

D96000000012

SHACKLEFORD, FARRIOR, STALLINGS & EVANS
PROFESSIONAL ASSOCIATION

MAILING ADDRESS
POST OFFICE BOX 1194
TAMPA, FLORIDA 33601

501 EAST KENNEDY BOULEVARD
SUITE 400
TAMPA, FLORIDA 33602

TELEPHONE (813) 273-5000
FAX (813) 273-5148

June 19, 1996

Florida Secretary of State
Division of Corporation
P.O. Box 6327
Tallahassee, FL 32314
Attn: Claretha Golden

Re: Mid-State Trust II

800001877818
-06/27/96--01036--003
****350.00 ****350.00

Dear Ms. Golden:

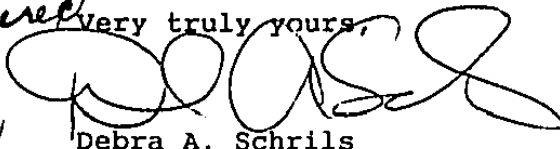
Pursuant to Florida Statute, Section 609.02, I am enclosing a declaration of trust for Mid-State Trust II which has been sworn to as being a true and correct copy for filing with the Department of State. I am also enclosing a check in the amount of \$350 for the filing fee.

Please issue to the trustee, Wilmington Trust Company, a certificate showing that such a declaration of trust has been duly filed in your office. You may forward that certificate to me at the following address:

Debra A. Schrils, Esquire
Shackleford, Farrior, Stallings & Evans, P.A.
P.O. Box 3324
Tampa, FL 33601

If you have any questions please do not hesitate to call me at
(813) 273-5078.

Very truly yours,


Debra A. Schrils

*Called 6/25/96 not required
to register
National Bank, Stephen
R. Stan, Vice-president*

350.00 F.F.

cf 6/25/96

22
AFFIDAVIT TO THE SECRETARY OF STATE OF FLORIDA
TO FILE OR QUALIFY


MID-STATE TRUST II
A DELAWARE BUSINESS TRUST

In accordance with Section 609.02 of the Florida Statutes, pertaining to Common Law Declarations of Trust, the undersigned, Trustee of Mid-State Trust II, a Delaware business Trust, hereby affirms in order to file or qualify Mid-State Trust II, in the State of Florida.


1. Two or more persons are named in the Trust.
2. The principal address is c/o Wilmington Trust Company, 1100 N. Market Street, Wilmington, DE 19890.
3. The registered agent and office in the State of Florida is:

Wilmington Trust FSB, Successor by Merger to Wilmington Trust of Florida, N.A., 800 SE Monterey Commons Blvd., Suite 100, Stuart, FL 34996.

4. Acceptance by the registered agent: Having been named as registered agent to accept service of process for the above-named Declaration of Trust at the place designated in this affidavit, I hereby accept the appointment as registered agent and agree to act in this capacity.


(Signature of Registered Agent)
Stephen R. Shaw, Vice-President

5. I certify that the attached is a true and correct copy of the Declaration of Trust under which the association proposes to conduct its business in Florida.


Name: Emmet R. Harmon
Vice President of
Wilmington Trust Company, Trustee
of Mid-State Trust II

STATE OF DELAWARE
COUNTY OF New Castle

The foregoing instrument was acknowledged before me this 12th day of June 1996 by Emmet R. Harmon, Vice President of Wilmington Trust Company, ☒ who is personally known to me, ☐ or who has produced the following identification: _____
(check one) and who did take an oath.


Name: PAULA SULECKI (print)
NOTARY PUBLIC
Commission No.: _____
Commission Expiration Date: _____

PAULA M. SULECKI
NOTARY PUBLIC

My commission expires April 25, 1998

FILED
MID-STATE
TRUST
96,001/5 11 9:20

MID-STATE TRUST II

TRUST AGREEMENT

Between

MID-STATE HOMES, INC.,
as Grantor

and

WILMINGTON TRUST COMPANY,
as Owner Trustee

Dated as of March 28, 1988

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	
1.01. Definitions	1
ARTICLE II ORGANIZATION	
2.01. Name	5
2.02. Office	5
2.03. Purpose and Powers	5
2.04. Appointment of the Owner Trustee..	7
2.05. Declaration of Trust	7
2.06. Liability of the Owners	7
ARTICLE III ISSUANCE, OWNERSHIP AND TRANSFER OF CERTIFICATES	
3.01. Ownership Prior to Closing Date...	7
3.02. Accession	8
3.03. Ownership; Limited Transfer of Ownership Rights	9
3.04. Legend on Certificates	9
3.05. Lost, Stolen, Mutilated or Destroyed Certificates	10
3.06. No Petition	10
ARTICLE IV	
[Intentionally Left Blank]	11
ARTICLE V PAYMENTS AND DISTRIBUTIONS	
5.01. Payments	11
5.02. Method of Payment	11
5.03. Reports	11
ARTICLE VI DUTIES OF THE OWNER TRUSTEE	
6.01. Issuance of the Notes	12
6.02. In General	12
6.03. Action upon Instructions	13

TABLE OF CONTENTS
(continued)

6.04.	No Duties Except as Specified in Agreement or Instructions	13
6.05.	No Action Except under Specified Documents for Instructions	14
6.06.	Further Assurances	14
6.07.	Restrictions	14
6.08.	Majority Control	14
 ARTICLE VII THE OWNER TRUSTEE		
7.01.	Acceptance of Trusts and Duties ..	15
7.02.	Representations and Warranties ...	16
7.03.	No Segregation of Moneys; No Interest	19
7.04.	Reliance; Employment of Agents and Advice of Counsel	19
7.05.	Not Acting in Individual Capacity	20
 ARTICLE VIII INDEMNIFICATION BY OWNERS		
8.01.	Trust Expenses	20
8.02.	Indemnification	20
8.03.	Compensation	21
8.04.	Lien on Trust Property	21
 ARTICLE IX TERMINATION OF TRUST AGREEMENT		
9.01.	Termination of Trust Agreement ...	21
 ARTICLE X SUCCESSOR OWNER TRUSTEE AND ADDITIONAL TRUSTEES		
10.01.	Resignation of Owner Trustee; Appointment of Successor	22
10.02.	Appointment of Additional Trustees	23
 ARTICLE XI MISCELLANEOUS		
11.01.	Supplements and Amendments	25
11.02.	No Legal Title to Trust Property in Owners	25
11.03.	Pledge of Collateral by Owner Trustee Is Binding	26

TABLE OF CONTENTS
(continued)

11.04.	Limitations on Rights of Others ..	26
11.05.	Notices	26
11.06.	Severability	26
11.07.	Separate Counterparts	27
11.08.	Successors and Assigns	27
11.09.	Headings	27
11.10.	Governing Law	27

Schedule A - Requisite Amount of Reserve Fund

EXHIBITS

A -	Accession Agreement	
B -	Certificate of Beneficial Interest	
C -	Management Agreement	

TRUST AGREEMENT dated as of March 28, 1988 (herein, as amended or supplemented from time to time as permitted hereby, called this "Trust Agreement") between Mid-State Homes, Inc., a Florida corporation, as Grantor (the "Grantor"), and Wilmington Trust Company, a Delaware banking corporation, as Owner Trustee (the "Owner Trustee").

WHEREAS, the parties hereto desire to establish this Trust (as defined herein) for the purposes set forth in Section 2.03 hereof and in furtherance of such purposes the Grantor desires to sell to the Trust all of its right, title and interest in and to the Trust Property (as defined herein) pursuant to a purchase and sale agreement.

NOW, THEREFORE:

ARTICLE I

DEFINITIONS

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

"Accession" means the completion of the process by which a proposed transferee becomes an Owner as provided in Section 3.02 hereof.

"Accession Agreement" means the instrument in which a proposed transferee makes certain representations and agrees to be bound by the terms of this Agreement, substantially in the form annexed hereto as Exhibit A.

"Agreement" means this Trust Agreement, as supplemented or amended pursuant to Section 11.01 hereof.

"Bank" means Wilmington Trust Company, in its individual capacity and not as Owner Trustee.

"Certificate" means a certificate duly executed by the Owner Trustee representing an undivided beneficial ownership interest in the Trust substantially in the form annexed hereto as Exhibit B.

"Closing Date" has the meaning assigned to it in the Indenture.

"Collateral" means that portion of the Trust Property that may from time to time be pledged by the Trust under the Indenture.

"Eligible Investments" has the meaning specified in the Indenture.

"Grantor" means Mid-State Homes, Inc., in its capacity as grantor of the Trust.

"Holding Account Agreement" means the agreement, dated the date of the Closing, among Southeast Bank, N.A., as custodian for the benefit of itself as Trustee (in such capacity, the "Custodian"), Mid-State Homes, Inc., as servicer under the Servicing Agreement and the Bank Agreements (in such capacity, the "Servicer"), Wilmington Trust Company, not in its individual capacity but solely as owner trustee under the Trust Agreement (in such capacity, the "Owner Trustee"), Ameritrust Company National Association ("Ameritrust"), National Bank of Detroit ("National") and Mellon Financial Services, formerly Girard Bank ("Mellon") (collectively the "Banks").

"Indebtedness" means (i) indebtedness or liability for borrowed money, or for the deferred purchase price of property or services (including trade obligations); (ii) obligations as lessee under leases which should have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases; (iii) current liabilities in respect of unfunded vested benefits under plans covered by Title IV of the Employee Retirement Income Security Act of 1974; (iv) obligations issued for the account of any Person; (v) all obligations arising under acceptance facilities; (vi) all guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any person or otherwise to assure a creditor against loss; and (vii) obligations secured by any Lien, whether or not the obligations have been assumed.

