less than two (2) Business Days' prior notice to the Servicer. Upon request by the Manager, the Servicer, at the sole cost and expense of the Manager, shall promptly send copies (the number of copies of which shall be reasonable) of such books and records to the Manager. The Servicer shall provide the Manager with reasonable advance notice of the Servicer's intention to destroy or dispose of any documents or files relating to the Loans and, upon the request of the Manager, shall allow the Manager, at its own expense, to recover the same from the Servicer. The Servicer shall also maintain complete and accurate records reflecting the status of taxes, ground rents and other recurring charges which could become a Lien on any Underlying Collateral.

(d) The covenants set forth in Section 5.2(b) and (c) above to maintain a complete and accurate set of records shall encompass all files in the Servicer's custody, possession or control pertaining to the Loans and the Underlying Collateral, including (except as required to be held by the Custodian pursuant to the Custodial and Paying Agency Agreement) all original and other documentation pertaining to the Loans and the Underlying Collateral, all documentation relating to items of income and expense pertaining to the Loans and the Underlying Collateral, and all of the Servicer's (and any Subservicer's) internal memoranda pertaining to the Loans and the Underlying Collateral.

(e) The Servicer shall cause to be furnished to the Manager, each month on the Specified Date, commencing with June 2010 (or such other date as may be set forth in the Servicing Obligations), a monthly electronic report on the Loans and Underlying Collateral containing such information and substantially in the form set forth on Schedule 4 attached hereto as the same may be amended from time to time by the Manager (without the consent of the Initial Member) and the Servicer (the "**Electronic Report**"). The Electronic Report shall include, but not be limited to, the information required for the Manager to prepare, in accordance with the LLC Operating Agreement, the "Distribution Date Report" and the "Monthly Report" (each as defined in the LLC Operating Agreement), and such other reports and information as the

Manager shall reasonably require, to the extent such information is reasonably available to the Servicer. Notwithstanding the above, with respect to any period prior to the applicable Servicing Transfer Date, the applicable Electronic Reports may exclude certain of the information otherwise required to be included therein if and to the extent the Initial Member is obligated to provide such information (or other information that is a prerequisite to the Servicer being able to provide such information) to the Servicer and the Manager pursuant to the interim servicing and asset management support obligation set forth in Section 3.3 of the Contribution Agreement and the Initial Member fails to timely deliver such information to the Servicer and the Manager.

(f) The Servicer shall deliver, and shall cause each Subservicer to deliver, to the Manager, on or before March 10<sup>th</sup> of each year, or such other day as the Manager and the Servicer may agree, commencing in the year 2011, an annual officer's certificate stating, as to the signer thereof, that (i) a review of such party's activities during the preceding calendar year (or other applicable period as set forth below in this Section 5.2(f)) and of its performance under this Agreement (or, as applicable, any Subservicing Agreement) has been made under such officer's supervision, and (ii) to the best of such officer's knowledge and belief, based on such review, such party has fulfilled all of its obligations under this Agreement (or, as applicable, any Subservicing Agreement) in all material respects throughout such year or portion thereof or, if there has been a failure to fulfill any such obligation in any material respect, specifying each such failure and the nature and status thereof. The first such officer's certificate shall, with respect to any Loan, shall cover the period commencing on the Servicing Transfer Date (and with respect to each Loan, shall include relevant information with respect thereto for the period commencing on the Servicing Transfer Date for such Loan) and continuing through the end of the 2010 calendar year. In the event any Subservicer was terminated, resigned or otherwise performed in such capacity for only part of a year (or other applicable period, as the case may be, with respect to the period commencing, with respect to any Loan, on the Servicing Transfer Date through the end of the 2010 calendar year), such party shall provide an officer's certificate pursuant to this Section 5.2 with respect to such portion of the year (or other applicable period).

(g) On or before March 10<sup>th</sup> of each year, or such other day as the Manager and the Servicer agree, commencing in the year 2011, the Servicer shall, or shall cause each applicable Subservicer to, provide to the Manager (and/or to such other Person as the Manager may direct) the annual reports (including the independent accountant report) for the prior year (or other applicable period as set forth below) required under Section 1122 of Regulation AB (regardless of whether any such requirements apply, by their terms, only to companies registered or required to file reports with the Securities and Exchange Commission) with respect to the relevant servicing criteria provisions of Section 1122(d)(1) of Regulation AB that are applicable to the servicing being conducted under this Agreement pursuant to Section 4.5. The first such reports shall cover the period commencing on the Effective Date (and for each Loan, covering the period from the applicable Servicing Transfer Date) and continuing through the end of the 2010 calendar year.

(h) In connection with the Manager's obligations under the LLC Operating Agreement to prepare, review and periodically update Business Plans and Consolidated Business Plans, the Servicer shall prepare and deliver to the Manager, and thereafter periodically update, such Business Plans and Consolidated Business Plans, or relevant portions thereof or information to be included therein, in each case to the extent set forth and required pursuant to Schedule 6

attached hereto hereto as the same may be amended from time to time by the Manager and the Servicer without the consent of the Initial Member (the "**Business Plan Schedule**"). Upon reasonable notice by the Initial Member, the Revolver Lender, the Purchase Money Notes Guarantor or the Manager, the Servicer shall make its personnel who are familiar with the Business Plans and Consolidated Business Plans (or relevant portions thereof) available during normal business hours for the purposes of discussing such Business Plans and Consolidated Business Plans with representatives of the Initial Member, the Revolver Lender, the Purchase Money Notes Guarantor and/or the Manager and responding to questions therefrom.

Section 5.3 Audits. Until the later of the date that is ten (10) years after the Closing Date and the date that is three (3) years after the date on which the final Loan Proceeds are distributed to the Company, which date shall be established by notice to the Servicer from the Manager, the Servicer shall, and shall cause each Subservicer to, (i) provide the Manager, the Revolver Lender, the Purchase Money Notes Guarantor and the Initial Member and their respective representatives (including any Governmental Authority), during normal business hours and on reasonable notice, with access to and the right to review all of the books of account, reports and records relating to the Loans or any Underlying Collateral, the Servicing Obligations, the Collection Account, the Escrow Accounts, any Other Accounts or any matters relating to this Agreement or the rights or obligations hereunder, (ii) permit such representatives to make copies of and extracts from the same, (iii) allow the Manager, the Revolver Lender, the Purchase Money Notes Guarantor and the Initial Member to cause such books to be audited by accountants selected by the Manager, the Revolver Lender, the Purchase Money Notes Guarantor or the Initial Member, as applicable, and (iv) allow the Manager's, the Revolver Lender's, the Purchase Money Notes Guarantor's and the Initial Member's representatives, and any of their respective Affiliates, to discuss the Servicer's and any Subservicer's affairs, finances and accounts, as they relate to the Loans, the Underlying Collateral, the Servicing Obligations, the Collection Account, the Escrow Accounts, and any Other Accounts or any other matters relating to this Agreement or the rights or obligations hereunder or thereunder, with the Manager's, the Revolver Lender's, the Purchase Money Notes Guarantor's and the Initial Member's officers, directors, employees and accountants (and by this provision the Servicer hereby authorizes the Manager's, the Revolver Lender's, the Purchase Money Notes Guarantor's and the Initial Member's accountants to discuss such affairs, finances and accounts with such representatives). Any expense incurred by the Manager, the Revolver Lender, the Purchase Money Notes Guarantor or the Initial Member and any reasonable out-of-pocket expense incurred by the Servicer in connection with the exercise by the Manager, the Revolver Lender, the Purchase Money Notes Guarantor or the Initial Member of its rights in this Section 5.3 shall be borne by the Manager, the Revolver Lender, the Purchase Money Notes Guarantor or the Initial Member, as applicable (and in all events subject to any obligation of the Manager to bear such expenses of the Revolver Lender, the Purchase Money Notes Guarantor or the Initial Member pursuant to the LLC Operating Agreement); provided, however, that any expense incident to the exercise by the Manager, the Revolver Lender, the Purchase Money Notes Guarantor or the Initial Member of their respective rights pursuant to this Section 5.3 as a result of or during the continuance of a Default by the Servicer hereunder shall in all cases be borne by the Servicer.

