

## DEALING WITH PLEDGED DOCUMENTS

11. In the event of a default in any of the terms, covenants, conditions or provisions of any Pledged Document which default continues for a period of ninety (90) days Borrower agrees to substitute and deposit with Trustee another loan or loans which shall be acceptable to Metropolitan. Upon receipt of such loan or loans in substitution, Trustee shall, with the approval of Metropolitan as to such substituted loan, release to Borrower the Pledged Documents with respect to which such default exists, and execute any instruments necessary to effect such release. Trustee is hereby authorized to satisfy of record any Pledged Mortgage which is certified by Borrower to be paid in full in accordance with its terms. Such certification shall be in such form and substance as is acceptable to Trustee and Metropolitan and shall be submitted by Borrower to Trustee in duplicate. Upon receipt of such certificate Trustee shall immediately mail one copy to Metropolitan at One Madison Avenue, New York, New York, 10010, Attn: Correspondent Loan Servicing, City Mortgages, or at such other address as Metropolitan shall designate in writing. At the request of Borrower, Trustee shall consent to any condemnation award which is approved by the Federal Housing Administration or the Veterans' Administration, as the case may be, or any casualty insurance settlement which is processed in accordance with the Mortgage Loan Procedures Manual of Metropolitan as amended from time to time. In any such action Trustee may rely on a written statement of Borrower that a casualty insurance settlement or condemnation award has been duly approved or processed as herein required, and Trustee shall not be liable to anyone for doing so in good faith. At the written request of Metropolitan, Trustee will refuse to satisfy any further Pledged Mortgages, or consent to any further condemnation awards or casualty insurance settlements, unless each such satisfaction or consent is specifically approved in writing by Metropolitan. At any time that Borrower is entitled or required pursuant to the Purchase Agreement to transfer any of the Pledged Documents to Metropolitan, Borrower may submit a written request to Trustee requesting such transfer and specifying the Pledged Documents to be transferred, and Trustee shall deliver such Pledged Documents to Metropolitan together with all instruments of transfer as Metropolitan may request.

## THIRD PARTIES PROTECTED

12. Any release, satisfaction, settlement, discharge, conveyance or like action by Trustee relating to any Pledged Document may be presumed by any third party to be within the authority of Trustee and any third party may rely thereon in good faith and without any inquiry as to actual authority.

## STATEMENTS OF PLEDGED DOCUMENTS

13. On or before January 31 of each year, Trustee shall deliver to Metropolitan statements, as of the next preceding December 31, listing the Pledged Documents then held as security for each Note, and at any other times requested by Metropolitan Trustee shall deliver statements to Metropolitan listing the Pledged Documents then held as security for each Note.