"Indenture" means the Indenture to be entered into between the Owner Trustee on behalf of the Trust and the Note Trustee, providing for the issuance of the Notes.

"Indemnification Agreement" means the agreement, dated the date of the closing, by and among Financial Security, Mid-State Trust II, Salomon Brothers Inc and Drexel Burnham Lambert Incorporated.

"Insurance and Indemnity Agreement" means the agreement, dated as of April 1, 1988, between the Issuer and Financial Security providing, among other things, for the issuance of the Surety Bond, as the same may be modified or amended from time to time.

"LOC Reimbursement Agreement" the agreement between the Issuer and the institution issuing the Qualified Letter of Credit or Qualified Letters of Credit which shall be the standard form of reimbursement agreement used by such institution.

"Management Agreement" means the agreement to be entered into between the Owner Trustee on behalf of the Trust and the Manager, substantially in the form annexed hereto as Exhibit C.

"Management Fee" means the fee payable to the Manager pursuant to the Management Agreement.

"Manager" means Security Pacific National Bank or any successor acting in such capacity pursuant to the Management Agreement.

"Minimum Net Worth Requirement", with respect to any date of determination, means [\$30,000,000].

"Note Agreements" means the Indenture, the Notes, the Servicing Agreement, the Insurance and Indemnity Agreement, the Indemnification Agreement, the Purchase and Sale Agreement, the Holding Account Agreement, the Management Agreement and the Underwriting Agreement.

"Noteholders" has the meaning assigned to it in the Indenture.

"Notes" means the Mortgage-Backed Notes issued by the Trust under the Indenture.

"Note Trustee" means Southeast Bank, N.A., as trustee under the Indenture.

"Owner" means the holder of a Certificate duly registered and entered on the books and records of the Owner Trustee.

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

"Ownership Percentage", with respect to any Owner, means the proportion (expressed as a percentage) of the entire beneficial ownership interest in the Trust that is held by such Owner.

"Payment Date" has the meaning specified in the Indenture.

"Periodic Filings" means any filings or submissions that the Trust is required to make with respect to the Notes.

"Purchase and Sale Agreement" means the agreement to be entered into dated the date of the Closing, between Mid-State Homes, Inc. and Mid-State Trust II which provides for, among other things, the purchase by Mid-State Trust II of all of the interest, right and title of Mid-State Homes, Inc. in the Accounts owned by Mid-State on the Cut-off Date.

"Qualified Letter of Credit" has the meaning specified in the Indenture.

"Qualified Owner" is an Owner that is none of the proposed Transferor, the Transferee, an affiliate of either the Transferor or Transferee, or an Owner which proposes to transfer any part of its Ownership Percentage in a related transaction.

"Record Date" with respect to any distribution pursuant to Article V hereof means the Payment Date prior to the date of such distribution.

"Reporting Year" means the period beginning on January 1 of each year and ending the following December 31 or such other 12 month period as the Owners may specify to the Owner Trustee.

"Servicing Agreement" means the agreement to be entered into by the Owner Trustee on behalf of the Trust and Mid-State Homes Inc. in its capacity as Servicer.

"Trust" means the trust established by this Agreement.

"Trust Estate" has the meaning specified in the Indenture.

"Trust Property" means all right, title and interest of the Trust in and to any and all property sold by the Grantor to the Trust or otherwise acquired by the Trust including, without limitation, (i) the Trust Estate, subject to the lien of the Indenture, including any Accounts, and all distributions, payments, proceeds, insurance proceeds, or requisition and indemnity payments with respect thereto and (ii) all other property not

subject to, or released from, the lien of the Indenture. The Trust Property shall not include any compensation or indemnity paid to the Bank pursuant to Article VIII hereof.

"Underwriting Agreement" means the underwriting agreement dated March 28, 1988 relating to the issuance of the Notes, between the Grantor and Salomon Brothers Inc and Drexel Burnham Lambert Inc., as Representatives of the several Underwriters.

Capitalized terms used herein and not otherwise defined have the meanings assigned thereto in the Indenture.

ARTICLE II

ORGANIZATION

2.01. Name. The name of the Trust shall be Mid-State Trust II.

2.02. Office. The office of the Trust shall be in care of the Owner Trustee, at the address set forth in Section 11.05 hereof or at such other address as the Owner Trustee may designate by notice to the Owners. The office shall be separate from any other maintained by any Owner.

2.03. Purpose and Powers. The purposes for which the Trust is created and established are (i) to hold and manage the Trust Property, (ii) to issue and sell the Notes, (iii) to administer the Trust (including without limitation administering and distributing the Trust Property and consenting to the transfer of the Certificates) and (iv) to enter into and perform under the Note Agreements and transactions contemplated thereby, all for the benefit of the Owners. The Trust shall not have power to perform any act or engage in any business whatsoever except for the foregoing and any activity that is both necessary to the foregoing and within the contemplation of the Indenture and the Note Agreements. The operations of the Trust will be conducted in accordance with the following standards:

(a) The Trust will act solely in its own name through the Owner Trustee any Co-Trustee or through other agents selected in accordance with this Agreement;

(b) The Trust shall not incur any Indebtedness other than the Notes and Indebtedness arising under the Note Agreements and other than in connection with obtaining a Qualified Letter of Credit; provided that the Trust may issue notes fully subordinated to the Notes if:

(i) Financial Security consents to the issuance of such subordinated notes;

(ii) such notes are nonrecourse to the Trust and its assets (other than cash flow which is in excess of that necessary to make payment on the Notes and other amounts due under the Indenture); and

(iii) the holders of such notes (or a trustee acting on their behalf) execute a "no-petition agreement" with Financial Security and the Note Trustee pursuant to which such persons agree not to cause a filing of a petition in bankruptcy against the Trust until the 124th day following the Trust's final payment on the Notes;

(c) The Trust shall at all times have a Manager who is not affiliated with any of the Owners;

(d) The Trust's funds and assets shall at all times be maintained separately from those of the Grantor, the Owners or any of their affiliates;

(e) The Trust shall, through the Manager, maintain complete and correct books and records of account and shall prepare financial statements separately stating the Trust's income, assets and liabilities which in each case shall be separate from those of the Grantor, the Owners or any of their affiliates;

(f) the Trust shall conduct its business through the office of the Owner Trustee and will use stationery and other business forms under its own name and not that of the Grantor, the Owners or any of their affiliates;

(g) except as contemplated by Section 2.01 of the Servicing Agreement, new Accounts originated in connection with the resale of repossessed property shall be originated in the Trust's name;

(h) the Trust's operating expenses shall be paid out of its own funds (provided that the Owners will be liable for any deficiencies to the extent set forth in Section 2.06 hereof);

(i) the Trust, through the Manager, shall file all reports required to be filed by it under the Securities Exchange Act of 1934, as amended;

(j) the Trust shall not hold itself out as liable for the debts of the Grantor or any Owner or their respective affiliates; and

(k) the Trust shall not engage in any transaction with the Grantor or any Owner or any of their respective affiliates unless the Manager determines that such transaction is on terms not more nor less favorable than the terms and conditions available at the time to the Trust for comparable transactions with other persons.

2.04. Appointment of the Owner Trustee. The Grantor hereby appoints the Bank as Owner Trustee of the Trust effective as of the date hereof, to have all the rights, powers and duties set forth herein. The Owner Trustee accepts the appointment as Owner Trustee of the Trust and acknowledges receipt in trust from the Grantor, as of the date hereof, of the sum of \$15.00 constituting the initial Trust Property. The Grantor acknowledges receipt from the Owner Trustee of a Certificate representing an Ownership Percentage of 100% in exchange for the Trust Property.

2.05. Declaration of Trust. The Owner Trustee hereby declares that it will hold the Trust Property upon the trusts set forth herein and for the use and benefit of the Owners. It is the intention of the parties hereto that the Trust constitute a common law business trust under the laws of the State of Delaware.

2.06. Liability of the Owners. (a) The Owners shall be jointly and severally liable (with rights of contribution inter se in proportion to their respective Ownership Percentages), for the obligations of the Trust, other than the Notes, arising during the period of time such Owner is an Owner (to the extent not paid out of the Trust Property).

(b) The Owner Trustee and the Grantor agree that in no event shall an Owner be liable to an extent that is greater than such Owner's Ownership Percentage of the Trust Property, for acts or omissions of the Trust prior to such Owner's Accession including, without limitation, acts or omissions of the Grantor on behalf of the Trust, except as otherwise provided by law.

ARTICLE III

ISSUANCE, OWNERSHIP AND TRANSFER OF CERTIFICATES

3.01. Ownership Prior to Closing Date. (a) The Grantor shall be the sole Owner of the Trust prior to the Closing Date. The Owner Trustee acknowledges that the Grantor is the Owner and holds on the date hereof a Certificate evidencing an Ownership Percentage of 100%. The Grantor shall pay organiza-

tional expenses of the Trust as they may arise prior to the Closing Date and shall direct the Owner Trustee in the acquisition of the Collateral.