Section 5.4 No Liens. The Servicer (i) shall not place or voluntarily permit any Lien to be placed on any of the Loans, the Underlying Collateral, the Loan Documents or the Loan Proceeds, except, in the case of the Underlying Collateral, (x) as permitted under the Loan

Documents where the applicable Borrower is not in default thereunder and (y) as permitted by the terms of the Revolver or the Reimbursement, Security and Guaranty Agreement, and (ii) shall not take any action to interfere with the Collateral Agent's rights as a secured party with respect to the Loans, the Underlying Collateral and the Loan Proceeds.

Section 5.5 Servicer's Duty to Advise; Delivery of Certain Notices. In addition to such other reports and access to records and reports as are required to be provided to the Manager, the Purchase Money Notes Guarantor, the Revolver Lender and the Initial Member hereunder, the Servicer shall cause to be delivered to the Manager such information relating to the Loans, the Underlying Collateral, the Servicer and any Subservicer as the Manager may reasonably request from time to time and, in any case, shall ensure that the Manager is promptly advised, in writing, of any matter of which the Servicer or any such Subservicer becomes aware relating to the Loans, any of the Underlying Collateral, the Collection Account, the Escrow Accounts, any accounts created under the Revolver or the Custodial and Paying Agency Agreement, any Other Accounts or any Borrower or Obligor that materially and adversely affects the interests of the Company, the Purchase Money Notes Guarantor, the Revolver Lender or the Initial Member. Without limiting the generality of the foregoing, the Servicer shall immediately notify the Manager of (i) any claim, threatened claim or litigation against the Servicer, the Company, the Manager or the Initial Member arising out of or with respect to any Loan, (ii) any material notice from any Governmental Authority relating to any Underlying Collateral, (iii) any occurrence which could reasonably be expected to result in cost overruns with respect to any Loan or Acquired Property for which Funding Draws have been, or are contemplated to be, made, (iv) in the case of any Construction Loan, any construction delays which would reasonably be expected to cause milestones in the Approved Construction Schedule (as defined in the Revolver) not to be met, or (v) any other occurrence which would reasonably be expected to materially hamper, prevent or interfere with the effectuation of any then-applicable Business Plans or Consolidated Business Plan. In addition, the Servicer shall cause to be delivered to the Manager information indicating any possible Environmental Hazard with respect to any Underlying Collateral. Further, the Servicer shall cause to be furnished to the Manager, each month on the Specified Date, commencing the first (1st) month following the Effective Date and together with the Electronic Report, a report with respect to each Loan and Underlying Collateral (A) containing a summary of the progress made, to the extent applicable, in the construction, marketing and leasing of the applicable project since the last such report, (B) in the case of any Loan, describing the remedial efforts or enforcement actions, if any, being undertaken by the Servicer with respect to the applicable Loan, (C) describing the status of the activities contemplated by the Business Plans or Consolidated Business Plan (which, among other things, identifies any facts or circumstances which are reasonably likely to hamper, interfere with, prevent or postpone effectuation of the applicable Business Plans or Consolidated Business Plan), (D) to the extent applicable, containing an itemized statement of costs and expenses remaining to be paid in order to complete construction of the applicable project (including capitalized interest, real estate taxes and other soft costs), (E) to the extent requested by the Manager, any materials delivered by any Borrower to the Company or the Servicer pursuant to the applicable Loan Documents not theretofore delivered to the Manager (including, without limitation, copies of all plans and specifications, construction budgets and construction schedules, construction contracts, architect's agreements, leasing and brokerage agreements, management agreements (and Modifications to each of the foregoing) and materials delivered by

the applicable Borrower in connection with each request for an advance under the related Loan and (F) such other information as the Manager reasonably requests.

Section 5.6 Notice of Breach or Change of Control. The Servicer shall immediately notify the Manager of (i) any failure or anticipated failure on its part to observe and perform any warranty, representation, covenant or agreement required to be observed and performed by it as the Servicer, and (ii) any Change of Control with respect to the Servicer.

Section 5.7 Copies of Documents. Copies of the Revolver, the LLC Operating Agreement and the other Ancillary Documents (or portions thereof) as the Manager has determined to be necessary for the Servicer to be familiar with in order to perform its obligations hereunder have been delivered to the Servicer by the Manager, and the Servicer acknowledges receipt thereof. Further, the Manager shall provide the Servicer with copies of all Approved Business Plans, as and when approved by the Manager and the Revolver Lender in accordance with the Revolver, as shall be necessary in order for the continued performance by the Servicer of its obligations hereunder. The Manager may from time to time deliver to the Servicer such Modifications or additional Ancillary Documents (or portions of any thereof) as the Manager may determine to be so necessary for the continued performance by the Servicer of its obligations hereunder. The Servicer acknowledges that it will review, as and when received from the Manager, such copies of the Approved Business Plans, and agrees that the Servicer shall not make any advance under any Loan on behalf of the Company unless (i) such advance is consistent with the applicable Approved Business Plan, (ii) the Company is entitled to a corresponding Advance Loan under the Revolver, and (iii) it has received the funds required and the consent of the Manager to make the advance. All references herein to the Servicer's obligations with respect to the LLC Operating Agreement, the Revolver and the other Ancillary Documents shall, as between the Manager and the Servicer (and without limitation of obligations of the Manager, or the rights of the Initial Member, the Purchase Money Notes Guarantor or the Revolver Lender, under this Agreement, the LLC Operating Agreement, the Revolver or the other Ancillary Documents), be deemed to refer to the LLC Operating Agreement, the Revolver and the other Ancillary Documents (or portions thereof) as have been, or from time to time are, delivered to the Servicer.

Section 5.8 Financial Information. The Servicer will submit to the Company, with copies thereof to be delivered by the Servicer to the Purchase Money Notes Guarantor, the Revolver Lender and the Initial Member, (i) within forty-five (45) days after the end of each of its fiscal quarters, commencing on the Effective Date, and (ii) within ninety (90) days after the end of each of its fiscal years, commencing on the Effective Date, a letter certified by an officer of the Servicer that details certain agreed upon financial trends and ratios relating to the Servicer (and/or such other financial information as the Manager, the Purchase Money Notes Guarantor, the Revolver Lender or the Initial Member may reasonably request from time to time).

## **ARTICLE VI**

### **MANAGER CONSENT**

Section 6.1 Actions Requiring Manager Consent. Notwithstanding anything to the contrary contained in this Agreement, the Servicer shall not cause or permit to be taken any of the following actions without the prior written consent of the Manager (which, other than with

respect to clause (g) below, may require the Manager to obtain the consent of the Initial Member and/or the Purchase Money Notes Guarantor, which consent may be withheld or conditioned in the sole and absolute discretion of the Manager:

(a) conducting Bulk Sales except as expressly permitted in the Servicing Obligations (and in all events subject to the limitations set forth in the LLC Operating Agreement);

(b) the payment of fees to, the sale or other transfer (including through foreclosure or by deed in lieu thereof) of any Loan or Underlying Collateral or Acquired Property (or any portion thereof) to, or any other transaction with (whether or not at usual and customary rates), any Affiliate of the Company, the Manager, the Servicer, any Affiliate of the Servicer, any Subservicer, or any Affiliate of any Subservicer;

(c) the financing of the sale or other transfer of any Loans, Underlying Collateral or Acquired Property (or any portion thereof);

(d) the sale of any Loan or Underlying Collateral or Acquired Property (or any portion thereof) that provides for any recourse against the Company, the Initial Member or the FDIC in any capacity, or against any interest in the Company held by the Initial Member or any share of the Loan Proceeds allocable to the Initial Member;