3.02. Accession. (a) On or after the Closing Date, an Owner (hereinafter in this Section 3.02, a "Transferor") may transfer all or any portion of its Ownership Percentage to such person or persons (hereinafter in this Section 3.02, a "Transferee"), and on such terms, as the Transferor shall determine and subject to the following conditions:

(i) prior to the proposed transfer, the Transferor shall advise the Owner Trustee of the proposed transfer, and shall cause the Transferee to deliver to the Owner Trustee an executed Accession Agreement together with such Transferee's audited financial statements for the most recent fiscal year;

(ii) unless the Owner Trustee shall have otherwise consented (which consent may be given without the consent of the Owners), the Transferee shall have a net worth as shown by the financial statements delivered to the Owner Trustee pursuant to Section 3.02(a)(i) hereof that is not less than the greatest of [(A) \$1,000,000,] (B) net worth requirements imposed by U.S. state or federal regulations applicable to such Transferee, if any, and (C) the Minimum Net Worth Requirement multiplied by the Ownership Percentage that the Transferee would have after Accession;

(iii) the Owner Trustee shall have received the consent of Qualified Owners (as hereinafter defined), if any, holding in the aggregate either a 15% Ownership Percentage in the Trust or one-half the Aggregate Ownership Percentage held by Qualified Owners, whichever is less;

(iv) the Owner Trustee shall have received an opinion of counsel that such transfer is exempt from registration, or is registered under the Securities Act of 1933, as amended and any applicable state securities laws, which opinion of counsel shall not be an expense of the Owner Trustee, and the Transferor shall, and does hereby agree to, indemnify the Bank and the Owner Trustee against any liability that may result if the Transfer is not so exempt or is not made in accordance with such federal and state laws; and

(v) If the Transferee is an employee benefit plan subject to ERISA, the Owner Trustee shall have received an opinion of counsel that the Transferee's acquisition and holding of a Certificate will not involve a "prohibited transaction" for which an exemption is not available;

(b) Upon satisfaction of the conditions listed in Section 3.02(a) hereof and receipt by the Owner Trustee of the Transferor's Certificate, the Owner Trustee shall accept the Accession Agreement, deliver a copy thereof to the Transferee, record the name of such Transferee as an Owner on its books and records, record its Ownership Percentage and issue, execute and deliver to such Owner a Certificate evidencing such Ownership Percentage.

(c) The Owner Trustee may require, as a condition precedent to any transfer, the payment by the Transferor of a sum sufficient to pay, or to reimburse the Owner Trustee for the payment of, any tax or taxes or other governmental charge required to be paid in connection with such transfer, and such charge for any such transfer as the Owner Trustee may deem proper not exceeding \$25.00 for each new Certificate issued upon such transfer.

3.03. Ownership: Limited Transfer of Ownership Rights.

(a) The Owner Trustee shall maintain a register showing the name and address of each Owner and its respective Ownership Percentages and shall treat such register as definitive and binding for all purposes hereunder, and only those persons so registered as Owners shall have the rights of Owners hereunder. In the event an Owner transfers only a portion of its Ownership Percentage, the Owner Trustee shall enter such Owner's new Ownership Percentage in such register and issue, execute and deliver to such Owner a new Certificate evidencing such Owner's new Ownership Percentage.

(b) Each Owner may transfer all or any portion of its Ownership Percentage only in compliance with the provisions of Section 3.02 hereof and any attempted transfer not in compliance therewith shall be null and void.

(c) Subsequent to a transfer, and upon the issuance of the new Certificate or Certificates, the Owner Trustee shall cancel and destroy the Certificate surrendered to it in connection with the transfer.

3.04. Legend on Certificates. Each Certificate shall bear a legend setting forth restrictions on transferability substantially as follows: "THE BENEFICIAL INTEREST IN THE TRUST REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE

REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS, AND MAY NOT BE DIRECTLY OR INDIRECTLY OFFERED OR SOLD OR OTHERWISE TRANSFERRED (INCLUDING PLEDGED BY THE HOLDER HEREOF) EXCEPT IN COMPLIANCE WITH THE ACT. THE TRANSFER OF THIS CERTIFICATE IS SUBJECT TO CERTAIN RESTRICTIONS AND CONDITIONS SET FORTH IN THE TRUST AGREEMENT UNDER WHICH THIS CERTIFICATE WAS ISSUED, INCLUDING RECEIPT BY THE OWNER TRUSTEE OF AN OPINION OF COUNSEL SATISFACTORY TO THE OWNER TRUSTEE, TO THE EFFECT THAT THE TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE ACT. IN ADDITION, THIS CERTIFICATE MAY NOT BE TRANSFERRED UNLESS THE OWNER TRUSTEE AND, IF APPLICABLE, OTHER HOLDERS OF CERTIFICATES OF BENEFICIAL INTEREST IN THE TRUST CONSENT TO SUCH TRANSFER AND UNLESS OTHERWISE TRANSFERRED IN THE MANNER PROVIDED IN ARTICLE III OF THE TRUST AGREEMENT AND IN ACCORDANCE WITH THE REQUIREMENTS THEREOF, INCLUDING WITHOUT LIMITATION THE REQUIREMENT THAT THE TRANSFEREE SIGN AND DELIVER TO THE OWNER TRUSTEE AN ACCESSION AGREEMENT IN WHICH THE TRANSFEREE MAKES CERTAIN REPRESENTATIONS AND AGREES TO BE BOUND BY ALL THE TERMS AND CONDITIONS OF THE TRUST AGREEMENT, AND THAT THE TRANSFEREE DELIVER TO THE OWNER TRUSTEE ITS AUDITED FINANCIAL STATEMENTS FOR THE MOST RECENT FISCAL YEAR."

3.05. Lost, Stolen, Mutilated or Destroyed Certificates. Upon receipt of evidence satisfactory to the Owner Trustee that any Certificate has been lost, stolen, mutilated or destroyed, and upon proof of ownership and receipt of indemnity or a bond satisfactory to the Owner Trustee, and upon payment of all reasonable expenses incurred by the Owner Trustee for any investigation relating thereto and an amount not to exceed \$25.00 for each new Certificate, the Owner Trustee shall execute and deliver a new Certificate, of like tenor and bearing an issue number, with such notations, if any, as the Trustee shall determine, upon surrender and cancellation of, and in exchange and substitution for, such mutilated Certificate or in lieu of and in substitution for the Certificate so lost, stolen or destroyed. Any duplicate Certificate issued pursuant to this Section 3.05 shall constitute complete and indefeasable evidence of ownership of the Trust to the extent of the Ownership Percentage represented by such Certificate, whether or not the lost, stolen or destroyed Certificate shall be found at any time.

3.06. No Petition. By its acceptance of a certificate each Owner agrees not to cause or consent to the filing of a petition in bankruptcy against the Trust for any reason until at least 123 days after payment in full of all the Notes.

ARTICLE IV

{Intentionally Left Blank}

ARTICLE V

PAYMENTS AND DISTRIBUTIONS

5.01. Payments. Any amounts paid to the Owner Trustee by the Note Trustee free and clear of the lien of the Indenture shall be applied in the following order:

- (a) to pay fees and reimburse expenses of the Note Trustee (to the extent the Owner Trustee has received an invoice for such expenses from the Note Trustee) and to pay other fees and expenses as then due under the Indenture to the extent not previously paid by the Note Trustee out of amounts not otherwise payable to the Owner Trustee;
- (b) to pay any amounts due to the Owner Trustee or the Bank, as the case may be, as then due under this Agreement;
- (c) to pay fees and reimburse expenses of the Manager, as then due under the Management Agreement; and
- (d) to pay any other current operating expenses of the Trust.
- (e) to deposit to the LOC Collateral Account up to the applicable LOC Collateral Account Amount.

Any sums remaining after such application shall be distributed on the second business day after the day on which the Owner Trustee receives any amounts from the Note Trustee to the Owners as of the relevant Record Date, in proportion to their Ownership Percentages free and clear of the lien of the Indenture. All payments to be made under this Agreement by the Owner Trustee shall be made only from the income and proceeds of the Trust Property and only to the extent that the Owner Trustee has received such income or proceeds.

5.02. Method of Payment. All amounts payable to an Owner pursuant to this Agreement shall be paid by the Owner Trustee to the Owner, or a nominee therefor, by crediting the amount to be distributed to the Owner to an account maintained by such Owner with the Owner Trustee in immediately available funds or by transferring such amount in immediately available funds to

a banking institution with bank wire transfer facilities for the account of the Owner, as instructed from time to time by the Owner.

5.03. Reports. Each payment pursuant to Section 5.01 hereof shall be accompanied by a report setting forth, for each payment and cumulatively for the current Reporting Year, the amounts received by the Owner Trustee together with their application.

ARTICLE VI

DUTIES OF THE OWNER TRUSTEE

6.01. Issuance of the Notes. The Owner Trustee is hereby directed:

- (a) to execute and deliver the Note Agreements;
- (b) to acquire the Collateral and to pledge the Collateral as security for the Notes;
- (c) to issue the Notes pursuant to the Underwriting Agreement;
- (d) to take whatever action shall be required to be taken by the Owner Trustee by the terms of, and subject to the terms of, this Agreement; and
- (e) to take such other action in connection with the foregoing as the Owners may from time to time direct pursuant to Section 6.03 hereof.

6.02. In General. (a) It shall be the duty of the Owner Trustee:

- (i) to discharge (or cause to be discharged) all responsibilities assigned to it pursuant to the terms of this Agreement;
- (ii) to execute any Periodic Filings;
- (iii) to appoint a successor Manager which shall be approved by the Note Trustee, in accordance with the terms of Section 8 of the Management Agreement if the Manager shall have resigned or been removed pursuant to Section 8 of the Management Agreement; and

(lv) to furnish to the Owners and the Manager, promptly upon receipt thereof, duplicates or copies of all reports, notices, requests, demands, certificates, financial statements and any other instruments furnished to the Owner Trustee hereunder or under the Note Agreements;

(b) On or prior to the Closing Date the Owner Trustee shall enter into the LOC Reimbursement Agreement pursuant to which the LOC Bank will issue one or more Qualified Letters of Credit.