(e) any disbursement of any funds in the Collection Account (including any such funds made available through Discretionary Funding Advances or Excess Working Capital Advances), the accounts created under the Revolver or the Custodial and Paying Agency Agreement or any Other Accounts, or funds disbursed from the Revolver other than in accordance with the provisions of this Agreement, the LLC Operating Agreement, the Revolver, the Reimbursement, Security and Guaranty Agreement and the Custodial and Paying Agency Agreement;

(f) advancing additional funds that would increase the Unpaid Principal Balance of any Loan other than (i) with funds provided by the Advance Loans under the Revolver or Excess Working Capital Advances, in each case used for purposes for which the proceeds of Advance Loans may be used under the Revolver, (ii) Funding Draws, or (iii) Servicing Expenses to the extent that capitalizing such Servicing Expenses is or would have been, prior to the conversion of the Loan to Acquired Property, permitted under the applicable Loan Documents;

(g) in connection with its servicing and administration of any Loan and management of the Underlying Collateral or Acquired Property, (i) approving (x) any material Modification to, or cancellation or termination of, any Loan Documents, or (y) plans and specifications, construction budgets or construction schedules with respect to the projects which are the subject of such Loan (or material modifications to any of such items, including any change orders); (ii) waiving or forbearing from exercising any of the lender's rights under, or any conditions precedent to the funding of any advances under, such Loan; (iii) forgiving or reducing or forbearing from collecting any indebtedness; (iv) releasing any parties liable for the payment of the Loan or the performance of any other obligation relating thereto; (v) granting any consent

under any Loan Documents (including with respect to any proposed transfers of any Underlying Collateral or transfers, pledges or changes in management of any direct or indirect interests in any Borrower, proposed alterations, proposed settlements of insurance claims, condemnation claims or deficiencies or proposed applications of insurance proceeds or condemnation awards); (vi) consenting to any agreement in any Insolvency Proceeding relating to any Loan, any Borrower or any Obligor with respect to a Loan, or any Underlying Collateral, including voting for a plan of reorganization; (vii) subordinating the Liens of the Loan Documents; (viii) amending or waiving any provision of any intercreditor agreement or making any decisions with respect to the Loans under any intercreditor agreement; or (ix) taking any other action regarding such Loan, Underlying Collateral or Acquired Property that requires the consent of the Revolver Lender; unless, in each case, such item or action is provided for under the then applicable Approved Business Plan and is not prohibited under the LLC Operating Agreement, the Revolver or the other Ancillary Documents or otherwise inconsistent with the Servicing Standard;

(h) reimbursement for any expense or cost incurred or paid by any Affiliate of the Company, any Affiliate of the Servicer or any Affiliate of any Subservicer; or

(i) selling or otherwise causing the Disposition (as such term is defined in the LLC Operating Agreement) of any Participated Loans to a Borrower or a Related Party.

Section 6.2 Amendments, Modification and Waivers. No provision of this Agreement may be amended, modified or waived except in writing executed by the Manager and the Servicer, and each such Modification shall be subject to the prior written consent of the Initial Member, except for those provisions that may be amended by the express terms hereof without the Initial Member's consent. In no event shall any such amendment or waiver limit or affect the rights of the FDIC (as a third party beneficiary hereunder as specified in Section 11.8) without the express written consent of the FDIC.

## **ARTICLE VII**

### **DEFAULTS; TERMINATION; TERMINATION WITHOUT CAUSE**

Section 7.1 Defaults. A default ("**Default**") means the occurrence of:

(a) any failure by the Servicer to remit to the Company or deposit in the Collection Account, the Escrow Accounts, any accounts created under the Revolver or the Custodial and Paying Agency Agreement or any Other Accounts any amount required to be so remitted or deposited under the terms of (i) this Agreement, (ii) the Revolver, (iii) the LLC Operating Agreement, or (iv) the Custodial and Paying Agency Agreement;

(b) any Insolvency Event (without any cure period other than as may be provided for in the definition of Insolvency Event) (i) with respect to the Servicer or any of its Related Parties, or (ii) with respect to any Subservicer or any of its Related Parties; provided, that any such Insolvency Event under this clause (ii) (that is not otherwise an Insolvency Event under clause (i) hereof) shall not be a Default hereunder (but shall in all events be a default under the applicable Subservicing Agreement) so long as the Servicer shall have fully replaced such affected Subservicer within thirty (30) days after the occurrence of such Insolvency Event; or



(c) any failure by the Servicer to duly perform its obligations in (i) Section 5.2(e), which failure continues unremedied for a period of five (5) days, or such other period as the Manager and the Servicer agree, after the date on which written notice of such failure requiring the same to be remedied shall have been given by the Manager to the Servicer, or (ii) Section 5.2(f) or Section 5.2(g), which failure continues unremedied for a period of twenty-five (25) days, or such other period as the Manager and the Servicer agree, after the date on which written notice of such failure requiring the same to be remedied shall have been given by the Manager to the Servicer; or

(d) any failure by the Servicer at any time (i) to renew or maintain any permit or license necessary to carry out its responsibilities under this Agreement in compliance with Law, or (ii) to cause each Subservicer to meet the applicable characteristics of a Qualified Servicer as required under Section 4.1 and to renew or maintain any permit or license necessary to carry out its responsibilities under any Subservicing Agreement, which, in the case of clause (i) or (ii), continues unremedied for a period of thirty (30) days after the date on which written notice of such failure requiring the same to be remedied shall have been given by the Manager or the Initial Member to the Servicer; or

(e) any failure by the Servicer to cause any Subservicer to comply with the terms of its Subservicing Agreement with the Servicer, the occurrence of a default or material breach by any Subservicer under its Subservicing Agreement, or the failure by the Servicer to replace any Subservicer upon the occurrence of any such event in accordance with the terms governing material breach or default under the applicable Subservicing Agreement; or

(f) any other failure (other than those specified in any of Section 7.1(a) through (e)) by the Servicer to duly observe or perform any other covenants or agreements on the part of the Servicer contained in this Agreement or to perform any Servicing Obligation in compliance with the Servicing Standard, and such failure continues unremedied for a period of thirty (30) days, or such other period as the Manager, with the consent of the Initial Member, and the Servicer agree, after the date on which written notice of such failure shall have been given by the Manager or the Initial Member to the Servicer; provided, however, that in the case of a failure that cannot be cured within thirty (30) days (or such other period as the Manager, with the consent of the Initial Member, and the Servicer agree) with the exercise of reasonable diligence, the cure period shall be extended for an additional thirty (30) days if the Servicer can demonstrate to the reasonable satisfaction of the Manager and the Initial Member that the Servicer is diligently pursuing remedial action; and provided, further, that, with respect to any such failure under this Section 7.1(f) that relates exclusively to obligations included in any applicable Schedule hereto that can be amended or otherwise modified without the consent of the Initial Member, then no such consent of the Initial Member shall be required with respect to an applicable cure period hereunder so long as the such failure hereunder is not, or would not result in, a failure by the Manager to comply with its obligations under the LLC Operating Agreement, the Revolver and the other Ancillary Documents; or

(g) the occurrence of any Restricted Servicer Change of Control.

Section 7.2 Termination with Cause.

(a) Upon the occurrence of (w) a Default pursuant to this Agreement, in each case, without any cure period other than as may be provided for in Section 7.1, (x) the occurrence of any "Event of Default," as defined in the LLC Operating Agreement, (y) the receipt by the Manager or the Servicer of notice from the Revolver Lender or the Purchase Money Notes Guarantor that an "Event of Default" as defined in the Reimbursement, Security and Guaranty Agreement or the Revolver has occurred and is continuing, or (z) any failure by the Servicer at any time to have an Acceptable Rating or otherwise comply with its obligation to be a Qualified Servicer, the Manager (including, if applicable, any successor "Manager" pursuant to the LLC Operating Agreement), the Initial Member, or the Purchase Money Notes Guarantor, in addition to any other rights the Manager, the Initial Member or the Purchase Money Notes Guarantor, may have at law (including under the Uniform Commercial Code) or equity, including injunctive relief, specific performance or otherwise, may (i) terminate this Agreement by providing a Termination Notice to the Servicer, (ii) terminate the Subservicing Agreements by providing a written termination notice to the Servicer and the applicable Subservicers, and (iii) otherwise enforce this Agreement, in any case, without penalty or payment of any fee.