6.03. Action upon Instructions. (a) Subject to the restrictions set forth in Section 6.07 hereof, the Owners may direct the Owner Trustee in the management of the Trust and the issuance and administration of the Notes.

(b) The Owner Trustee shall comply with any written instructions delivered to the Owner Trustee by the Owners holding in the aggregate a majority Ownership Percentage; provided, however, that the Owner Trustee shall not be required to comply with any such instructions if the Bank shall reasonably determine, or shall have been advised by counsel, that such compliance is likely to result in liability on the part of the Bank, or is contrary to the terms hereof, of any Note Agreement or of any document contemplated hereby to which the Owner Trustee is a party or otherwise contrary to law.

(c) Whenever the Owner Trustee is (i) required by the terms of this Agreement or the Indenture to decide between alternative courses of action, the Owner Trustee shall, or (ii) unsure as to the application of any provision of this Agreement or the Indenture or any other agreement relating to the transactions contemplated hereby or thereby, or such provision is ambiguous as to its application, the Owner Trustee may, promptly give notice to the Owners requesting instructions (to be given in such form as shall be appropriate under the circumstances) as to the course of action to be adopted and, to the extent the Owner Trustee acts in good faith in accordance with instructions received from the Owners, the Owner Trustee shall not be liable to any person; provided, however, that in the event the Owner Trustee does not receive such instructions within ten days of such notice (or within such shorter period of time as may be specified in such notice) it may, but shall be under no duty to, take or refrain from taking such action, not inconsistent with this Agreement, as it shall deem to be in the best interests of the Owners.

6.04. No Duties Except as Specified in Agreement or Instructions. The Owner Trustee shall not have any duty or obligation to manage, make any payment in respect of, register, record, sell, dispose of or otherwise deal with the Collateral or any other part of the Trust Property, or to otherwise take or

refrain from taking any action under, or in connection with, any document contemplated hereby to which the Owner Trustee is a party, except as expressly provided by the terms of this Agreement or in written instructions pursuant to Section 6.03 hereof; and no implied duties or obligations shall be read into this Agreement against the Owner Trustee. The Bank nevertheless agrees that it shall, at its own cost and expense, promptly take any action necessary to discharge any liens on any part of the Trust Property or the Collateral which result from actions by or claims against the Bank that are not related to the ownership of the Collateral or any other part of the Trust Property or the administration of the Trust Property or the transactions contemplated by the Note Agreements.

6.05. No Action Except under Specified Documents for Instructions. The Owner Trustee agrees that it will not manage, control, use, sell, dispose of or otherwise deal with the Collateral or any other part of the Trust Property except (i) as required by the terms of the Note Agreements, (ii) in accordance with the powers granted to, or the authority conferred upon, the Owner Trustee pursuant to this Agreement or (iii) in accordance with instructions pursuant to Section 6.03 hereof.

6.06. Further Assurances. Subject to the limitations in Section 6.03(b), the Owner Trustee shall execute and deliver all such other instruments, documents or certificates as the Owners may deem necessary or advisable to give effect to the transactions contemplated hereby including the provisions of the Note Agreements, the taking of any such action by the Owner Trustee in the presence of the Owners or their counsel to evidence, conclusively, the direction of the Owners.

6.07. Restrictions. The Owner Trustee shall take no action (a) that is inconsistent with Section 2.03 hereof or any Note Agreement and the Owner Trustee shall obtain an Opinion of Counsel to the effect that any contemplated action is not inconsistent with Section 2.03 hereof or (b) if the Owner Trustee has been notified that such action would cause or threaten to cause any nationally recognized statistical rating agency or agencies which rated the Notes to downgrade its or their rating of the Notes. The Owners shall not direct the Owner Trustee to take action that would violate the provisions of this Section 6.07.

6.08. Majority Control. Any instruction, direction or consent which is required to be given by the Owners under this agreement shall mean such instruction, direction or consent given in accordance with Section 11.05 hereof by the Owners holding, in the aggregate, a majority of the Ownership Percentage in the Trust.

ARTICLE VII

THE OWNER TRUSTEE

7.01. Acceptance of Trusts and Duties. The Owner Trustee accepts the trust hereby created and agrees to perform the same but only upon the terms of this Agreement. The Bank shall not be answerable or accountable under any circumstances, except (i) for its own wilful misconduct or gross negligence, (ii) for the inaccuracy of any representation or warranty contained in Section 7.02 hereof, (iii) for liabilities arising from the failure by the Bank to perform obligations expressly undertaken by it in the last sentence of Section 6.04 hereof, (iv) for any investments made by the Owner Trustee with the Bank in its commercial capacity, or (v) for federal or Delaware taxes, fees or other charges on, based on or measured by any fees, commissions or compensation received by the Bank in connection with any of the transactions contemplated by this Agreement or the Note Agreements. In particular, but not by way of limitation:

(a) The Bank shall not be liable for an error of judgment made in good faith by a responsible officer of the Owner Trustee;

(b) The Bank shall not be liable with respect to any action taken or omitted to be taken by the Owner Trustee in good faith in accordance with the instructions of the Owners;

(c) No provision of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability in the performance of any of the Owner Trustee's rights or powers hereunder, if the Bank shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured or provided to it;

(d) Under no circumstance shall the Bank be liable for indebtedness evidenced by any Note;

(e) The Bank shall not be liable with respect to any action taken or omitted to be taken by the Manager under the Management Agreement and the Bank shall not be liable for performing any obligations or duties under this Agreement or the Note Agreements which are to be performed by the Manager under the Management Agreement; and

(f) The Bank shall not be responsible for or in respect of the validity or sufficiency of this Agreement or for the due execution hereof by the Grantor or for the form, character, genuineness, sufficiency, value or validity of any Collateral or for or in respect of the validity or sufficiency of the Note Agreements, and the Bank shall in no event assume or incur any liability, duty or obligation to any Noteholder, the Grantor or any Owner, other than as expressly provided for herein.

(g) Notwithstanding anything contained herein or in the Note Agreements to the contrary, neither the Bank nor the Owner Trustee shall be required to take any action in any jurisdiction other than in the State of Delaware if the taking of such action will (i) require the consent or approval or authorization or order of or the giving of notice to, or the registration with or taking of any action in respect of, any state or other governmental authority or agency of any jurisdiction other than the State of Delaware; (ii) result in any fee, tax or other governmental charge under the laws of any jurisdiction or any political subdivisions thereof in existence on the date hereof other than the State of Delaware becoming payable by the Bank; or (iii) subject the Bank to personal jurisdiction in any jurisdiction other than the State of Delaware for causes of action arising from acts unrelated to the consummation of the transactions by the Bank or the Owner Trustee, as the case may be, contemplated hereby.

7.02. Representations and Warranties. (a) The Bank hereby represents and warrants to the Grantor, for the benefit of the Owners, that:

(i) it has been duly incorporated and is validly existing as a banking corporation in good standing under the laws of the State of Delaware and it holds all corporate power and all material franchises, grants, authorizations, consents, orders and approvals from all governmental authorities necessary under the laws of the State of Delaware to carry on its trust business as now conducted;

(ii) the execution, delivery and performance by the Bank of this Agreement, and by the Owner Trustee of the Note Agreements and the Management Agreement, and the acceptance of the Accession Agreement and the issuance of the Notes and the Certificates by the Owner Trustee pursuant to this Agreement are within the corporate power of the Bank, have been or will have been duly authorized by all necessary corporate action on the part of the Bank (no action by its shareholders being required) and do not and will not (A)

violate or contravene any statute, law, rule or regulation or any judgment, decree or order binding on the Bank, or (D) conflict with or result in a breach of, or constitute a default under, any provision of the charter or by-laws of the Bank or of any material agreement, contract, mortgage or other instrument binding on the Bank or (C) result in the creation or imposition of any lien, charge or encumbrance on the Trust Property resulting from actions by or claims against the Bank except as expressly contemplated by this Agreement or the Indenture;

(iii) no consent, approval, authorization or order of, or filing with, any court or regulatory, supervisory or governmental agency or body is required by the Bank under Delaware law in connection with (A) the execution, delivery and performance by the Bank of this Agreement or by the Owner Trustee of the Note Agreements or the Management Agreement, or (B) the acceptance of the Accession Agreement and the issuance of the Notes or the Certificates of Beneficial Ownership by the Owner Trustee pursuant to this Agreement, or (C) the consummation by the Owner Trustee of the transactions contemplated hereby (except as may be required by state or federal securities laws); and

(iv) this Agreement has been executed and delivered by its officers who are duly authorized to execute and deliver such document in such capacity on its behalf.

(v) It has no present intent to cause a voluntary bankruptcy of the Trust.

(b) The Grantor hereby represents and warrants to the Owner Trustee that:

(i) it has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Florida and it holds all corporate power and all material franchises, grants, authorizations, consents, orders and approvals to carry on its business as now conducted except in those jurisdictions where failure to so qualify would not in the aggregate have a material adverse effect on the financial condition or results of operations of the company;

(ii) the execution, delivery and performance by the Grantor of this Agreement, acceptance of the Accession Agreement and the issuance of the Notes and the Certificates by and the Grant of the Trust Property to the Owner Trustee pursuant to this Agreement are within the corporate power of the Grantor, have been or will have been duly authorized by

all necessary corporate action on the part of the Grantor and do not and will not (A) violate or contravene any judgment, decree or order binding on the Grantor, or (B) conflict with or result in a breach of, or constitute a default under, any provision of the articles of incorporation or by-laws of the Grantor or of any material agreement, contract, mortgage or other instrument binding on the Grantor or (C) result in the creation or imposition of any lien, charge or encumbrance on the Trust Property except as expressly contemplated by this Agreement or the Indenture;

(iii) this Agreement has been duly executed and delivered by the Grantor and constitutes a legal, valid and binding agreement of the Grantor;

(iv) upon the sale, assignment or other transfer of any of the Trust Property by the Grantor to the Owner Trustee under this Agreement, the Grantor will have conveyed to the Owner Trustee good title, free and clear of any lien or encumbrance of any nature, and the Owner Trustee will have the right to grant and deliver the Collateral to the Note Trustee in accordance with the Indenture and this Agreement and upon the grant and delivery of the Collateral by the Owner Trustee to the Note Trustee in the manner contemplated by this Agreement and the Indenture, and assuming the validity and binding effect of the Indenture, the Note Trustee will have obtained a valid first priority security interest therein, prior to all other liens;

(v) immediately upon the sale or other delivery of any Trust Property to the Trust pursuant to this Agreement and the Purchase and Sale Agreement, the Grantor will make any appropriate notations on its records to indicate that the Trust Property has been transferred to the Trust pursuant to this Agreement, and, to the extent it constitutes Collateral, has been pledged by the Trust to the Note Trustee to secure payment of the Notes issued under the Indenture;

(vi) it has no present intention to cause a voluntary bankruptcy of the Trust;

(vii) it is not presently insolvent;

(viii) it will hold itself out to the public under its own name as a separate and distinct entity and will conduct its business so as not to mislead others as to the identity of the entity under which those others are concerned. Without limiting the generality of the foregoing, all oral and written communications, including without limitation, all

letters, invoices, contracts, statements and applications will be made solely in the name of the Trust if they are made on behalf of the Trust and solely in the name of the Grantor if they are made on behalf of the Grantor; and

(ix) it will disclose in all financial statements that the assets of the Trust are not available to the Grantor's creditors.

7.03. No Segregation of Moneys; No Interest. Except as otherwise provided herein or in the Indenture, moneys received by the Owner Trustee hereunder need not be segregated in any manner except to the extent required by law and may be deposited under such general conditions as may be prescribed by law, and neither the Owner Trustee or the Bank shall be liable to pay the Owners any interest thereon.

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

(b) In its exercise or administration of the trusts and powers hereunder, including any duties or obligations of the Trust under the Note Agreements, the Owner Trustee may, at the expense of the Trust, employ agents and attorneys and enter into agreements (including the Management Agreement) with any of them, and the Owner Trustee shall not be answerable for the default or misconduct of any such agents or attorneys if such agents or attorneys shall have been selected by the Owner Trustee with reasonable care.

(c) In the administration of the trusts hereunder or in the performance of the Trust's duties and obligations under any of the Note Agreements, the Owner Trustee may, at the expense

of the Trust, consult with counsel, accountants and other skilled persons to be selected and employed by it, and the Owner Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons and not contrary to this Agreement.

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

ARTICLE VIII

INDEMNIFICATION BY OWNERS

8.01. Trust Expenses. The Owners shall pay (or reimburse the Bank for) all reasonable expenses of the Owner Trustee hereunder, including, without limitation, the reasonable compensation, expenses and disbursements of such agents, representatives, experts and counsel as the Owner Trustee may employ in connection with the exercise and performance of its rights and duties under this Agreement.

8.02. Indemnification. As between the Owners and the Bank, the Owners shall be liable for, and shall indemnify the Bank and its successors, assigns, agents and servants, against and from, any and all liabilities, obligations, losses, damages, taxes, claims, actions, suits, costs, expenses and disbursements (including legal fees and expenses) of any kind and nature whatsoever (collectively, "Expenses") which may be imposed on, incurred by or asserted at any time against the Owner Trustee or the Bank (whether or not indemnified against by other parties) in any way relating to or arising out of this Agreement, any Note Agreement, the Collateral, the administration of the Trust Property or the action or inaction of the Owner Trustee hereunder, except only that the Owners shall not be required to indemnify the Bank for expenses arising or resulting from any of the matters described in the second sentence of Section 7.01 hereof. The indemnities contained in this Section 8.02 shall survive the termination of this Agreement. The obligations of the Owners pursuant to this Section 8.02 shall be several (and not joint) and in proportion to their respective Ownership Percentages. In the event of any claim, action or proceeding for

which indemnity will be sought pursuant to this Section 8.02, the Bank's choice of legal counsel shall be subject to the approval of the Owner, which approval shall not be unreasonably withheld.

8.03. Compensation. The Bank shall receive as compensation for the Owner Trustee's services hereunder such ordinary fees as are fair, reasonable and customary for the performance of such services and as may heretofore and from time to time hereafter be agreed upon between the Owners and the Owner Trustee. The Bank shall be compensated reasonably for any extraordinary services rendered by the Owner Trustee hereunder.

8.04. Lien on Trust Property. The Bank shall have a lien on the Trust Property for any compensation or indemnity due hereunder, such lien to be subordinate only to liens created by the Indenture.

ARTICLE IX

TERMINATION OF TRUST AGREEMENT

9.01. Termination of Trust Agreement. (a) This Agreement and the Trust created hereby shall terminate and the Trust Property shall, subject to the Indenture and Section 5.01 hereof, be distributed to the Owners in accordance with their respective Ownership Percentages, and this Agreement shall be of no further force or effect, upon the earlier of (i) the sale or other final disposition by the Note Trustee and the Owner Trustee, as the case may be, of all of the Trust Estate and the Trust Property, as the case may be, and the final distribution by the Note Trustee or the Owner Trustee, as the case may be, of all moneys or other property or proceeds of the Trust Estate and the Trust Property, as the case may be, in accordance with the terms of the Indenture and Section 5.01 hereof and (ii) 21 years less one day after the death of the survivor of the descendants living on the date of this Agreement of Joseph P. Kennedy, the late ambassador of the United States to the Court of St. James. The bankruptcy, death or incapacity of any Owner shall not operate to terminate this Agreement, nor entitle such Owner's legal representatives or heirs to claim an accounting or to take any action or proceeding in any court for a partition or winding up of the Trust Property, nor otherwise affect the rights, obligations and liabilities of the parties hereto.

(b) Neither the Grantor nor any Owner shall be entitled to revoke the Trust established hereunder.

ARTICLE X

SUCCESSOR OWNER TRUSTEE AND ADDITIONAL TRUSTEES

10.01. Resignation of Owner Trustee; Appointment of Successor. (a) The Owner Trustee may resign at any time without cause by giving at least 60 days' prior notice to the Owners, such resignation to be effective on the acceptance of appointment by a successor Owner Trustee under Section 10.01(b) hereof. In addition, the Owners holding in the aggregate a majority Ownership Percentage, may, with the consent of the Note Trustee, at any time remove the Owner Trustee without cause by an instrument in writing delivered to the Owner Trustee, such removal to be effective upon the acceptance of appointment by a successor Owner Trustee under Section 10.01(b) hereof. Subject to the approval of the Note Trustee and Financial Security, in case of the resignation or removal of the Owner Trustee, the Owners shall use their best efforts to appoint a successor Owner Trustee by an instrument signed by Owners holding in the aggregate a majority Ownership Percentage in the Trust. If a successor Owner Trustee shall not have been appointed within 30 days after the giving of written notice of such resignation or the delivery of the written instrument with respect to such removal, the Owner Trustee or the Owners may apply to any court of competent jurisdiction to appoint a successor Owner Trustee to act until such time, if any, as a successor shall have been appointed by the Owners as above provided. Any successor Owner Trustee so appointed by such court shall immediately and without further act be superseded by any successor Owner Trustee appointed by the Owners as above provided within one year from the date of the appointment by such court.

(b) Any successor Owner Trustee, however appointed, shall execute and deliver to the predecessor Owner Trustee an instrument accepting such appointment, and thereupon such successor Owner Trustee, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor Owner Trustee in the trusts hereunder with like effect as if originally named the Owner Trustee herein; but nevertheless, upon the written request of such successor Owner Trustee, such predecessor Owner Trustee shall execute and deliver an instrument transferring to such successor Owner Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers, duties and trusts of such predecessor Owner Trustee, and such predecessor Owner Trustee shall duly assign, transfer, deliver and pay over to such successor Owner Trustee all moneys or other property then held or subsequently received by such predecessor Owner Trustee upon the trusts herein expressed.

(c) Any successor Owner Trustee, however appointed, shall be a bank or trust company incorporated and doing business within the United States of America and having combined capital and surplus of at least \$50,000,000, if there be such an institution willing, able and legally qualified to perform the duties of the Owner Trustee hereunder upon reasonable or customary terms; provided, however, that any successor Owner Trustee may not be an affiliate of any Owner.

(d) Any corporation into which the Owner Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Owner Trustee shall be a party, or any corporation to which substantially all the corporate trust business of the Owner Trustee may be transferred, shall, subject to the terms of Section 10.01(c) hereof, be the Owner Trustee under this Agreement without further act.