(b) In addition to the rights set forth above in Section 7.2(a), (i) upon the removal of the Manager as the "Manager" pursuant to the LLC Operating Agreement and/or notice from the Initial Member or the Manager of the occurrence of any Event of Default (as defined in the LLC Operating Agreement) under the LLC Operating Agreement, the Initial Member (or any successor "Manager" to the Manager under the LLC Operating Agreement) may exercise all of the rights of the Manager under this Agreement and further cause the termination or assignment of this Agreement from the Manager to any other Person, without penalty or payment of any fee, and (ii) upon the occurrence of any Default under this Agreement, each of the Manager (or applicable successor "Manager" to the Manager under the LLC Operating Agreement) and the Initial Member may exercise all of the rights of (A) the Manager under this Agreement and cause the termination or assignment of this Agreement to any other Person, without penalty or payment of any fee, and (B) the Servicer under the Subservicing Agreement and cause the termination or assignment of the Subservicing Agreement to any other Person, without penalty or payment of any fee.

(c) The Servicer hereby consents to its immediate and automatic termination under this Agreement upon a Default under Section 7.1(b).

(d) Upon a default or failure of the Manager to perform its obligations under this Agreement in a material manner, including the failure of the Manager to pay to the Servicer the Servicing Fee in a full and timely manner, the Servicer, in addition to any other rights it may have pursuant to this Agreement, at law or in equity, may terminate this Agreement by providing a Termination Notice to the Manager, with a copy to the Purchase Money Notes Guarantor, the Revolver Lender and the Initial Member. The Termination Notice shall set forth with specificity the nature of the default or failure to perform of the Manager and provide the Manager with no less than thirty (30) days to cure any such default or failure to perform. In the event that such default or failure to perform is not cured within thirty (30) days after the date of delivery of the Termination Notice, the Servicer shall provide a second Termination Notice to the Manager with

a copy to the Purchase Money Notes Guarantor, the Revolver Lender and the Initial Member, which second Termination Notice shall be prominently labeled as the "Second Termination Notice". Such Second Termination Notice shall confirm to the Manager that the Servicer shall continue to perform the Servicing Obligations under this Agreement until the earlier to occur of (i) ninety (90) days after the delivery of the Second Termination Notice to the Manager, the Purchase Money Notes Guarantor, the Revolver Lender and the Initial Member, and (ii) the transfer of the Servicing Obligations to a successor Servicer. The duty of the Servicer to continue to perform the Servicing Obligations as provided in the Second Termination Notice is contingent upon the timely and full payment of the Servicing Fee to the Servicer during such period. The Servicer shall cooperate fully and completely with the transition of the Servicing Obligations to a successor Servicer in order to assure an orderly transfer.

### Section 7.3 Termination without Cause.

(a) The Manager may, without cause, terminate this Agreement, upon providing a Termination Notice to the Servicer, but only as and in accordance with the provisions set forth on Schedule 5 attached hereto as the same may be amended from time to time by the Manager (without the Initial Member's consent) and the Servicer.

(b) The Servicer may, at any time after the first (1st) anniversary of the Effective Date, without cause, terminate this Agreement. No termination of this Agreement by the Servicer shall be effective unless the Servicer delivers to the Manager, with a copy to the Purchase Money Notes Guarantor, the Revolver Lender and the Initial Member, a Termination Notice, which for the purpose of this Section 7.3(b) shall be a notice of the Servicer's intent to terminate this Agreement. Such Termination Notice shall be provided at least sixty (60) days prior to any date specified by the Servicer as the date of termination of the Servicer's Obligations under this Agreement. Notwithstanding the foregoing, such Termination Notice shall not be effective unless the Termination Notice contains confirmation of the intent and obligation of the Servicer to continue to perform its Servicing Obligations until the earlier of (i) ninety (90) days after the Termination Notice is given and (ii) such other date on which the Servicing Obligations are transferred to a successor Servicer in an orderly manner. Servicer shall cooperate fully and completely with the transition of the Servicing Obligations to a successor Servicer, to be designated by the Manager, in order to assure an orderly transfer. The Servicer issuing the Termination Notice shall be liable for all costs associated with the transfer of Servicing Obligations to the successor Servicer, including but not limited to the costs of transporting the servicing files and the provision of any notices to any Borrowers.

Section 7.4 Effective Termination Date. Termination as specified in this Article VIII shall be effective at such time as is specified in the Termination Notice. In the event of such termination, all authority and power of the Servicer under this Agreement, whether with respect to the Loans or otherwise, shall pass to and be vested in the Manager or the successor servicer designated by the Manager in the case of termination by the Manager or termination by the Servicer or as designated solely by the Initial Member (or any successor "Manager" under the LLC Operating Agreement) in the case of termination by the Initial Member (or such successor "Manager" under the LLC Operating Agreement). The Servicer agrees to cooperate with the Manager, the Initial Member, any successor "Manager" under the LLC Operating Agreement and any successor servicer with respect to the timely and orderly transition of its obligations

under this Agreement. The Servicer shall be liable for all obligations of the Servicer that have accrued under this Agreement or at law prior to such termination.

Section 7.5 Accounting. Upon termination of this Agreement as set forth herein, the Servicer shall account for and turn over to the Manager or its designee (or, if applicable, pursuant to such instructions as may be provided by the Initial Member or any successor "Manager" pursuant to the LLC Operating Agreement) funds collected under the terms of this Agreement. The Servicer shall provide written notice in conformance with all Laws to all Borrowers to indicate that their Loans will henceforth be serviced by the Manager (or applicable successor "Manager" under the LLC Operating Agreement) or any applicable successor Servicer designated by the Manager (or any successor "Manager" under the LLC Operating Agreement) or the Initial Member as the case may be, and transfer its duties as the Servicer to the Manager (or successor "Manager" under the LLC Operating Agreement) or such successor Servicer.

## **ARTICLE VIII**

### **INDEPENDENCE OF PARTIES; INDEMNIFICATION**

Section 8.1 Independence of Parties. The Servicer shall have the status of, and act as, an independent contractor. Nothing herein contained shall be construed to create a partnership or joint venture or any similar relationship between the Manager and the Servicer.

Section 8.2 Indemnification. The Servicer agrees to indemnify, defend and hold harmless the Company, the Manager, the Purchase Money Notes Guarantor, the Revolver Lender, the Initial Member and each of their respective Affiliates, directors, officers, employees and agents and each of their respective successors and assigns (the "**Indemnified Parties**") from and against any and all claims, demands, suits, actions, proceedings, assessments, losses, costs, expenses (including attorneys' fees), damages and liabilities of any kind or nature whatsoever directly or indirectly resulting from or arising out of or related to (i) any inaccuracy in any of the Servicer's warranties or representations contained in this Agreement, (ii) any failure by the Servicer to observe or perform any or all of the Servicer's covenants, agreements or warranties contained in this Agreement, (iii) any act taken by the Servicer purportedly pursuant to a power of attorney granted by the Manager which act results in a claim related to the unlawful use of such power of attorney, or (iv) any failure by the Servicer or any Subservicer to discharge obligations on any Underlying Collateral relating to Taxes, ground rents or other such recurring charges generally accepted by the mortgage servicing industry, which would become a Lien on the Underlying Collateral. The Servicer shall immediately notify the Indemnified Party if a claim related to the preceding sentence of this Section 8.2 is made with respect to this Agreement or any Loans or Underlying Collateral, assume (with prior consent of the Indemnified Party) the defense of any such claim and pay all expenses in connection therewith, including attorneys' fees, and promptly pay, discharge and satisfy any judgment or decree which may be entered against it or any Indemnified Party in respect of such claim. No expenses incurred by the Servicer or any Subservicer in connection with its obligations under this Section 8.2 shall constitute Servicing Expenses or otherwise be deducted from or reimbursed out of Loan Proceeds. The Servicer shall follow any reasonable written instructions received from the Indemnified Party in connection with such claims, it being understood that the Indemnified Party shall have no duty to monitor or give instructions with respect to such claims.