10.02. Appointment of Additional Trustees. (a) At any time or times, for the purpose of meeting any legal requirements of any jurisdiction in which any of the Trust Property may at the time be located, the Owners and the Owner Trustee shall have the power to appoint one or more individuals or corporations either to act as co-trustee, or co-trustees, jointly with the Owner Trustee of all or any part of the Trust Property or to act as separate trustee or separate trustees of all or any part of the Trust Property and to vest in such person or persons, in such capacity, such title to the Trust Property or any part thereof, and such rights, powers, duties, trusts or obligations as the Owner Trustee may consider necessary or desirable, subject to the remaining provisions of this take Section 10.02.

(b) Unless otherwise provided in the instrument appointing such co-trustee or separate trustee, every co-trustee or separate trustee shall, to the extent permitted by law, be appointed subject to the following terms, namely:

(i) The Notes shall be executed and delivered, and all rights, powers, trusts, duties and obligations by this Agreement conferred upon the Owner Trustee in respect of the custody, control or management of moneys, papers, securities and other personal property, shall be exercised, solely by the Owner Trustee;

(ii) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Owner Trustee, or by the Owner Trustee and such co-trustee or co-trustees, or separate trustee or separate trustees jointly, except to the extent

that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Owner Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees;

(iii) Any request in writing by the Owner Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee;

(iv) Any co-trustee or separate trustee to the extent permitted by law may delegate to the Owner Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise;

(v) The Owner Trustee at any time, by an instrument in writing, with the concurrence of the Owners, may accept the resignation of, or remove, any co-trustee or separate trustee appointed under this Section 10.02. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section 10.02;

(vi) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder;

(vii) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing executed by the Owners and delivered to the Owner Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee; and

(viii) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Owner Trustee to be held pursuant to the terms hereof.

(c) Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with the estate, right, title and interest in the Trust Property, or portion thereof, and with such rights, powers, duties, trusts or obligations, jointly or separately with the

Owner Trustee, all as shall be specified in the instrument of appointment, subject to all the terms hereof. Every such acceptance shall be filed with the Owner Trustee.

(d) In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the estate, right, title and interest in the Trust Property and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Owner Trustee unless and until a successor co-trustee or separate trustee shall be appointed pursuant to this Section 10.02.

ARTICLE XI

MISCELLANEOUS

11.01. Supplements and Amendments. Until such time as the Indenture has been terminated pursuant to its terms, Section 2.03 of this Agreement may not be amended. Subject to the terms of the Note Agreements, at the unanimous written request of the Owners, this Agreement (other than Section 2.03, Section 9.01 and Section 11.02 hereof and this Section 11.01 which may in no event be supplemented or amended until the Notes have been retired and the Indenture terminated) shall be supplemented and amended by a written instrument signed by the Owner Trustee and the Owners, with the written consent of the Note Trustee, but if in the opinion of the Owner Trustee, any instrument required to be so executed adversely affects any right, duty or liability of, or immunity or indemnity in favor of, the Owner Trustee under this Agreement or any of the documents contemplated hereby to which the Owner Trustee is a party, or would cause or result in any conflict with or breach of any terms, conditions or provisions of, or default under, the charter documents or by-laws of the Owner Trustee or any document contemplated hereby to which the Owner Trustee is a party, the Owner Trustee may in its sole discretion decline to execute such instrument.

11.02. No Legal Title to Trust Property in Owners. The Owners shall not have legal title to any part of the Trust Property and shall only be entitled to receive distributions with respect to their undivided beneficial interest therein in proportion to their Ownership Percentage pursuant to Section 5.01 hereof. No transfer, by operation of law or otherwise, of any right, title and interest of the Owners in and to their undivided beneficial interests in the Trust Property or hereunder shall

operate to terminate this Agreement or the trusts hereunder or entitle any successor transferee to an accounting or to the transfer to it of legal title to any part of the Trust Property.

11.03. Pledge of Collateral by Owner Trustee Is Binding. The pledge of the Collateral to the Note Trustee by the Owner Trustee made under the Indenture and pursuant to the terms of this Agreement shall bind the Owners and shall be effective to transfer and convey the rights of the Owner Trustee and the Owners in and to such Collateral to the extent set forth in the Indenture. Other than as required by the Indenture, no purchaser or other grantee of the Collateral shall be required to inquire as to the authorization, necessity, expediency or regularity of such pledge or as to the application of any proceeds with respect thereto by the Owner Trustee.

11.04. Limitations on Rights of Others. Nothing in this Agreement, whether express or implied, shall be construed to give to any person other than the Bank, Owner Trustee and the Owners any legal or equitable right, remedy or claim in the Trust Property or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

11.05. Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices shall be in writing and delivered by hand or mailed by certified mail, postage prepaid, if to the Owner Trustee, addressed to Wilmington Trust Company, Corporate Financial Services Division, Rodney Square North, Wilmington, Delaware 19890, Attention: Corporate Trust Administration, or to such other address as the Owner Trustee may have set forth in a written notice to the Owners; and if to an Owner, addressed to it at the address set forth for such Owner in the register maintained by the Owner Trustee. Whenever any notice in writing is required to be given by the Owner Trustee or the Manager, such notice shall be deemed given and such requirement satisfied if such notice is mailed by certified mail, postage prepaid, addressed as provided above.

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

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

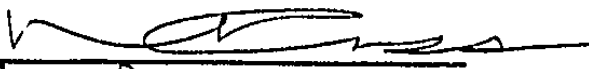
11.08. Successors and Assigns. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the Owner Trustee and its successors and assigns and each Owner and its successors, all as herein provided. Any request, notice, direction, consent, waiver or other instrument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

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

11.10. Governing Law. This Agreement shall in all respects be governed by, and construed in accordance with, the laws of the State of Delaware, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be duly executed by their respective officers hereunto duly authorized, in Wilmington, Delaware on the day and year first above written.

WILMINGTON TRUST COMPANY

By: 
Title: v.p.

MID-STATE HOMES, INC.

By: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be duly executed by their respective officers hereunto duly authorized, in Wilmington, Delaware on the day and year first above written.

WILMINGTON TRUST COMPANY

By: _____
Title: _____

MID-STATE HOMES, INC.

By: W.H. Delaney
Title: _____

Exhibit A

(Letterhead of Proposed Transferee)

_____, 1988

Dear Sirs:

This letter shall constitute our Accession Agreement, as that term is used in the Trust Agreement dated as of _____, 1988 as further amended and restated from time to time (the "Trust Agreement"), between Mid-State Homes, Inc., a _____ corporation, as Grantor, and Wilmington Trust Company, a Delaware banking corporation, as owner trustee (the "Owner Trustee"). We propose to acquire from [transferor] a _____% Ownership Percentage (as defined in the Trust Agreement) evidencing an undivided ownership interest in Mid-State Trust II (the "Trust"), a common law [business] trust under the laws of the State of Delaware, and to thereby become an Owner of the Trust in accordance with the Trust Agreement.

The terms capitalized herein shall have the same meanings as in the Trust Agreement unless otherwise defined herein or the context shall otherwise require.

We hereby represent and warrant to you that:

1. the audited financial statements, together with the related notes and schedules, if any, enclosed herewith, are our most recent audited financial statements and fairly present our financial condition as of the periods specified in conformity with [generally accepted] [regulatory] accounting principles applied on a consistent basis during such periods, except as may be indicated therein;
2. since the date as of which the audited financial statements referred to in the preceding paragraph are given, there has been neither any material adverse change in our net worth determined in accordance with [generally accepted] [regulatory] accounting principles; nor any development involving a prospective material adverse change in our net worth;
3. we have read and are familiar with the terms and conditions of the Trust Agreement, and we understand the rights and obligations of an Owner of the Trust;

4. we understand that the Certificates have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), and are being transferred to us in a transaction that is exempt from the registration requirements of the Securities Act;

5. we have received a copy of the Prospectus dated _____, 1988, relating to the Certificates, and we note any documents annexed thereto or incorporated by reference therein; and any information we desire concerning the Certificates, the Trust or any other matter relevant to our decision to acquire the Certificate is or has been made available to us;

6. we are knowledgeable and experienced in financial and business matters generally and are capable of evaluating the merits and risks of an investment in an Ownership Percentage; we are able to bear the economic risks of an investment in an Ownership Percentage; and we are an accredited investor as defined in Regulation D under the Securities Act;

7. the acquisition of an Ownership Percentage by us will not result in any violation of any law, rule or regulation applicable to us, has been duly authorized by all necessary action on our part, will not conflict or result in a breach of or default under any agreement, document or instrument to which we are a party, and does not require any consent, order, approval or authorization, other than those obtained by us;

8. we are acquiring the Ownership Percentage for our own account or for accounts as to which we exercise sole investment discretion and not with a view to a distribution of our Ownership Percentage; provided, however, that it is understood that we shall retain control over disposition of the Ownership Percentage if such disposition is not in contravention of the Trust Agreement; and

9. we are [not] an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (and we understand that, prior to the transfer of an Ownership Percentage to us, the Owner Trustee must receive an opinion of counsel that our acquisition of an Ownership Percentage and holding of a Certificate will not involve a "prohibited transaction", as defined in ERISA, for which an exemption is not available.)

10. we understand that each Certificate bears and, unless subsequently registered, shall continue to bear, a legend that reads substantially as follows:

"THE BENEFICIAL INTEREST IN THE TRUST REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS, AND MAY NOT BE DIRECTLY OR INDIRECTLY OFFERED OR SOLD OR OTHERWISE TRANSFERRED (INCLUDING PLEDGED BY THE HOLDER HEREOF) EXCEPT IN COMPLIANCE WITH THE ACT. THE TRANSFER OF THIS CERTIFICATE IS SUBJECT TO CERTAIN RESTRICTIONS AND CONDITIONS SET FORTH IN THE TRUST AGREEMENT UNDER WHICH THIS CERTIFICATE WAS ISSUED, INCLUDING RECEIPT BY THE OWNER TRUSTEE OF AN OPINION OF COUNSEL SATISFACTORY TO THE OWNER TRUSTEE, TO THE EFFECT THAT THE TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE ACT. IN ADDITION, THIS CERTIFICATE MAY NOT BE TRANSFERRED UNLESS THE OWNER TRUSTEE AND, IF APPLICABLE, OTHER HOLDERS OF CERTIFICATES OF BENEFICIAL INTEREST IN THE TRUST CONSENT TO SUCH TRANSFER AND UNLESS OTHERWISE TRANSFERRED IN THE MANNER PROVIDED IN ARTICLE III OF THE TRUST AGREEMENT, AND IN ACCORDANCE WITH THE REQUIREMENTS THEREOF, INCLUDING WITHOUT LIMITATION THE REQUIREMENT THAT THE TRANSFEREE SIGN AND DELIVER TO THE OWNER TRUSTEE AN ACCESSION AGREEMENT IN WHICH THE TRANSFEREE MAKES CERTAIN REPRESENTATIONS AND AGREES TO BE BOUND BY ALL THE TERMS AND CONDITIONS OF THE TRUST AGREEMENT, AND THAT THE TRANSFEREE DELIVER TO THE OWNER TRUSTEE ITS AUDITED FINANCIAL STATEMENTS FOR THE MOST RECENT FISCAL YEAR."

We hereby also agree that:

11. as provided in Section 2.06 of the Trust Agreement, (a) we shall be liable with the other Owners in the manner and amount specified in the Trust Agreement for all fees, expenses, taxes, indemnity payments and other obligations of the Trust other than the Notes arising during the period of time we are an Owner (to the extent not paid out of the Trust Property); (b) unless otherwise provided by law, we (i) will not be liable to an extent that is greater than our beneficial interest in the Trust for acts or omissions of the Trust prior to the date on which we become an Owner including, without limitation, acts or omissions of the Grantor on behalf of the Trust, and (ii) such liability, if any, shall be satisfied only out of Trust Property;

12. the Certificate must be held indefinitely by us unless an exemption from the registration requirements of the Securities Acts is available;

13. we will not transfer or exchange the Certificate unless:

(a) the Owner Trustee shall have consented to such transfer or exchange as provided in Section 3.02 of the Trust Agreement and the other conditions to transfer in the Trust Agreement have been satisfied; and

(b) either (i) (A) if such transfer or exchange is a sale, the sales price is at least \$250,000; (B) we do not know and have no reasonable grounds to believe that the transfer or exchange is made to a transferee that cannot truthfully make representations and warranties with respect to itself to substantially the same effect as those set forth herein; and (C) all offers or solicitations in connection with the sale (if a sale), whether directly or through any agent working on our behalf, are limited to transferees that we reasonably believe can make representations and warranties with respect to itself to substantially the same effect as those set forth herein; or (ii) the Certificate is transferred or exchanged pursuant to Rule 144 under the Securities Act after we have held it for more than three years; or (iii) the Certificate is transferred or exchanged in any other transaction exempt from registration under the Securities Act;

14. we will pay to the Owner Trustee all reasonable expenses incurred by the Owner Trustee in connection with the transfer of the Certificate, other than those expenses paid by [transferor] including those fees and expenses incurred pursuant to Section 3.02(c) of the Trust Agreement and those fees and expenses of counsel giving any required opinion to the Owner Trustee;

15. We will not cause or consent to the filing of a petition in bankruptcy against the Trust for any reason until at least 91 days after payment in full of all the Notes.

16. We understand that we will not become an Owner until all conditions precedent to Accession have been met and all actions precedent to Accession have been taken pursuant to Section 3.02 of the Trust Agreement; and

17. We will be bound by all other terms and conditions of the Trust Agreement, including any supplements or amendments thereto, and the Certificate.

This Agreement shall in all respects be governed by, and construed in accordance with, the laws of the State of Delaware.

Very truly yours,

(Seal)
Attest:

[Name of Transferee]

By _____

Authorized Officer

Name:

Title:

Accepted and Acknowledge
this ____ day of _____, 1988.

Wilmington Trust Company, not in its
individual capacity but solely as
Owner Trustee

By _____

Name:

Title:

Exhibit B

[FORM OF CERTIFICATE OF BENEFICIAL INTEREST (REFERENCED BELOW)]

"THE BENEFICIAL INTEREST IN THE TRUST REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS, AND MAY NOT BE DIRECTLY OR INDIRECTLY OFFERED OR SOLD OR OTHERWISE TRANSFERRED (INCLUDING PLEDGED BY THE HOLDER HEREOF) EXCEPT IN COMPLIANCE WITH THE ACT. THE TRANSFER OF THIS CERTIFICATE IS SUBJECT TO CERTAIN RESTRICTIONS AND CONDITIONS SET FORTH IN THE TRUST AGREEMENT UNDER WHICH THIS CERTIFICATE WAS ISSUED, INCLUDING RECEIPT BY THE OWNER TRUSTEE OF AN OPINION OF COUNSEL SATISFACTORY TO THE OWNER TRUSTEE, TO THE EFFECT THAT THE TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE ACT. IN ADDITION, THIS CERTIFICATE MAY NOT BE TRANSFERRED UNLESS THE OWNER TRUSTEE AND, IF APPLICABLE, OTHER HOLDERS OF CERTIFICATES OF BENEFICIAL INTEREST IN THE TRUST CONSENT TO SUCH TRANSFER AND UNLESS OTHERWISE TRANSFERRED IN THE MANNER PROVIDED IN ARTICLE III OF THE TRUST AGREEMENT (REFERENCED BELOW) AND IN ACCORDANCE WITH THE REQUIREMENTS THEREOF, INCLUDING WITHOUT LIMITATION THE REQUIREMENT THAT THE TRANSFEREE SIGN AND DELIVER TO THE OWNER TRUSTEE AN ACCESSION AGREEMENT IN WHICH THE TRANSFEREE MAKES CERTAIN REPRESENTATIONS AND AGREES TO BE BOUND BY ALL THE TERMS AND CONDITIONS OF THE TRUST AGREEMENT, AND THAT THE TRANSFEREE DELIVER TO THE OWNER TRUSTEE ITS AUDITED FINANCIAL STATEMENTS FOR THE MOST RECENT FISCAL YEAR."

CERTIFICATE OF BENEFICIAL INTEREST

MID-STATE TRUST II

Wilmington Trust Company, a Delaware banking corporation, solely in its fiduciary capacity as trustee (the "Owner Trustee") under the Trust Agreement referenced below and not in its individual capacity, certifies that _____ is the registered owner (an "Owner") of a _____ undivided ownership interest in a common law business trust (the "Trust") existing under the laws of the State of Delaware pursuant to a trust agreement dated as of _____, 1988 as further amended and restated from time to time (the "Trust Agreement"), between Mid-State Homes and Wilmington Trust Company.

The terms capitalized herein shall have the same meaning as in the Trust Agreement unless otherwise defined herein or the context shall otherwise require.

This Certificate is one of the Certificates referred to in the Trust Agreement and is issued under and subject to the terms and conditions of the Trust Agreement. Reference is hereby made to the Trust Agreement for a statement of the rights and obligations of the holder of this Certificate, as well as for a statement of the terms and conditions of the Trust created by the Trust Agreement.

This Certificate and each of the other Certificates issued under the Trust Agreement evidence an undivided beneficial ownership interest and participation in the Trust Property. The holder hereof is entitled to receive, ratably with the holders of the other Certificates, a proportional share (for each Owner, its "Ownership Percentage") of the sums required to be distributed by the Owner Trustee to the Owners pursuant to the terms of the Trust Agreement. The first paragraph of this Certificate indicates the Ownership Percentage of the holder hereof.

The holder of this Certificate through the execution of the Accession Agreement and by the acceptance hereof, assents to and agrees to be bound by all of the terms and conditions of the Trust Agreement. Without limiting the generality of the foregoing, the holder hereof agrees (i) that it shall be liable, in the manner and amount specified in the Trust Agreement, for all fees, expenses, taxes, indemnity payments and other obligations of the Trust (to the extent not paid out of the Trust Property) other than the Notes and (ii) not to transfer this Certificate except with the requisite consents and otherwise in the manner provided in the Trust Agreement.

IN WITNESS HEREOF, the Owner Trustee has caused this Certificate to be executed manually on the date hereof by one of its authorized officers.

Dated:

Wilmington Trust Company,
not in its individual capacity
but solely as Owner Trustee

By: _____

Name:

Title:

EXHIBIT C

MANAGEMENT AGREEMENT

MANAGEMENT AGREEMENT, dated _____, 1988 between Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity but solely as owner trustee (the "Owner Trustee") of the Trust referred to below, and Security Pacific National Bank (the "Manager").