Section 8.3 Procedure for Indemnification. Promptly upon receipt of written notice of any claim in respect of which indemnity may be sought pursuant to the terms of this Agreement, the Indemnified Party will use its best efforts to notify the Servicer in writing thereof in sufficient time for the Servicer to respond to such claim. Except to the extent that the Servicer is prejudiced thereby, the failure of the Indemnified Party to promptly notify the Servicer of any such claim shall not relieve the Servicer from any liability which it may have to the Indemnified Party in connection therewith. If any claim shall be asserted or commenced against the Indemnified Party, the Servicer will be entitled to participate therein, and to the extent it may wish to assume the defense, conduct or settlement thereof, it shall be entitled to do so with counsel reasonably satisfactory to the Indemnified Party; provided, however, that in the event the Servicer fails, in the reasonable judgment of the Indemnified Party, vigorously to defend or pursue or attempt to settle such claim, the Indemnified Party shall have the right to assume the conduct, defense or settlement thereof, provided, however, that the Servicer shall obtain the prior written approval of the Indemnified Party before ceasing to defend against any claim or entering into any settlement, adjustment or compromise of such claim involving injunctive or similar equitable relief being imposed upon any Indemnified Party or any of its Affiliates. After notice from the Servicer to the Indemnified Party of its election to assume the defense, conduct or settlement thereof, the Servicer will not be liable to the Indemnified Party for any legal or other expenses consequently incurred by the Indemnified Party in connection with the defense, conduct or settlement thereof.

Section 8.4 Pre-Effective Date Liabilities. Notwithstanding anything to the contrary herein, but without limitation of the release set forth in Section 11.13, it is understood and agreed that the Servicer shall not be liable to the Manager for any liabilities or obligations attributable to an act, omission or circumstances of the Initial Member, the FDIC, SFG, the Failed Bank or the Company that occurred or existed prior to the Effective Date or, with respect to any particular Loan, the Servicing Transfer Date applicable thereto (the "Pre-Existing Liabilities"). In the event there is asserted against the Company, the Manager, the Servicer or any Subservicer any claim or action with respect to any such Pre-Existing Liabilities, the Servicer or Subservicer, as applicable, shall notify the Manager and the Initial Member of such claim or action in accordance with Article IX. Except as provided otherwise in Section 8.2 and 8.3 (in the event that such claim or action is subject to the indemnification obligations of the Servicer pursuant to Section 8.1), the Manager shall have the right to control and assume the defense of the Company, the Manager, the Servicer and any Subservicer with respect to such claim or action at the Manager's expense. The Servicer shall be reimbursed by the Manager in connection with the foregoing only to the extent of and in accordance with the terms set forth on Schedule 3 attached hereto, as the same may be amended from time to time by the Manager (without the consent of the Initial Member) and the Servicer.

## **ARTICLE IX** **NOTICES**

All notices, requests, demands and other communications required or permitted to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be given by certified or registered mail, postage prepaid, by delivery by hand or by nationally recognized courier service, or by electronic mail (followed up by a hard copy delivered through an alternate manner permitted under this Article IX), in each case mailed or

delivered to the applicable address or electronic mail address specified in, or in the manner provided in, this Article IX. All such notices, requests, demands and other communications shall be deemed to be given or made upon the earlier to occur of (i) actual receipt (or refusal thereof) by the relevant party hereto and (ii) (A) if delivered by hand or by nationally recognized courier service, when signed for (or refused) by or on behalf of the relevant party hereto, and (B) if delivered by electronic mail (which form of delivery is subject to the provisions of this paragraph), when delivered and capable of being accessed from the recipient's office computer, provided, however, that any notice, request, demand or other communication that is received other than during regular business hours of the recipient shall be deemed to have been given at the opening of business on the next Business Day. In no event shall a voice mail message be effective as a notice, communication or confirmation hereunder. From time to time, any party may designate a new address for purposes of notice to it hereunder by notice to such effect to the other parties hereto in the manner set forth in this Article IX.

If to the Manager:

Square Mile Lodging Recovery LLC  
c/o Square Mile Capital Management LLC  
450 Park Avenue  
New York, New York 10022  
Attention: Joseph D. D'Angelo  
Email Address: [REDACTED]

with a copy to:

Greenberg Traurig  
MetLife Building  
200 Park Avenue  
New York, New York 10166  
Attention: Gary S. Kleinman  
Email Address: [REDACTED]

If to the Initial Member, the  
Revolver or the Purchase Money  
Notes Guarantor:

Manager, Capital Markets & Resolutions  
c/o Federal Deposit Insurance Corporation  
550 17th Street, NW (Room F-7014)  
Washington, D.C. 20429-0002  
Attention: Ralph Malami  
Email Address: RMalami@fdic.gov

with a copy to:

Senior Counsel  
FDIC Legal Division  
Litigation and Resolutions Branch, Receivership  
Section  
Special Issues Unit  
3501 Fairfax Drive (Room E-7056)  
Arlington, Virginia 22226  
Attention: David Gearin  
Email Address: DGearin@fdic.gov

Thomas Raburn  
Federal Deposit Insurance Corporation  
TRaburn@fdic.gov

If to the Servicer:

Midland Loan Services, Inc.  
10851 Mastin, 7th Floor  
Overland Park, Kansas 66210  
Attention: President  
Email Address: [REDACTED]

with a copy to:

Midland Loan Services, Inc.  
10851 Mastin, 7th Floor  
Overland Park, Kansas 66210  
Attention: General Counsel  
Email Address: [REDACTED]

## **ARTICLE X**

### **GOVERNING LAW; JURISDICTION**

Section 10.1 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH FEDERAL LAW, BUT IF FEDERAL LAW DOES NOT PROVIDE A RULE OF DECISION, IT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK EXCLUDING ANY CONFLICT OF LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THIS AGREEMENT TO THE LAW OF ANOTHER JURISDICTION. Nothing in this Agreement shall require any unlawful action or inaction by any party hereto.

Section 10.2 Jurisdiction; Venue and Service. Each of the parties hereto, for itself and each of its Affiliates, hereby irrevocably and unconditionally:

(a) (i) agrees that any suit, action or proceeding instituted against it by any other party with respect to this Agreement may be instituted, and that any suit, action or proceeding instituted by it against any other party with respect to this Agreement shall be instituted, only in the Supreme Court of the State of New York, County of New York, or the U.S. District Court for the Southern District of New York, as the party instituting such suit, action or proceeding may choose (and appellate courts from any of the foregoing),

(ii) consents and submits, for itself and its property, to the jurisdiction of such courts for the purpose of any such suit, action or proceeding instituted against it by any other party, and



(iii) agrees that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law;

(b) agrees that service of all writs, process and summonses in any suit, action or proceeding pursuant to Section 10.2(a) may be effected by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at its address for notices pursuant to Article IX (with copies to such other Persons as specified therein); provided, however, that nothing contained in this Section 10.2(b) shall affect the ability of any party to be served process in any other manner permitted by Law;

(c) (i) waives any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement brought in any court specified in Section 10.2(a), (ii) waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum, and (iii) agrees not to plead or claim either of the foregoing; and

(d) agrees that nothing contained in this Section 10.2 shall be binding upon or construed to constitute consent to jurisdiction by the Failed Bank or the FDIC, in any capacity, or constitute a limitation on any removal rights the FDIC, in any capacity, may have.

Notwithstanding the above, if at any time the Initial Member shall replace the Manager hereunder pursuant to the terms of the LLC Operating Agreement, the terms of this Section 10.2 shall be restated as follows:

“The Servicer, on behalf of itself and its Affiliates, hereby irrevocably and unconditionally:

(a) (i) consents to the jurisdiction of the United States District Court for the Southern District of New York and to the jurisdiction of the United States District Court for the District of Columbia for any suit, action or proceeding against it or any of its Affiliates commenced by the FDIC, in any capacity, arising out of, relating to, or in connection with this Agreement, and waives any right to:

(A) remove or transfer such suit, action or proceeding to any court or dispute-resolution forum other than the court in which the FDIC, in any capacity, files the action, suit or proceeding without the consent of the FDIC;

(B) assert that venue is improper in either the United States District Court for the Southern District of New York or the United States District Court for the District of Columbia; or

(C) assert that the United States District Court for the Southern District of New York or the United States District Court for the District of Columbia is an inconvenient forum;

(ii) consents to the jurisdiction of the Supreme Court of the State of New York, County of New York, for any suit, action or proceeding against it or any of its



Affiliates commenced by the FDIC, in any capacity, arising out of, relating to, or in connection with this Agreement, and waives any right to:

(A) remove or transfer such suit, action or proceeding to any other court or dispute-resolution forum without the consent of the FDIC;

(B) assert that venue is improper in the Supreme Court of the State of New York, County of New York; or

(C) assert that the Supreme Court of the State of New York, County of New York is an inconvenient forum;

(iii) agrees to bring any suit, action or proceeding against the FDIC, in any capacity, arising out of, relating to, or in connection with this Agreement, the LLC Operating Agreement or any Ancillary Document in only either the United States District Court for the Southern District of New York or the United States District Court for the District of Columbia, and waives any right to remove or transfer such suit, action or proceeding to any other court or dispute-resolution forum without the consent of the FDIC, and agrees to consent thereafter to transfer of the suit, action or proceeding to either the United States District Court for the Southern District of New York or the United States District Court for the District of Columbia at the option of the FDIC; and

(iv) agrees, if the United States District Court for the Southern District of New York and the United States District Court for the District of Columbia both lack jurisdiction to hear a suit, action or proceeding falling within Section 10.2(a)(iii), to bring that suit, action or proceeding in only the Supreme Court of the State of New York, County of New York, and waives any right to remove or transfer such suit, action or proceeding to any other court or dispute-resolution forum without the consent of the FDIC.

(b) The Servicer, on behalf of itself and its Affiliates, hereby irrevocably and unconditionally agrees that any final judgment entered against it in any suit, action or proceeding falling within Section 10.2(a) may be enforced in any court of competent jurisdiction.

(c) Subject to the provisions of Section 10.2(d), the Servicer, on behalf of itself and its Affiliates, and the FDIC hereby irrevocably and unconditionally agrees that service of all writs, process and summonses in any suit, action or proceeding pursuant to Section 10.2(a) or Section 10.2(b) may be effected by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at its address for notices pursuant to Article IX (with copies to such other Persons as specified therein); provided, however, that nothing contained in this Section 10.2(c) shall affect the right of any party to serve process in any other manner permitted by Law.

(d) Nothing in this Section 10.2 shall constitute consent to jurisdiction in any court by the FDIC, other than as expressly provided in Section 10.2(a)(iii) and Section 10.2(a)(iv), or in any way limit the FDIC's right to remove, transfer, seek to dismiss, or otherwise respond to any suit, action, or proceeding against it in any forum.

**Section 10.3 Waiver of Jury Trial. EACH OF THE PARTIES HERETO, FOR ITSELF AND EACH OF ITS AFFILIATES, HEREBY IRREVOCABLY AND UNCONDITIONALLY**

WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY OF ANY DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT AND AGREES THAT ANY SUCH DISPUTE SHALL BE TRIED BEFORE A JUDGE SITTING WITHOUT A JURY.

**ARTICLE XI**  
**MISCELLANEOUS**

Section 11.1 Assignment by Servicer; Transfer of Ownership Interests in Servicing Rights.

(a) The Servicer hereby acknowledges that this Agreement constitutes a personal services agreement between the Manager and the Servicer. Any of the following shall constitute an assignment for all purposes of this Agreement: (a) any merger, consolidation or dissolution involving the Servicer or (b) any direct or indirect transfer or all or substantially all of the assets of the Servicer, notwithstanding whether any of the foregoing transactions occur at one time or in the aggregate over a period of time. The Servicer shall not directly or indirectly assign any rights or obligations hereunder to any other Person other than as is expressly permitted in Section 7.3(b) or Section 7.4.

(b) In connection with the sale of a Loan, the Servicer shall, at the direction of the Manager, transfer, sell or assign its rights hereunder to service such Loan; provided, however, under no circumstances shall such servicing rights be assigned, sold, sub-participated, pledged, delegated or otherwise transferred to the Borrower or any Affiliate thereof in connection with the sale of a Loan Participation except in accordance with the LLC Agreement.

(c) Except as provided in Section 11.1(b) above, under no circumstances shall the Servicer (i) directly or indirectly transfer to any Subservicer or any other Person any ownership interest in the servicing of the Loans or any right to transfer or sell the servicing rights to the Loans, or (ii) assign, pledge or otherwise directly or indirectly transfer or purport to assign, pledge or otherwise transfer any interest to any Subservicer or other Person in the servicing of the Loans.

(d) Any purported assignment, sale, sub-participation, pledge, delegation or other direct or indirect transfer in violation of this Section 11.1(b) shall be void *ab initio* and of no force or effect whatsoever.

Section 11.2 Legal Fees. No party to this Agreement shall be responsible for the payment of the legal fees or expenses incurred by the other party hereto in connection with the negotiation and execution of this Agreement or any subsequent Modifications or supplements hereto.

Section 11.3 Entire Agreement. This Agreement contains the entire agreement between the Manager and the Servicer and supersedes any and all other prior agreements, whether oral or written, with respect to the subject matter hereof.

Section 11.4 Counterparts; Facsimile Signatures. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute but one and the same agreement. This Agreement and any amendments hereto,

to the extent signed and delivered by facsimile or other electronic means, shall be treated in all manner and respects as an original agreement and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No signatory to this Agreement shall raise the use of a facsimile machine or other electronic means to deliver a signature or the fact that any signature or agreement was transmitted or communicated through the use of a facsimile machine or other electronic means as a defense to the formation or enforceability of a contract and each such Person forever waives any such defense.

Section 11.5 Headings. Paragraph titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provisions hereof. All Section and paragraph references contained herein shall refer to Sections and paragraphs in this Agreement unless otherwise specified.

Section 11.6 Compliance with Law. Except as otherwise specifically provided herein, each party to this Agreement shall, at its own cost and expense, obey and comply with all Laws, as they may pertain to such party's performance of its obligations hereunder.

Section 11.7 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall be ineffective, but such ineffectiveness shall be limited as follows: (i) if such provision is prohibited or unenforceable in such jurisdiction only as to a particular Person or Persons and/or under any particular circumstance or circumstances, such provision shall be ineffective, but only in such jurisdiction and only with respect to such particular Person or Persons and/or under such particular circumstance or circumstances, as the case may be; (ii) without limitation of clause (i), such provision shall in any event be ineffective only as to such jurisdiction and only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability in such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction; and (iii) without limitation of clauses (i) or (ii), such ineffectiveness shall not invalidate any of the remaining provisions of this Agreement. Without limitation of the preceding sentence, it is the intent of the parties to this Agreement that in the event that in any court proceeding, such court determines that any provision of this Agreement is prohibited or unenforceable in any jurisdiction (because of the duration or scope (geographic or otherwise) of such provision, or for any other reason) such court shall have the power to, and shall, (x) modify such provision (including, to the extent applicable, by limiting the duration or scope of such provision and/or the Persons against whom, and/or the circumstances under which, such provision shall be effective in such jurisdiction) for purposes of such proceeding to the minimum extent necessary so that such provision, as so modified, may then be enforced in such proceeding and (y) enforce such provision, as so modified pursuant to clause (x), in such proceeding. Nothing in this Section 11.7 is intended to, or shall, limit (1) the ability of any party to this Agreement to appeal any court ruling or the effect of any favorable ruling on appeal, or (2) the intended effect of Section 10.1.

Section 11.8 Third Party Beneficiaries. The Initial Member shall be and is hereby designated as a third party beneficiary under this Agreement, and, as such, the Initial Member is entitled to enforce this Agreement as if the Initial Member were a party hereto. The Company, the Purchase Money Notes Guarantor, the Revolver Lender, the FDIC and any Indemnified Party shall be and are hereby designated as third party beneficiaries under this Agreement with respect

to those provisions of this Agreement which expressly grant rights to such Persons, and, as such, each is entitled to enforce such provisions of this Agreement as if such Person were a party hereto. Notwithstanding the foregoing, none of the Purchase Money Notes Guarantor, the Revolver Lender, the FDIC, the Company, the Initial Member and the Indemnified Parties shall have any obligation to undertake any of the duties of the Manager hereunder or have any liability whatsoever to the Servicer, any Subservicer or any other party related to this Agreement. There shall be no other third party beneficiaries. The rights of the Purchase Money Notes Guarantor and the Revolver Lender as third party beneficiaries hereunder shall terminate at such time as the Purchase Money Notes Guarantor or the Revolver Lender, as applicable, notifies the Servicer that the reimbursement obligations in favor of the Purchase Money Notes Guarantor under the Reimbursement, Security and Guaranty Agreement or the Company's obligations under the Revolver, as the case may be, have been paid in full, but shall be reinstated in the event that the Purchase Money Notes Guarantor or the Revolver Lender, as applicable, notifies the Servicer that such obligations have been reinstated in accordance with its terms.

Section 11.9 Protection of Confidential Information. The Servicer shall keep confidential and shall not divulge to any party, without the Manager's prior written consent, any information pertaining to the LLC Operating Agreement, the Loans or any Borrower or Obligor or the Underlying Collateral thereunder, except as required pursuant to this Agreement and except to the extent that it is necessary and appropriate for the Servicer to do so in working with legal counsel, auditors, taxing authorities, regulatory authorities or any other Governmental Authority or in accordance with the Servicing Standard; provided, that, to the extent that disclosure should be required by Law, rule, regulation (including any securities listing requirements or the requirements of any self-regulatory organization), subpoena, or in connection with any legal or regulatory proceeding (including in connection with or pursuant to any action, suit, subpoena, arbitration or other dispute resolution process or other legal proceedings, whether civil or criminal, and including before any court or administrative or legislative body), the Servicer will use all reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by Law) notify the Manager, the Initial Member, the Revolver Lender and the Purchase Money Notes Guarantor within one (1) Business Day after its knowledge of such legally required disclosure so that the Manager, the Initial Member, the Revolver Lender and/or the Purchase Money Notes Guarantor may seek an appropriate protective order and/or direct the Manager to waive the Servicer's compliance with this Agreement. Notice shall be by telephone, by email and in writing. In the absence of a protective order or waiver, the Servicer may make such required disclosure if, in the written opinion of its outside counsel (which opinion shall be provided to the Manager, the Initial Member, the Revolver Lender and the Purchase Money Notes Guarantor prior to disclosure pursuant to this Section 11.9), failure to make such disclosure would subject the Servicer to liability for contempt, censure or other legal penalty or liability.

Section 11.10 Time of Essence. Time is hereby declared to be of the essence of this Agreement and of every part hereof.

Section 11.11 No Presumption. This Agreement shall be construed fairly as to each party hereto and if at any time any such term or condition is desired or required to be interpreted or construed, no consideration shall be given to the issue of who actually prepared, drafted or

requested any term or condition of this Agreement or any agreement or instrument subject hereto.

Section 11.12 No Right of Setoff. The Servicer hereby waives any and all rights it may otherwise have (whether by contract or operation of law or otherwise) to any setoff, offset, counterclaim or deduction (or to assert any claim for any setoff, offset counterclaim or deduction) against the Loan Proceeds (or the Company).

Section 11.13 Release of Initial Member and Others. The Servicer hereby releases and discharges each Prior Servicer from any and all claims (including any counterclaim or defensive claim), demands, causes of action, judgments or legal proceedings and remedies of whatever kind or nature that the Servicer had, has or might have in the future, whether known or unknown, which are related in any manner whatsoever to the servicing of the Loans or Underlying Collateral prior to the applicable Servicing Transfer Date by the Prior Servicers, in each case other than for acts or omissions constituting gross negligence, violation of Law or willful misconduct of such Prior Servicer.

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

**MANAGER:**

**SQUARE MILE LOAN RECOVERY LLC**

By:   
Name:   
Title: Authorized Signatory

**SERVICER:**

**MIDLAND LOAN SERVICES, INC.**

By: \_\_\_\_\_  
Name: Bradley J. Hauger  
Title: Senior Vice President

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

**MANAGER:**

**SQUARE MILE LODGING RECOVERY LLC.**

By: \_\_\_\_\_

Name:

Title:

**SERVICER:**

**MIDLAND LOAN SERVICES, INC.**

By:  \_\_\_\_\_

Name: Bradley J. Hauger

Title: Senior Vice President

**EXHIBIT A**  
**LOAN SCHEDULE**

[Attached]

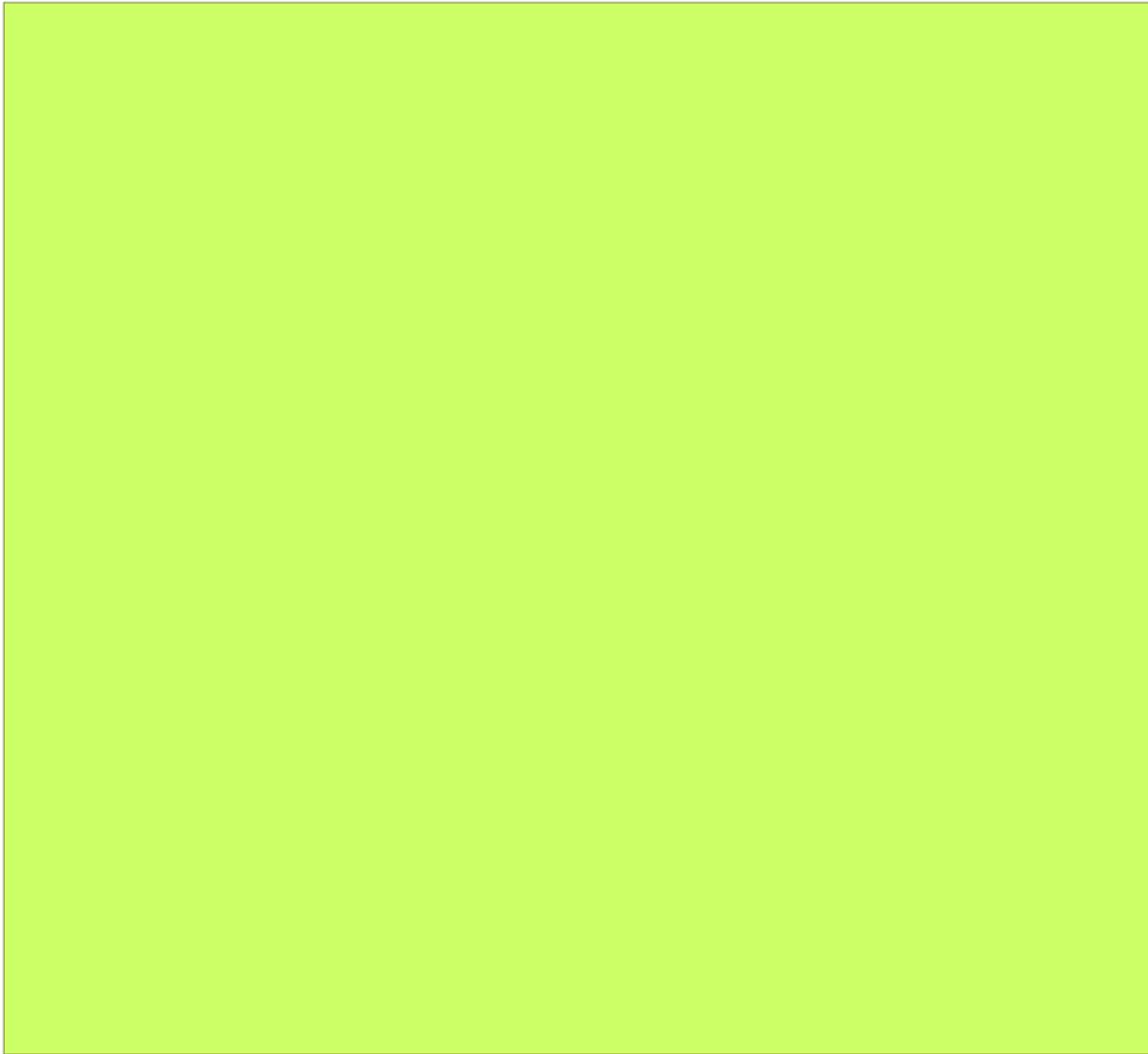


**SCHEDULE 1**

**FEE SCHEDULE**

[To be provided by Servicer and Manager]

**SCHEDULE 1**  
**FEE SCHEDULE**



**SCHEDULE 2**

**SERVICING OBLIGATIONS**

[To be provided by Servicer and Manager]

SCHEDULE 2  
(Servicing Obligations)

Silverton SFG Transaction

Function	Midland	Square Mile Retained	Square Mile Approval	Comments

SCHEDULE 2  
(Servicing Obligations)

Silverton SFG Transaction

Function	Midland	Square Mile	Square Mile	Approval	Comments
[Redacted]					

SCHEDULE 2  
(Servicing Obligations)

Silverton SFG Transaction

Function	Midland	Square Mile Retained	Square Mile Approval	Comments

SCHEDULE 2  
(Servicing Obligations)

Silverton SFG Transaction

Function	Midland	Square Mile Retained	Square Mile Approval	Comments
[Redacted Content]				

**SCHEDULE 3**

**REIMBURSEMENT OF SERVICER ADVANCES**

[To be provided by Servicer and Manager]



**SCHEDULE 3**  
**(Reimbursement of Servicer Advances)**

**Not Applicable.**

**SCHEDULE 4**

**FORM OF ELECTRONIC REPORT ON THE LOANS AND COLLATERAL**

[To be provided by Servicer and Manager]

**SCHEDULE 4**  
**(Form of Electronic Report)**

**-See Attached-**

## **Other Reports**

### **Withdrawals from Collection Account**

Manager hereby certifies that all withdrawals by the Manager from the Collection Account during the relevant Due Period were made in accordance with the terms of the Amended and Restated Limited Liability Company Operating Agreement and the Custodial Agreement: Y / N

### **Delinquency Report**

# and \$ by delinquency classification: Current, < 30, 30-60 days, 61-90 days, > 90 days, in foreclosure, in bankruptcy, REO

Breakout of > 60 day delinquencies by collateral type, # and \$

Breakout of > 60 day delinquencies by state, # and \$

### **REO Report**

Listing of REO properties held to include original loan number, date of ownership, description, collateral type, address, UPB (of the loan prior to foreclosure), net book value, listing date, estimated sale date, appraisal amount, original list price, current list price, cumulative Servicing Expenses allocable, broker name, and comments

### **Modification Report**

Listing of loans modified, to include borrower name, loan balance and terms before modification, loan balance and terms after modification. Show amounts of principal forgiven, if any, and principal forbearance amounts, if any.

### **Liquidation Report**

Listing of loans and REO properties liquidated, to include borrower name, UPB, net liquidation proceeds, cumulative Servicing Expenses, realized loss amount

### **Short Sale Report**

Listing of loans for which short sales were accepted, to include borrower name, UPB, payoff accepted, realized loss amount

### **Judgment Report**

Listing of Judgments obtained, to include borrower name, Judgment amount, current month and cumulative payments received, remaining balance

**Significant Litigation Report**

Company and/or Servicer with respect to assets subject to this Agreement, the actions taken to defend such claim, and an estimate of the projected exposure for: a) any claim in which the Company or Servicer expects to incur more than [redacted] in Servicing Expenses to defend such claim, b) any claim in which multiple plaintiffs have joined in filing an action against the Company and/or Servicer or the same law firm has filed individual claims on behalf of more than one plaintiff, and c) any claim(s) regardless of the dollar amount naming: (i) any Failed Bank, or (ii) FDIC (in any capacity) as defendant(s). Activity should be updated quarterly.

**Environmental Exposure Report**

Provide a report identifying any assets in which the Site Assessment identified an Environmental Hazard together with information on the nature of the hazard, additional tests performed, and the cost of correcting the hazard identified in the Site Assessment.

**MONTHLY LOAN-LEVEL DETAIL REPORTS**

***Monthly Loan Trial Balance and Activity Report***

**PROVIDE A MONTHLY LOAN-LEVEL REPORT  
IN EXCEL WITH THE FOLLOWING FIELDS:**

- Current Loan Number
- Prior Servicer Loan Number
- P&I Constant
- Note Rate
- Next Due or Paid-Thru Date
- Payoff Date (if applicable)
- Principal Balance, end of prior month
- Principal collections - regular
- Principal collections - payoffs
- Principal proceeds – loan sales
- Principal Write-Off Amount
- Other Non-Cash Principal Adjustment
- Transfer to REO
- Principal Balance, end of current month
- Escrow balance
- Other Advances Balance
- Interest collections - regular
- Interest collections - payoffs
- Interest collections – loan sales
- Non-Cash Interest Adjustment
- Late Charges
- Pre-Payment Penalty Paid
- Other Fee Income

**Servicing System Data Download – To Initial Member**

Provide a monthly loan-level data download in Excel format with every field populated in the Servicer's loan servicing system. This requirement may be modified in the future by the Initial Member to include only certain specified fields.

***SEMIANNUAL REPORT – TO INITIAL MEMBER (in January and July of each year, commencing July 2010)***

**Business Plan**

Updated Consolidated Business Plan and individual Business Plans for 10 largest Loans, as required pursuant to Section 7.7 of the Amended and Restated Limited Liability Company Agreement.

**Projected Cash Flows**

Excel model of projected cash flows by month, as of June 30 and December 31 of each year, as required pursuant to Section 7.7(c) of the Amended and Restated Limited Liability Company Agreement.

***AS AVAILABLE – TO INITIAL MEMBER***

Custodial Report or an updated Loan Schedule and Exception List (in each case as defined in the Custodial Agreement) from the Custodian/Paying Agent, as provided to the Company.

**SCHEDULE 5**

**TERMINATION WITHOUT CAUSE**

[To be provided by Servicer and Manager]

**SCHEDULE 5**  
**(Termination Without Cause)**

The Manager may, without cause, terminate this Agreement, by providing Servicer with a Termination Notice at least thirty (30) days prior to the effective date of such termination.



**SCHEDULE 6**

**BUSINESS PLANS AND CONSOLIDATED BUSINESS PLANS**

[To be provided by Servicer and Manager]

To be provided post-closing.