W I T N E S S E T H:

WHEREAS the Owner Trustee is the trustee of Mid-State Trust II (the "Trust"), a common law business trust under the laws of Delaware created by trust agreement dated as of March 28, 1988 (the "Trust Agreement") between Mid-State Homes, Inc., as Grantor and Wilmington Trust Company, as Owner Trustee;

WHEREAS the Trust will issue Mortgage-Backed Notes (the "Notes"), secured by certain mortgage related and other collateral, as more particularly set forth in the Indenture dated as of April 1, 1988 (the "Indenture") between the Owner Trustee and Southeast Bank, N.A., as trustee (the "Note Trustee");

WHEREAS the Owner Trustee wishes to engage the Manager to perform on its behalf certain duties of the Owner Trustee pursuant to the terms of the Trust Agreement and of the Indenture, and to provide such additional services in connection with the Notes, consistent with the terms of this Agreement, as the Owner Trustee may request from time to time; and

WHEREAS the Manager is prepared to perform such services for the benefit of the Owner Trustee and the Holders of the Notes:

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the parties hereto agree as follows:

1. Definitions.

Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in the Indenture.

2. Powers and Duties of the Manager.

(a) The Manager shall consult with the Owner Trustee regarding the duties of the Owner Trustee pursuant to the terms of the Indenture, monitor the Owner Trustee's performance of such duties and advise and assist the Owner Trustee in such performance. The Manager shall perform, on behalf of the Owner Trustee, such of said duties as by their nature may appropriately and effectively be so performed and as the Owner Trustee may from time to time request. Without limiting the generality of the foregoing, the Manager shall (x) prepare or obtain for delivery by the Owner Trustee such documents and instruments as the Owner Trustee may be required to submit pursuant to the Indenture and (y) take all appropriate action with respect to the following matters inter alia (references are to sections of the Indenture unless otherwise specified):

(i) the determination of the form of the Notes and any temporary Notes (Sections 2.01, 2.02, 2.06); preparation and mailing of notices to Noteholders (Section 2.09); preparation of all Issuer Requests, Issuer Orders and Officers' Certificates (Sections 2.12, 3.03); delivery of certain Opinions of Counsel (Section 3.06) and Certificates of Independent Accountants and Independent Persons (Section 2.12);

(ii) the making of payments in respect of the Notes (Section 3.01);

(iii) the appointment and release of additional Paying Agents, the direction of the Note Trustee to deposit moneys with such Paying Agents and the making of Original Issue Discount calculations with respect to the Notes (Section 3.03);

(iv) the preparation and delivery of financing statements, continuation statements and certain other instruments and filing thereof (Section 3.05);

(v) the delivery of certain Opinions of Counsel (Section 3.06) and certain statements as to compliance (Section 3.09) the supervision of the Servicer and the selection of a substitute Servicer (Section 3.07) pursuant to the terms of the Servicing Agreement and the monitoring of certain covenants (Section 3.08);

(vi) the satisfaction and discharge of the Indenture, should the Owner Trustee so elect (Section 4.01);

(vii) the delivery of consent (should the Owner Trustee so elect) to the Note Trustee's taking action to preserve the Trust Estate (Section 5.05);

(viii) the compensation and reimbursement of the Note Trustee (Section 6.07);

(ix) the removal of the Note Trustee and the appointment or removal of successor or additional Note Trustees (Sections 6.10, 6.14) and the mailing of notice thereof to Noteholders;

(x) the appointment of Authenticating Agent (Section 6.15);

(xi) the furnishing of names and addresses of Noteholders when the Note Trustee is not acting as Note Registrar (Section 7.01);

(xii) the filing of reports with the Securities and Exchange Commission (Section 7.04);

(xiii) the appointment and direction of Independent Accountants (Section 8.07);

(xiv) the execution of supplemental indentures (Sections 9.01, 9.02) and the mailing of notice thereof to Noteholders;

(xv) the amendment of the Trust Agreement (Section 11.01 of the Trust Agreement);

(xvi) the delivery of Officers' Certificates and Opinions of Counsel (Section 11.01);

(xvii) the recording of the Indenture (Section 11.15).

(b) The Manager shall also carry out in timely fashion and in accordance with the provisions of the Indenture certain other duties which the Owner Trustee is required to perform pursuant to the terms of the Indenture, including (references are to sections of the Indenture) the direction of the investment of the Collection Account, the Reserve Fund and any other Pledged Accounts or Funds established under the Terms Indenture and the issuance in that connection of certain orders (Sections 8.02, 8.03, 8.04).

The Manager shall have absolute discretion in the performance of the functions set forth in this subsection (b) and shall have no obligation to notify the Owner Trustee of its actions except as set forth in the Indenture; provided, however, that at

any time and from time to time, upon reasonable notice, the Owner Trustee may carry out such activities directly or direct the Manager in carrying out such activities.

(c) The Manager shall provide such other consultations, services and assistance as the Owner Trustee may from time to time request in connection with the performance by the Owner Trustee of its obligations under the Trust Agreement and with respect to the Trust. Without limiting the generality of the foregoing, the Manager shall:

(i) prepare or cause the preparation and filing of the financial statements and tax returns of the Trust;

(ii) prepare or cause the preparation and filing of all Periodic Filings (as defined in the Trust Agreement); and

(iii) prepare the semi-annually reports required by Section 5.03 of the Trust Agreement.

3. Compensation.

The Manager will provide the services called for under this Agreement for an annual fee, applied ratably to any period of less than a year during which such services are provided, in amounts as separately agreed between the parties. In addition, the Owner Trustee shall reimburse the Manager for out-of-pocket expenses incurred in the performance of its duties hereunder, including the fees and disbursements of its accountants and legal advisers.

Amounts due the Manager hereunder shall be paid by the Owner Trustee on each _____, commencing _____, 198__, pursuant to Section 5.01 of the Trust Agreement. Any amount that cannot be paid to the Manager consistent with such provisions shall be paid promptly after each succeeding Payment Date until paid in full. Any amount not paid when due shall bear interest from its due date at the rate of ____% per annum.

4. The Manager and the Owners.

The Manager undertakes, on behalf of the Owner Trustee and for the benefit of the Owners (as defined in the Trust Agreement), to furnish to each Owner from time to time such information regarding the Trust Agreement and the Notes as such Owner shall reasonably request; provided, however, that the Manager shall not be required (except pursuant to Section 2(c)(iv) hereof) to prepare information regarding the Trust for purposes of the tax return of any Owner or any reporting

requirement to which an Owner may be subject. The Manager may, in its discretion, require an Owner to reimburse the Manager for the cost of furnishing information pursuant to this paragraph.

5. Benefit of the Agreement.

It is expressly agreed that in performing its duties pursuant to Section 2(a) and 2(b) of this Agreement the Manager will act for the benefit of the Noteholders as well as for the benefit of the Owner Trustee, and that such obligations on the part of the Manager shall be enforceable at the instance of the Note Trustee.

6. Limitation of Responsibility of the Manager.

The Manager will have no responsibility under this Agreement other than to render the services called for hereunder in good faith. The Manager, its affiliates and its directors, officers, shareholders and employees will not be liable to the Owner Trustee, the Owners, the Note Trustee, the Noteholders or others, except by reason of acts constituting bad faith, willful misfeasance, gross negligence or reckless disregard of their duties. The Owner Trustee will reimburse, indemnify and hold harmless the Manager, its affiliates and shareholders, directors, officers and employees with respect to all expenses, losses, damages, liabilities, demands, charges and claims of any nature in respect of any acts or omissions performed or omitted by the Manager in good faith and in accordance with the standard set forth above.

7. Term.

Unless previously terminated in accordance with Section 8 hereof, this Agreement shall continue in effect so long as the Trust Agreement has not been terminated in accordance with Section 9.01(a) of the Trust Agreement.

8. Termination.

Subject to paragraph (c) below:

(a) The Manager may be removed without cause upon not less than six months' notice by the Owner Trustee. If the Manager shall default in the performance of any term of this Agreement and so long as such default is continuing, the Manager may be removed immediately by the Owner Trustee.

(b) The Manager may resign its duties hereunder upon not less than six months' notice given on or after the first anniversary hereof.

(c) No removal or resignation of the Manager shall be effective until the date as of which a successor Manager shall have agreed in writing to assume all of the Manager's duties and obligations pursuant to the terms of this Agreement. The appointment of any successor Manager shall be effective only when the Owner Trustee has received written confirmation from each rating agency that rated the Notes that the proposed appointment will not adversely affect the existing rating of the Notes.

9. Amendments.

This Agreement may not be amended, changed, modified or terminated (except as otherwise expressly provided herein) without the prior written consent of each of the parties hereto and Financial Security.

10. Governing Law.

This Agreement shall be governed by and construed under the laws of the State of _____.

11. Notices.

All notices, requests and other communications permitted or required hereunder shall be in writing and shall be deemed to have been duly given when received.

If to the Manager, to:

Security Pacific National Bank
333 South Beaudry Avenue
Los Angeles, California 90017
Attention: Corporate Trust Division (W24-30)

If to the Owner Trustee, to:

Wilmington Trust Company, as trustee for
Mid-State Trust II
Corporate Financial Services Division
Rodney Square North
Wilmington, Delaware 19890
Attention: Corporate Trust Administration

12. Successors and Assigns.

This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of each of the Owner Trustee and the Manager; provided, however, that the Manager may not assign its rights and obligations hereunder without the prior written consent of the Owner Trustee.

13. The Owner Trustee.

Wilmington Trust Company is entering into this Agreement solely as Owner Trustee under the Trust Agreement and not in its individual capacity, and all persons having any claim against the Bank or the Owner Trustee by reason of the transactions contemplated by this Agreement, the Indenture or the Trust Agreement shall look only to the Trust Estate for payment or satisfaction thereof.

IN WITNESS WHEREOF, the parties have executed this Agreement in New York, New York effective as of the day first above written.

WILMINGTON TRUST COMPANY,
not in its individual capacity
but solely as Owner Trustee
of Mid-State Trust II

By _____
Title:

By _____
Title: