

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 14, 1999

REGISTRATION NO. 333-77483

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MCM CAPITAL GROUP, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OF INCORPORATION)

7389
(PRIMARY STANDARD INDUSTRIAL
CLASSIFICATION CODE NUMBER)

48-1215075
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

500 WEST FIRST STREET
HUTCHINSON, KANSAS 67501-5222
(800) 759-0327
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER,
INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

FRANK I. CHANDLER
PRESIDENT AND CHIEF EXECUTIVE OFFICER
MCM CAPITAL GROUP, INC.
500 WEST FIRST STREET
HUTCHINSON, KANSAS 67501-5222
(800) 759-0327
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER,
INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES OF ALL COMMUNICATIONS, INCLUDING ALL COMMUNICATIONS
SENT TO THE AGENT FOR SERVICE, SHOULD BE SENT TO:

STEVEN D. PIDGEON
SNELL & WILMER L.L.P.
ONE ARIZONA CENTER
PHOENIX, ARIZONA 85008
(602) 382-6252

STEVEN R. FINLEY
GIBSON, DUNN & CRUTCHER LLP
200 PARK AVENUE, 47TH FLOOR
NEW YORK, NY 10166
(212) 351-4000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as
practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on
a delayed or continuous basis under Rule 415 under the Securities Act, check the
following box: []

If this Form is filed to register additional securities for an offering
under Rule 462(b) under the Securities Act, check the following box and list the
Securities Act registration statement number of the earlier effective
registration statement for the same offering: []

If this Form is a post-effective amendment filed under Rule 462(c) under
the Securities Act, check the following box and list the Securities Act
registration statement number of the earlier effective registration statement
for the same offering: []

If this Form is a post-effective amendment filed under Rule 462(d) under
the Securities Act, check the following box and list the Securities Act
registration statement number of the earlier effective registration statement
for the same offering: []

If delivery of the prospectus is expected to be made under Rule 434, check
the following box: []

CALCULATION OF REGISTRATION FEE

TITLE OF SHARES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
Common stock, \$.01 par value.....	\$86,250,000(1)(2)	\$23,977.50(3)

- (1) Includes shares of common stock subject to an option granted to the underwriters solely to cover over-allotments, if any. See "Underwriting."
- (2) Estimated under Section 457(o) solely for the purpose of calculating the amount of registration fee.
- (3) Previously Paid

 THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING UNDER SAID SECTION 8(a), MAY DETERMINE.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

This table sets forth the estimated expenses in connection with the distribution of the securities being registered hereunder, other than underwriting discounts and commissions:

ITEM ----	AMOUNT -----
Securities and Exchange Commission Fee.....	\$ 23,978
NASD filing fee.....	9,125
* Blue Sky fees and expenses.....	
* Underwriters' non-accountable expense allowance.....	
* Printing and engraving expenses.....	
* Legal fees and expenses.....	
* Accounting fees and expenses.....	
* Transfer agent and registrar's fees.....	
* Miscellaneous expenses.....	

Total.....	=====

- -----
* Estimated.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Our Certificate of Incorporation provides that our directors shall not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except for liability for: (i) any breach of the director's duty of loyalty to us or our stockholders; (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) liability for payments of dividends or stock purchases or redemptions in violation of Section 174 of the Delaware General Corporation Law; or (iv) any transaction from which the director derived an improper personal benefit. In addition, our Certificate of Incorporation provides that we will, to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than such law permitted the corporation to provide prior to such amendment), indemnify and hold harmless any person who was or is a party, or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such person is or was our director or officer, or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "Indemnitee") against expenses, liabilities and losses (including attorneys' fees, judgments, fines, excise taxes or penalties paid in connection with the Employee Retirement Income Security Act of 1974, as amended, and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith; provided, however, that except as otherwise provided with respect to proceedings to enforce rights to indemnification, we shall indemnify any such Indemnitee in connection with a proceeding (or part thereof)

initiated by such Indemnitee only if such proceeding or part thereof was authorized by our board of directors.

The right to indemnification set forth above includes the right for us to pay the expenses (including attorneys' fees) incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an Indemnitee in his capacity as a director or officer (and not in any other capacity in which service was or is rendered by such Indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to us of an undertaking, by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is not further right to appeal that such Indemnitee is not entitled to be indemnified for such expenses under this section or otherwise. The rights to indemnification and to the advancement of expenses conferred herewith are contract rights and continue as to an Indemnitee who has ceased to be a director, officer, employee or agent and inures to the benefit of the Indemnitee's heirs, executors and administrators.

The Delaware General Corporation Law provides that indemnification is permissible only when the director, officer, employee, or agent acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The Delaware General Corporation Law also precludes indemnification in respect of any claim, issue, or matter as to which an officer, director, employee, or agent shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine that, despite such adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

We have agreed to indemnify the underwriters and their controlling persons, and the underwriters have agreed to indemnify us and our controlling persons, against certain liabilities, including liabilities under the Securities Act. Reference is made to the Underwriting Agreement filed as part of the Exhibits hereto.

See Item 17 for information regarding our undertaking to submit to adjudication the issue of indemnification for violation of the securities laws.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

On _____, 1999, MCM reincorporated from Kansas to Delaware by way of a merger of Midland Corporation of Kansas, a Kansas corporation, with and into MCM. In the merger, each share of Midland Corporation of Kansas' issued and outstanding common stock was exchanged for 9.82 shares of MCM's common stock and each option to purchase a share of Midland Corporation of Kansas' common stock was exchanged for an option to purchase 9.82 shares of MCM's common stock.

Exemption from registration for this transaction was claimed pursuant to Rule 145 under the Securities Act for transactions the sole purpose of which is to change the issuer's domicile within the United States.

On September 14, 1998, MCM issued to Nomura Asset Capital Corporation warrants to purchase 516,846 shares (post-split) of our common stock. The warrants were issued in consideration of Nomura extending the maturity date of a \$28 million loan that was outstanding to Midland Credit Management, Inc., a subsidiary of MCM. On

December 31, 1998, the warrants were cancelled as part of the payoff of the loan. The warrants were issued under the private placement exemption in Section 4(2) of the Securities Act of 1933.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits:

EXHIBIT NO. -----	DESCRIPTION -----
1	Form of Underwriting Agreement(1)
3.1	MCM's Certificate of Incorporation(1)
3.2	MCM's By-Laws(1)
5	Opinion of Snell & Wilmer L.L.P.(1)
10.1	Form of Indenture and Servicing Agreement relating to MCM's securitization program+
10.2	Form of Receivables Contribution Agreement relating to MCM's securitization program
10.3	Form of Insurance and Reimbursement Agreement relating to MCM's securitization program+
10.4	Indenture and Servicing Agreement relating to the warehouse facility+
10.5	Receivables Contribution Agreement relating to the warehouse facility+
10.6	Insurance and Reimbursement Agreement relating to the warehouse facility+
10.7	MCM Stock Option Plan(1)
10.8	Employment Agreement between MCM and Frank Chandler+
10.9	Employment Agreement between MCM and John Chandler+
10.10	Employment Agreement between MCM and Bradley Hochstein+
10.11	Real Estate Mortgage on behalf of Bank of Kansas
10.12	Net Industrial Building Lease by and between MCM and 4405 E. Baseline Road Limited Partnership for the property located at 4310 E. Broadway Road, Phoenix, Arizona (the "Office Lease")
10.13	First Amendment to the Office Lease
10.14	Second Amendment to the Office Lease
10.15	Third Amendment to the Office Lease
10.16	Fourth Amendment to the Office Lease
10.17	Credit Card Accounts Sale Agreement among Midland Credit Management, Inc. and other parties+
10.18	First Amendment to Credit Card Accounts Sale Agreement+
10.19	Second Amendment to Credit Card Accounts Sale Agreement+
10.20	Receivable Purchase Agreement between Midland Credit Management, Inc. and other parties+
10.21	Amendment of Receivable Purchase Agreement+
21	List of Subsidiaries
23.1	Consent of Ernst & Young LLP*

EXHIBIT NO. -----	DESCRIPTION -----
23.2	Consent of Snell & Wilmer L.L.P. (included in the opinion filed as Exhibit 5)(1)
24	Powers of Attorney*
27	Financial Data Schedule*

(1) To be filed by pre-effective amendment.

* Previously filed with the Commission on April 30, 1999 as an exhibit to the Registrant's Registration Statement on Form S-1.

+ Certain confidential portions of these exhibits were omitted by means of redacting a portion of the text and replacing it with an asterisk. These exhibits have been filed separately with the Secretary of the Commission without the redaction pursuant to the Registrant's application requesting confidential treatment under Rule 406 under the Securities Act.

(b) Financial Statement Schedules:

None.

ITEM 17. UNDERTAKINGS.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Securities Act") may be permitted to our directors, officers and controlling persons under the provisions of our Certificate of Incorporation, Bylaws or laws of the State of Delaware or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than our payment of expenses incurred or paid by one of our directors, officers or controlling persons in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

We hereby undertake to provide to the underwriters at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

We undertake that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by us under Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Under the requirements of the Securities Act of 1933, MCM CAPITAL GROUP, INC. has duly caused this Amendment No. 1 to Registration Statement No. 333-77483 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Hutchinson, State of Kansas, on this 14th day of May, 1999.

MCM CAPITAL GROUP, INC.

By: /s/ FRANK CHANDLER

 Name: Frank Chandler
 Title: President and Chief
 Executive Officer

UNDER THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS AMENDMENT NO. 1 TO REGISTRATION STATEMENT NO. 333-77483 HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED.

NAME AND SIGNATURE

TITLE

DATE

 /s/ FRANK CHANDLER

 President and Chief
 Executive Officer
 (Principal executive
 officer)

 May 14, 1999

 Frank Chandler

*

 Senior Vice President,
 Finance (Principal
 financing and
 accounting officer)

 May 14, 1999

 Ronald W. Bretches

*

 Sole Director

 May 14, 1999

 Eric D. Kogan

 *By /s/ FRANK CHANDLER

 (Frank Chandler, Attorney-in-fact)

EXHIBIT INDEX

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21	List of Subsidiaries
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27	Financial Data Schedule*

(1) To be filed by pre-effective amendment.

* Previously filed with the Commission on April 30, 1999 as an exhibit to the Registrant's Registration Statement on Form S-1.

+ Certain confidential portions of these exhibits were omitted by means of redacting a portion of the text and replacing it with an asterisk. These exhibits have been filed separately with the Secretary of the Commission without the redaction pursuant to the Registrant's application requesting confidential treatment under Rule 406 under the Securities Act.

THIS EXHIBIT CONTAINS CONFIDENTIAL INFORMATION WHICH HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST UNDER RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED. THE CONFIDENTIAL INFORMATION ON PAGES 2, 6, 11, 12, 29, 64, 70, 71 AND 83 HAS BEEN REPLACED WITH ASTERISKS.

EXHIBIT 10.1

EXECUTION COPY

INDENTURE AND SERVICING AGREEMENT

MIDLAND RECEIVABLES 98-1 CORPORATION

as Issuer

and

NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION,
as Trustee and Backup Servicer

and

MIDLAND CREDIT MANAGEMENT, INC.,

as Servicer

and

ASSET GUARANTY INSURANCE COMPANY
as Note Insurer

Dated as of December 1, 1998

MIDLAND RECEIVABLES-BACKED NOTES, SERIES 1998-1

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This Indenture and Servicing Agreement, dated as of December 1, 1998 (the "Agreement") is executed by and among Midland Receivables 98-1 Corporation, as issuer (the "Issuer"), Norwest Bank Minnesota, National Association, as trustee (in such capacity, the "Trustee"), and as backup servicer (in such capacity, the "Backup Servicer"), Midland Credit Management, Inc., as servicer (the "Servicer") and Asset Guaranty Insurance Company, as note insurer (the "Note Insurer").

In consideration of the mutual agreements herein contained, each party agrees as follows for the benefit of the other parties and the Noteholders to the extent provided herein:

ARTICLE I
DEFINITIONS

SECTION 1.01 DEFINITIONS.

Except as otherwise provided in this Agreement, whenever used herein, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

"Accounts" means the Collection Account, the Reserve Account and the Note Payment Account.

"Accredited Investor" shall have the meaning assigned to such term in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act.

"Acquisition Payment" means, with respect to any Removed Receivable acquired by the Issuer or the Servicer under this Agreement and as of the Remittance Date on which the "Acquisition Payment" must be made, the excess, if any, of (i) the product of the Original Note Balance and a fraction, the numerator of which is the Charged-Off Balance of such Receivable and the denominator of which is the Charged-Off Balance of all the Receivables over (ii) the product of the aggregate amount of all Net Proceeds collected, received or otherwise recovered on and after the Closing Date with respect to such Removed Receivable, and a factor equal to .80; in each case determined as of such Remittance Date.

"Additional Servicing Fee" means the amount, calculated in accordance with Section 9.03, which is payable to the Successor Servicer and which exceeds the amount of the Servicing Fee.

"Adverse Claim" means a lien, security interest, charge, encumbrance or other right or claim of any Person.

"Affiliate" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the term "controlling" and "controlled" have meanings correlative to the foregoing.

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

"Agreement" means this Indenture and Servicing Agreement, relating to Midland Receivables-Backed Notes, Series 1998-1 dated as of December 1, 1998 among Midland Receivables 98-1 Corporation, as Issuer, Norwest Bank Minnesota, National Association, as Trustee and Backup Servicer, Midland Credit Management, Inc., as Servicer, and Asset Guaranty Insurance Company, as Note Insurer, as the same may be amended or supplemented from time to time.

"Applicants" shall have the meaning specified in Section 6.06.

"Asset Sale Agreement" means each agreement entered into between Midland Credit Management, Inc., and each Originating Institution in connection with the purchase of the Receivables therein from such Originating Institution.

"Available Funds" means, with respect to any Payment Date and the immediately preceding Determination Date, the sum of (i) the Net Proceeds with respect to each Receivable and received in the Collection Account during the Collection Period then most recently concluded, plus (ii) all available funds on deposit in the Collection Account (other than Net Proceeds of Receivables) as of the opening of business of the Trustee on such Determination Date.

"Backup Servicer" means Norwest Bank Minnesota, National Association and any successor in interest.

"Backup Servicing Fee" means the fee payable to the Backup Servicer on each Payment Date for services rendered pursuant to this Agreement, which shall be equal to the greater of [*] per month or an amount per month equal to [*] per annum times the average daily Note Balance during the preceding Collection Period.

"Benefit Plan" means with respect to any Person any employee benefit plan as defined in Section 3(3) of ERISA in respect of which the Person or any ERISA Affiliate of such Person is, or at any time during the immediately preceding six years was, an "employer" as defined in Section 3(5) of ERISA.

"Business Day" means any day other than a Saturday, a Sunday, or a day on which banking institutions in the State of Kansas, the State of Minnesota or the State of New York are required or authorized by law, regulation, executive order or governmental decree to be closed.

"Bylaws" means the bylaws of Issuer.

"Certificate of Incorporation" means the Certificate of Incorporation of the Issuer.

"Charged-Off Balance" means, with respect to each Receivable, the original charged-off balance as required to be set forth in the related Schedule of Receivables.

"Closing Date" means December 30, 1998.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collection Account" means the segregated account or accounts, each of which shall be an Eligible Account, established and maintained pursuant to Section 4.01 and entitled "Norwest Bank Minnesota, National Association, as Trustee for Midland Receivables-Backed Notes, Series 1998-1 Collection Account."

"Collection Period" means, with respect to any Remittance Date, Determination Date or Payment Date, the period beginning on the first day of the calendar month immediately preceding the month in which such Remittance Date, Determination Date or Payment Date occurs and ending on the last day of such calendar month; provided, however, that the initial Collection Period begins on the Closing Date.

"Consumer Account" means any consumer bank or retail credit card account.

"Controlling Party" means, at any time during which an Insurer Default shall be in effect, the Noteholders with Voting Interests of at least 51% of all outstanding Voting Interests and, at all other times, the Note Insurer.

"Corporate Trust Office" means the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office at the date of execution of this Agreement is located at Sixth Street and Marquette Avenue, Minneapolis, Minnesota 55479-0070, Attention: Corporate Trust Services/Asset-Backed Administration.

"Customary Procedures" means the customary practices, policies, standards and procedures of the Servicer relating to the acquisition and collection of comparable defaulted consumer receivables that it services for itself or others, in each case as in effect on the Closing Date (which include backup servicing files, disaster recovery plans and enforcement of rights under Asset Sale Agreements), as the same may be modified by the Servicer from time to time thereafter with, in each case of a material change thereto, prompt notice to the Note Insurer.

"Cut-Off Date" means November 8, 1998.

"Determination Date" means, with respect to any Payment Date, the second Business Day immediately preceding such Payment Date.

"Eligible Account" means (A) a segregated account or accounts maintained with an institution the deposits of which are insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the FDIC, the unsecured and uncollateralized debt obligations of which shall be rated "AA" or better by the Required Rating Agencies then providing a long term debt rating for such institution and in the highest available short term rating category by the Required Rating Agencies then providing a short term debt rating for such institution, and that is (i) a federal savings and loan association duly organized, validly existing and in good standing under the federal banking laws, (ii) a banking or savings and loan association duly organized, validly existing and in good standing under the applicable laws of any state, (iii) a national banking association duly organized, validly existing and in good standing under the federal banking laws, or (iv) a principal subsidiary of a bank holding company, or (B) a segregated trust account (which shall be a "special deposit account") maintained in the trust department of a federal or state chartered depository institution or trust company, having capital and surplus of not less than \$50,000,000, acting in its fiduciary capacity. Any Eligible Accounts maintained

with the Trustee shall conform to the preceding clause (B). Any Account maintained at an institution other than the Trustee must be subject to an agreement with such institution among Servicer, Issuer and Trustee which must be satisfactory to Note Insurer in form and substance.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means with respect to any Person (a) any corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as such Person; (b) a trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the Code) with such Person, or (c) a member of the same affiliated service group (within the meaning of Section 414(m) of the Code) as such Person, any corporation described in clause (a) above or any trade or business described in clause (b) above.

"Event of Default" shall have the meaning specified in Section 9.08.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"FDIC" means the Federal Deposit Insurance Corporation, and its successors.

"Final Payment Date" shall mean the earlier of January 15, 2004 or (ii) the Payment Date which follows the Payment Date on which all proceeds of a sale of the Trust Estate pursuant to Section 9.24 were distributed.

"FNMA" means the Federal National Mortgage Association, and its successors.

"GAAP" means generally accepted accounting principles that are (i) consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, as in effect from time to time, and (ii) consistently applied with past financial statements of the Servicer and its subsidiaries; provided that a certified public accountant would, insofar as the use of such accounting principles is pertinent, be in a position to deliver an unqualified opinion (other than a qualification regarding changes in generally accepted accounting principles) as to financial statements in which such principles have been properly applied.

"Insolvency Event" means, with respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or the filing of a petition against such Person in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, which case remains unstayed and undismitted within 30 days of such filing, or the appointing of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the ordering of the winding-up or liquidation of such Person's business; or (b) the commencement by such Person of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar

official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due or the admission by such Person of its inability to pay its debts generally as they become due.

"Insolvency Proceeding" means any proceeding of the sort described in the definition of Insolvency Event.

"Insurance Agreement" means the Insurance and Reimbursement Agreement between the Servicer, the Issuer and Asset Guaranty Insurance Company, dated as of the Closing Date.

"Insurer Default" means the occurrence of any of the following:

(i) the Note Insurer shall fail to pay when, as and in the amounts required, any amount payable under the Policy and such failure continues unremedied for two Business Days; (ii) the Superintendent of Insurance of the State of New York (or any Person succeeding to the duties of such Superintendent) (for the purpose of this paragraph (b), the "Superintendent") shall apply for an order (A) pursuant to Section 7402 of the New York Insurance Law (or any successor provisions thereto), directing him to rehabilitate the Note Insurer, (B) pursuant to Section 7404 of the New York Insurance Law (or any successor provision thereto), directing him to liquidate the business of the Note Insurer or (C) pursuant to Section 7416 of the New York Insurance Law (or any successor provision thereto), dissolving the corporate existence of the Note Insurer and such application shall not be dismissed or withdrawn during a period 60 consecutive days or a court of competent jurisdiction enters an order granting the relief sought; (iii) the Superintendent shall determine that the Note Insurer is insolvent within the meaning of Section 1309 of the New York Insurance Law; (iv) the Note Insurer shall commence a voluntary case or other proceeding seeking rehabilitation, liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors; or (v) an involuntary case or other proceeding shall be commenced against the Note Insurer seeking rehabilitation, liquidation, reorganization or other relief with respect to it or its debts under a bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such case or proceeding is not dismissed or otherwise terminated within a period of 60 consecutive days or a court of competent jurisdiction enters an order granting the relief sought in such case or proceeding.

"Interest Carryover Shortfall" means, with respect to any Payment Date, the excess, if any, of (i) the Interest Distributable Amount for such Payment Date and all prior Payment Dates, over (ii) the amount of interest, if any, actually paid to Noteholders on such Payment Date and all prior Payment Dates.

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

"Interest Distributable Amount" means, with respect to any Payment Date, the product of (A) one-twelfth of the Note Rate and (B) the Note Balance as of the last day of the immediately preceding Collection Period or, in the case of the initial Payment Date, the Original Note Balance; provided, however, that with respect to the initial Payment Date, the amount calculated in accordance with the preceding clause shall be multiplied by a fraction, the numerator of which is the number of days from and including the Closing Date through and including January 30, 1999 and the denominator of which is 30.

"Interest Distribution Period" means, with respect to any Payment Date, the period of time from the Closing Date to the first Determination Date, and thereafter from each Determination Date to the next Determination Date.

"Investment Company Act" means the Investment Company Act of 1940, as amended.

"Issuer" means Midland Receivables 98-1 Corporation, in its capacity as issuer of the Notes pursuant to this Agreement, and each successor thereto (in the same capacity) pursuant to Section 7.04.

"Lien" means any security interest, lien, charge, pledge, equity or encumbrance of any kind.

"Monthly Servicer Report" means an Officer's Certificate of the Servicer completed and executed pursuant to Section 3.06, substantially in the form attached hereto as Exhibit A.

"Nationally Recognized Statistical Rating Agency" means Duff & Phelps Credit Rating Co., Fitch IBCA, Inc., Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, or any successor thereto.

"Net Proceeds" means, with respect to a Receivable, all monies representing collected available funds net of NSF checks received or otherwise recovered from or for the account of the related Obligor on such Receivable including, without limitation in connection with a Sale thereof. Third-Party Fees incurred in connection with collecting a Receivable will be deducted from collections on such Receivable by such third parties or by the Servicer on their behalf and will not constitute Net Proceeds.

"Note" means one of the [*] Midland Receivables-Backed Notes, Series 1998-1 executed by the Issuer and authenticated by the Trustee in substantially the form attached hereto as Exhibit C.

"Note Balance" shall initially equal, on the Closing Date, the Original Note Balance and, as of any subsequent date of determination, shall equal the Original Note Balance less all amounts paid to Noteholders on previous Payment Dates and applied in reduction of the Note Balance pursuant to Section 4.04(b)(viii) or pursuant to Section 4.04(b)(ix)(A) through (D), inclusive.

"Note Insurer" means Asset Guaranty Insurance Company.

"Note Insurer Obligations" means all amounts from time to time payable to the Note Insurer hereunder, under the Premium Letter or under the Insurance Agreement, whether constituting principal or interest, whether fixed or contingent, and howsoever arising (including, without limitation, all Reimbursement Obligations, and any and all such interest, premiums, fees and other obligations that accrue after the commencement of an Insolvency Proceeding relating to the Issuer or the Servicer, in each such case whether or not allowed as a claim in such Insolvency Proceeding).

"Note Insurer Premium" means the premium payable to the Note Insurer in respect of the Policy, in an amount equal to the product of (i) one-twelfth of a per annum rate equal to the Premium Rate and (ii) the average daily Note Balance during the preceding Collection Period.

"Note Payment Account" means the segregated account or accounts, each of which shall be an Eligible Account, established and maintained pursuant to Section 4.01 and entitled "Norwest Bank Minnesota, National Association, as Trustee for Midland Receivables-Backed Notes, Series 1998-1, Note Payment Account."

"Note Rate" means 8.63% per annum, calculated on the basis of a 360-day year consisting of 12 30-day months.

"Note Register" means the register maintained pursuant to Section 6.03.

"Note Registrar" means the Trustee unless a successor thereto is appointed pursuant to Section 6.03. The Note Registrar initially designates its offices at Sixth Street and Marquette Avenue, Minneapolis, Minnesota 55479-0070 as its offices for purposes of Section 6.07.

"Noteholder" means the Person in whose name a Note is registered in the Note Register, except that, solely for the purposes of giving certain consents, waivers, requests or demands pursuant to this Agreement the interests evidenced by any Note registered in the name of, or in the name of a Person or entity holding for the benefit of, the Issuer, the Servicer or any Person actually known to a Responsible Officer of the Trustee to be controlling, controlled by or under common control with the Issuer or the Servicer, shall not be taken into account in determining whether the requisite percentage necessary to effect any such consent, waiver, request or demand shall have been obtained.

"Obligor" on a Receivable means any Person who owes or may be liable for payments under such Receivable.

"Officer's Certificate" means a certificate signed by a Responsible Officer of the Issuer or the Servicer, as the case may be, and delivered to the Trustee and Note Insurer.

"Opinion of Counsel" means a written opinion of counsel, who may be an employee of or outside counsel to the Person responsible for providing such opinion, and which opinion shall be reasonably acceptable to the Trustee, the Note Insurer and the other recipients thereof.

"Original Note Balance" means \$33,000,000.

"Originating Institution" means any Person from which the Seller has acquired any Receivables and their successors and assigns.

"Payment Date" means the fifteenth day of each calendar month or, if such day is not a Business Day, the next succeeding Business Day, commencing February 15, 1999.

"PBGC" shall mean the Pension Benefit Guaranty Corporation and any Person succeeding to the functions thereof.

"Permitted Investments" means, at any time, any one or more of the following obligations and securities:

(i) obligations of, and obligations fully guaranteed as to timely payment of principal and interest by, the United States or any agency thereof, provided such obligations are backed by the full faith and credit of the United States;

(ii) general obligations of, or obligations guaranteed by, FNMA or any state of the United States or the District of Columbia, which are then rated the highest available credit rating for such obligations by the Required Rating Agencies then providing such a rating;

(iii) demand deposits, time deposits, or certificates of deposit of any depository institution or trust company (including the Trustee) organized under the laws of the United States or of any state thereof, the District of Columbia (or any branch of a foreign bank licensed under the laws of the United States of America or any State thereof) and subject to supervision and examination by banking authorities of one or more of such jurisdictions, provided that the short-term unsecured debt obligations of such depository institution or trust company are then rated the highest available credit rating for such obligations by the Required Rating Agencies then providing such a rating;

(iv) repurchase obligations held by the Trustee that are acceptable to the Trustee with respect to any security described in clauses (i) or (ii) hereof or any other security issued or guaranteed by any other agency or instrumentality of the United States, in either case entered into with a federal agency or a depository institution or trust company (acting as principal) described in clause (iii) above, provided that the party agreeing to repurchase such obligations shall have the highest available short-term debt rating from the Required Rating Agencies then providing such a rating; and

(v) freely redeemable shares in money market funds (including such funds for which the Trustee or an Affiliate of the Trustee serves as an investment advisor, administrator, shareholder servicing agent and/or custodian or subcustodian) which invest solely in the types of instruments and obligations described in clauses (i) through (iv) above, so long as such funds are then rated in the highest available rating category for money market funds by the Required Rating Agencies then providing such a rating and notwithstanding that (i) the Trustee or an Affiliate of the Trustee may charge and collect fees and expenses from such funds for services rendered, (ii) the Trustee charges and collects fees and expenses for services rendered pursuant to this Agreement and (iii) services performed for such funds and pursuant to this Agreement may converge at any

time. Each of the Issuer and the Servicer hereby specifically authorizes the Trustee or an Affiliate of the Trustee to charge and collect all fees and expenses from such funds for services rendered to such funds, in addition to any fees and expenses the Trustee may charge and collect for services rendered pursuant to this Agreement;

(vi) commercial paper having, at the time of the investment or contractual commitment to invest therein, the highest available credit rating for such obligations by the required Rating Agencies then providing such a rating;

(vii) bankers' acceptances (with a maturity of one month or less) issued by any depository institution or trust company referred to in clause (iii) above;

(viii) money market mutual funds that can be liquidated on a single day's notice and which are registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act and have the highest available credit rating for such obligations by the required Rating Agencies then providing such a rating;

(ix) any other investment grade investment as may be acceptable to the required Rating Agencies and the Controlling Party, as evidenced by a writing to that effect;

provided that each of the foregoing investments above shall mature no later than the Business Day prior to the Payment Date immediately following the date of purchase thereof (other than in the case of the investment of monies in instruments of which the entity at which the related Account is located is the obligor, which may mature on the related Payment Date), and shall be required to be held to such maturity; and provided further that each of the Permitted Investments may be purchased by the Trustee through an Affiliate of the Trustee.

Permitted Investments are only those which are acquired by the Trustee in its name and in its capacity as Trustee, and with respect to which (a) the Trustee has noted its interest therein on its books and records, and (b) the Trustee has purchased such investments for value without notice of any adverse claim thereto (and, if such investments are securities or other financial assets or interests therein, within the meaning of Section 8-102 of the UCC, without acting in collusion with a securities intermediary in violating such securities intermediary's obligations to entitlement holders in such assets, under Section 8-504 of the UCC, to maintain a sufficient quantity of such assets in favor of such entitlement holders), and (c) either (i) such investments are in the possession of the Trustee, or (ii) such investments, (A) if certificated securities and in bearer form, have been delivered to the Trustee, or in registered form, have been delivered to the Trustee and either registered by the issuer in the name of the Trustee or endorsed by effective endorsement to the Trustee or in blank; (B) if uncertificated securities, the ownership of which has been registered to the Trustee on the books of the issuer thereof (or another person, other than a securities intermediary, either becomes the registered owner of the uncertified security on behalf of the Trustee or, having previously become the registered owner, acknowledges that it holds for the Trustee); or (C) if securities entitlements (within the meaning of Section 8-102 of the UCC) representing interests in securities or other financial assets (or interests therein) held by a securities intermediary (within the meaning of said Section 8-102), a securities intermediary indicates by book entry that a security or other financial asset has been credited to the Trustee's

securities account with such securities intermediary. No Permitted Investment may be purchased at a premium.

"Permitted Sale Receivable" means any Receivable that the Servicer has determined to be uncollectable.

"Person" means any legal person, including any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Placement Agent" means Rothschild Inc.

"Policy" means the Financial Guaranty Insurance Policy issued pursuant to the Insurance Agreement.

"Pool" means a particular group of Receivables designated as such in the Schedule of Receivables.

"Premium Letter" means the letter agreement between the Note Insurer and the Issuer, dated as of the Closing Date.

"Premium Rate" has the meaning assigned to such term in the Premium Letter.

"Proprietary Information" shall have the meaning specified in Section 6.09.

"Purchase Price" means the amount paid by Seller to purchase a Receivable.

"Purchaser" means Midland Receivables 98-1 Corporation, in its capacity as transferee of the Receivables under the Receivables Contribution Agreement.

"Qualified Institutional Buyer" has the meaning assigned to such term in Rule 144A under the Securities Act.

"Rating Agency" means Standard & Poor's Rating Services, a division of McGraw-Hill Companies, Inc.

"Receivable" means any receivable generated under or in connection with a Consumer Account identified in a Schedule of Receivables delivered by Seller to Issuer in connection with the Receivables Contribution Agreement.

"Receivable File" means the documents described in Section 2.02 pertaining to a particular Receivable.

"Receivables Contribution Agreement" means the Receivables Contribution Agreement, dated as of the Closing Date, between the Seller and the Purchaser.

"Record Date" means, with respect to each Payment Date, the last Business Day of the Collection Period immediately preceding such Payment Date. Any amount stated "as of a Record Date" or "on a Record Date" shall give effect to all applications of collections, and all payments

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to any party under this Agreement or to the related Obligor, as the case may be, in each case as determined as of the opening of business of the Note Registrar on the related Record Date.

"Redemption Amount" means, with respect to a redemption of the Notes by the Issuer pursuant to Section 11.01, an amount equal to the sum of (i) the Note Balance as of the date the Issuer elects to redeem the Notes, (ii) all accrued and unpaid interest on the Notes through the end of the Collection Period immediately preceding the Payment Date as of which such redemption will occur, and (iii) all outstanding Note Insurer Obligations then due and payable.

"Reimbursement Obligations" means the sum of (i) each payment made under the Policy and (ii) interest on any payment made under the Policy from the date of the payment until the date the Note Insurer is repaid, in full and in cash, at an annual rate equal to the "Prime Rate" (as hereinafter defined) plus 100 basis points (calculated on the basis of the actual number of days elapsed in a 360 day year). The term "Prime Rate" means the interest rate published in the "Money Rates" column in The Wall Street Journal and referred to therein as the "Prime Rate;" any change in such Prime Rate shall correspondingly change the interest rate as of the date of any such change.

"Remittance Date" means, with respect to any Payment Date, the third Business Day next preceding such Payment Date.

"Removed Receivable" means a Receivable which the Servicer is obligated to acquire pursuant to Section 3.04, or which the Issuer is obligated to reacquire pursuant to Section 2.05 or 7.02, or the Issuer has elected to reacquire pursuant to Section 11.01.

"Required Rating Agencies" means with respect to any debtor or indebtedness the Rating Agency and one other Nationally Recognized Statistical Rating Agency; provided that none of the other such Nationally Recognized Statistical Rating Agencies has given a lower rating to the relevant debtor or indebtedness than the Rating Agency and such other Nationally Recognized Statistical Rating Agency (in which case, for the avoidance of doubt, such other nationally recognized statistical rating agency giving the lower rating shall be one of the "Required Rating Agencies").

"Required Reserve Amount" means the amount required to be deposited in the Reserve Account on the Closing Date and thereafter maintained in the Reserve Account for so long as the Notes are outstanding, such amount being equal to [*]

"Reserve Account" means the segregated account or accounts, each of which shall be an Eligible Account, established and maintained pursuant to Section 4.01 and entitled "Norwest Bank Minnesota, National Association, as Trustee for Midland Receivables-Backed Notes, Series 1998-1, Reserve Account."

"Reserve Fund Reimbursement Amount" means, with respect to any Payment Date, the excess of the Required Reserve Amount over the amount then on deposit in the Reserve Account.

"Responsible Officer" means,

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(i) when used with respect to the Trustee, any officer within the Corporate Trust Office of the Trustee, including any vice president, assistant vice president, assistant treasurer, assistant secretary or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with such particular subject, and

(ii) when used with respect to the Issuer or the Servicer, the president or the chief financial officer of the Issuer or the Servicer, as the case may be.

"Sale" means any sale of any portion of the Trust Estate.

"Schedule of Receivables" means each Schedule of Receivables containing a true and complete list of Receivables delivered to the Trustee by the Issuer in connection with the Receivable Contribution Agreement and incorporated by reference herein.

"Securities Act" means the Securities Act of 1933, as amended.

"Seller" means Midland Credit Management, Inc., in its capacity as transferor of the Receivables under the Receivables Contribution Agreement.

"Servicer" means Midland Credit Management, Inc., in its capacity as servicer of the Receivables pursuant to this Agreement, and each successor thereto (in the same capacity) appointed pursuant to Section 9.03.

"Servicer Default" shall have the meaning specified in Section 9.01.

"Servicer's Remittance Date Certificate" means an Officer's Certificate of the Servicer completed and executed pursuant to Section 3.06 and delivered to the Trustee, in each case specifying Removed Receivables in respect of which the making of an Acquisition Payment is required hereunder, prepared by the Servicer as of the opening of business of the Trustee on each applicable Remittance Date.

"Servicing Fee" means the fee payable to the Servicer on each Payment Date, calculated pursuant to Section 3.05, for services rendered during the related Collection Period, which shall be, for any Payment Date, equal to [*] The term "Servicing Fee" shall also mean the additional amounts payable to a Successor Servicer for servicing pursuant to Section 9.03, but only to the extent such amounts do not exceed the amount calculated in accordance with the preceding sentence; all amounts in excess thereof are herein called the "Additional Servicing Fee".

"Subservicers" shall have the meaning specified in Section 9.07.

"Successor Servicer" means any entity appointed as a successor to the Servicer pursuant to Section 9.03.

"Third-Party Fees" means, with respect to a Receivable and any Collection Period, the amount of any fees or compensation paid or owed to unrelated third-parties (generally, contingency fee lawyers) retained or otherwise engaged by the Servicer under fee or compensation arrangements that are contingent upon, and determined by reference to, amounts recovered in respect of the related Receivable.

"Transaction Documents" means, collectively, this Agreement, the Receivables Contribution Agreement, the Schedule of Receivables, the Notes, the Policy, the Insurance Agreement, the Premium Letter, and each of the other documents, instruments and agreements entered into in connection with any of the foregoing or the transactions contemplated thereby.

"Transfer" shall have the meaning specified in Section 6.03(g). It is expressly provided that the term "Transfer" in the context of the Notes includes, without limitation, any distribution of the Notes by (i) a corporation to its shareholders, (ii) a partnership to its partners, (iii) a limited liability company to its members, (iv) a trust to its beneficiaries or (v) any other business entity to the owners of the beneficial interests in such entity.

"Transferee Certificate" means a certificate in the form of Exhibit D-2 or D-3.

"Transition Fees" shall have the meaning specified in Section 9.02.

"Trust" means the trust created by this Agreement.

"Trust Estate" or "Midland Receivables-Backed Notes, Series 1998-1 Trust Estate" means the trust estate established under this Agreement for, the benefit of the Noteholders and the Note Insurer, which consists of the property described in Section 2.01(b).

"Trust Property" means the property, or interests in property, constituting the Trust Estate from time to time.

"Trustee" means Norwest Bank Minnesota, National Association, and any successor trustee appointed pursuant to Section 10.11.

"Trustee Fee" means the fee payable to the Trustee on each Payment Date for services rendered under this Agreement, which shall be equal to the greater of \$250 per month or an amount per month equal to one-twelfth of three and one-half basis points (.035%) per annum times the average daily Note Balance.

"Trustee's Certificate" means a certificate completed and executed by a Responsible Officer of the Trustee pursuant to Section 10.02 or 10.03, substantially in the form attached hereto as Exhibit B.

"UCC" means the Uniform Commercial Code as in effect in the State of Kansas.

"United States" means the United States of America.

"Vice President" of any Person means any vice president of such Person, whether or not designated by a number or words before or after the title "Vice President," who is a duly elected officer of such Person.

"Voting Interests" means the aggregate voting power evidenced by the Notes,; corresponding to the outstanding Note Balance of the Notes held by individual Noteholders; provided, however, that where the Voting Interests are relevant in determining whether the vote of the requisite percentage of Noteholders necessary to effect any consent, waiver, request or demand shall have been obtained, the Voting Interests shall be deemed to be reduced by the amount equal to the Voting Interests (without giving effect to this provision) represented by the interests evidenced by any Note registered in the name of, or in the name of a Person or entity holding for the benefit of, the Issuer, the Servicer or any Person actually known to a Responsible Officer of the Trustee to be an Affiliate of either or both of the Issuer and the Servicer.

SECTION 1.02 INTERPRETATION.

Unless otherwise indicated in this Agreement:

(a) reference to and the definition of any document (including this Agreement) shall be deemed a reference to such document as it may be amended or modified from time to time;

(b) all references to an "Article," "Section," "Schedule" or "Exhibit" are to an Article or Section hereof or to a Schedule or an Exhibit attached hereto;

(c) defined terms in the singular shall include the plural and vice versa, and the masculine, feminine or neuter gender shall include all genders;

(d) the words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement;

(e) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding";

(f) periods of days referred to in this Agreement shall be counted in calendar days unless Business Days are expressly prescribed and references in this Agreement to months and years shall be to calendar months and calendar years unless otherwise specified;

(g) accounting terms not otherwise defined herein and accounting terms partly defined herein to the extent not defined, shall have the respective meanings given to them under GAAP; and

(h) the headings in this Agreement are for the purpose of reference only and do not limit or affect its meaning.

ARTICLE II
CREATION OF TRUST ESTATE; CUSTODY OF RECEIVABLE FILES
REPRESENTATIONS REGARDING RECEIVABLES; DISCHARGE

SECTION 2.01 CREATION OF TRUST ESTATE.

(a) Upon the execution of this Agreement by the parties hereto, there is hereby created for the benefit of the Noteholders and the Note Insurer the Midland Receivables-Backed Notes, Series 1998-1 Trust Estate. The Issuer, pursuant to the mutually agreed upon terms contained in this Agreement, hereby grants a security interest to the Trustee on behalf of the Noteholders and the Note Insurer, in all of its right, title and interest in and to the Trust Estate, including, without limitation, Receivables and any proceeds related thereto, and such other items as shall be specified in this Agreement.

(b) In consideration of the Trustee's delivery to the Issuer of authenticated Notes, in authorized denominations, in an aggregate amount equal to the Original Note Balance, the Issuer does hereby grant a security interest to the Trustee, in trust for the benefit of the Noteholders and the Note Insurer, all pursuant to the terms of this Agreement, in the following property and rights in property, whether now owned or existing or hereafter acquired or arising, whether tangible or intangible, and wheresoever located:

(i) all right, title and interest of the Issuer in and to the Receivables and all monies due thereon or paid thereunder or in respect thereof (including, without limitation, any fees and charges paid by Obligor and any proceeds of any Sales) on and after the Closing Date (including any Acquisition Payments made with respect to Removed Receivables reacquired by the Issuer pursuant to Section 2.05 or 7.02 or Removed Receivables acquired by the Servicer pursuant to Section 3.04), net of any Third-Party Fees;

(ii) the rights of the Issuer as Purchaser under the Receivables Contribution Agreement to enforce the obligations of the Seller thereunder;

(iii) the Collection Account, the Note Payment Account and the Reserve Account, and all monies, "securities," "instruments," "accounts" "general intangibles," "chattel paper," "financial assets," "investment property" (the terms in quotations are defined in the UCC) and other property on deposit or credited to the Collection Account, the Note Payment Account, and the Reserve Account from time to time (whether or not constituting or derived from payments, collections or recoveries received, made or realized in respect of the Receivables);

(iv) all right, title and interest of the purchaser in, to and under each Asset Sale Agreement, and all related documents, instruments and agreements pursuant to which the Seller acquired, or acquired an interest in, any of the Receivables from an Originating Institution;

(v) all payments due under the Policy;

(vi) all books, records and documents relating to the Receivables in any medium, including without limitation paper, tapes, disks and other electronic media;

(vii) all other monies, securities, reserves and other property now or at any time in the possession of the Trustee or its bailee, agent or custodian and relating to any of the foregoing; and

(viii) all proceeds, products, rents and profits of any of the foregoing and all other amounts payable in respect of the foregoing; including, without limitation, proceeds of insurance policies insuring any of the foregoing or any indemnity or warranty payable by reason of loss or damage to or otherwise in respect of any of the foregoing.

(c) The parties hereto intend that the security interest granted under this Agreement shall give the Trustee on behalf of the Noteholders and the Note Insurer a first priority perfected security interest in, to and under the Receivables, and all other property described in this Section 2.01 as a part of the Trust Estate and all proceeds of any of the foregoing in order to secure the Note Insurer obligations and the obligations of the Issuer to the Trustee, the Noteholders and the Note Insurer under the Notes, this Agreement, the Insurance Agreement and all of the other Transaction Documents. The Trustee on behalf of the Noteholders and the Note Insurer shall have all the rights, powers and privileges of a secured party under the UCC. The Issuer agrees to execute and file all filings (including filings under the UCC) and take all other actions reasonably necessary in any jurisdiction to provide third parties with notice of the security interest granted pursuant to this Agreement and to perfect such security interest under the UCC.

(d) The Issuer shall ensure that from and after the time of the grant of the security interest in this Trust Estate, the master computer records (including any back-up archives) maintained by or on behalf of the Issuer that refer to any Receivable indicate clearly the interest in the Receivables and that the Receivables is subject to a security interest in favor of the Trustee. Indication of the interest of the Trustee in a Receivable shall be deleted from or modified on such computer records when, and only when, the Receivable has been paid in full or has been acquired, assigned or released pursuant to this Agreement.

SECTION 2.02 CUSTODY OF RECEIVABLE FILES.

In order to assure uniform quality in servicing the Receivables and to reduce administrative costs, the Trustee on behalf of the Noteholders and the Note Insurer, upon the execution and delivery of this Agreement, revocably appoints the Servicer, and the Servicer accepts such appointment, to act as the agent of the Trustee as custodian of the following documents to each Receivable:

(i) the related Asset Sale Agreement;

(ii) any other documents received from or made available by the related Originating Institution in respect of such Receivable;

(iii) a copy of the marked computer records indicating the interest of the Trustee on behalf of the Noteholders and the Note Insurer, as evidenced by the Schedule of Receivables; and

(iv) any and all other documents that the Issuer or the Servicer, as the case may be, shall keep on file, in accordance with its customary procedures, relating to such Receivable or the related Obligor.

SECTION 2.03 ACCEPTANCE BY TRUSTEE.

The Trustee hereby acknowledges its acceptance, on behalf of the Noteholders and the Note Insurer, pursuant to this Agreement, of the security interest in and to the Receivables and the other Trust Property granted by the Issuer pursuant to this Agreement, and declares and shall declare from and after the date hereof that the Trustee, on behalf of the Noteholders and the Note Insurer, holds and shall hold such Trust Property, pursuant to the trusts set forth in this Agreement.

SECTION 2.04 REPRESENTATIONS AND WARRANTIES OF ISSUER AS TO THE RECEIVABLES.

The Issuer does hereby make the following representations and warranties as of the Closing Date on which (i) the Trustee is relying in accepting the Receivables and the other Trust Property and authenticating the Notes; (ii) the Noteholders are relying in purchasing the Notes; (iii) the Note Insurer is relying in issuing the Policy; and (iv) the Rating Agency is relying in providing its rating of the Notes.

(a) Characteristics of Receivables. Each such Receivable is payable in United States dollars, has been purchased by Midland Credit Management, Inc. from the related Originating Institution under an Asset Sale Agreement with such Originating Institution in accordance with the Customary Procedures of Midland Credit Management, Inc., and has been subsequently transferred, assigned and conveyed by the Seller to the Issuer pursuant to the Receivables Contribution Agreement.

(b) Schedule of Receivables. The information set forth in the Schedule of Receivables is true and correct in all material respects as of the close of business on the Cut-Off Date, and the Issuer owned no other Receivables as of the Cut-Off Date.

(c) No Government Obligors. None of the Receivables are due from the United States or any state or local government, or from any agency, department or instrumentality of the United States or any state or local government.

(d) Employee Obligors. None of the Receivables are due from any employee of the Seller, the Issuer or any of their respective Affiliates.

(e) Good Title. No Receivable has been transferred, assigned, conveyed or pledged by the Issuer to any Person other than the Trustee. The Issuer has good and marketable title to each Receivable, free and clear of all Liens and rights of others; the Trustee on behalf of the

Noteholders and the Note Insurer has a first priority perfected security interest in, each Receivable, free and clear of all Liens and rights of others; and such security interest has been perfected under the UCC and any other applicable law.

(f) No Impairment of Rights. As of the Closing Date, the Issuer has not taken any action that, or failed to take any action the omission of which, would impair the rights of the Trustee or the Noteholders or the Note Insurer with respect to any such Receivable; provided, however, that the writing down of any Receivable balance in accordance with Customary Procedures shall not be deemed an impairment of the rights of any of the Trustee, the Noteholders or the Note Insurer.

(g) No Fraudulent Use. As of the Closing Date, no Receivable has been identified by the Issuer or reported to the Issuer by the related Originating Institution as having resulted from fraud perpetrated by any Person with respect to the related account.

(h) All Filings Made. All filings (including UCC filings) necessary in any jurisdiction to provide third parties with notice of the transfer and assignment herein contemplated, and to give the Trustee on behalf of the Noteholders and the Note Insurer a first priority perfected security interest in the Receivables shall have been made.

(i) UCC Status. No Receivable is secured by "real property" or "fixtures" or evidenced by an "instrument" under and as defined in the UCC.

(j) Location of Receivable Files. As of the Closing Date, each Receivable File is kept by the Servicer at its offices at 500 West First Street, Hutchinson, Kansas 67504, or such other address permitted pursuant to Section 2.06(b).

SECTION 2.05 REACQUISITION OF RECEIVABLES UPON BREACH.

(a) Upon discovery by the Issuer or the Servicer or upon the actual knowledge of a Responsible Officer of the Trustee of a breach of any of the representations and warranties of the Issuer set forth in Section 2.04, the party discovering such breach shall give prompt written notice to the others. If, as a result of such breach, any Receivable is rendered uncollectible or the Trustee's rights in, to or under such Receivable or the proceeds thereof are materially impaired or such proceeds are not available for any reason to the Trustee free and clear of any Lien, then (i) the Issuer shall repay a portion of the Note Balance equal to the Acquisition Payment related to such Receivable or (ii) if the Seller has the right to demand, or is obligated to accept, substitution of Receivables of equal or greater value from the Originating Institution (the "Substitute Receivables") of the affected Receivables upon such a breach under the applicable Asset Sale Agreement, and the Seller has contributed (or simultaneously with the removal of the Receivables affected by such breach, will contribute) such Substitute Receivables to the Issuer pursuant to the Receivables Contribution Agreement, the Issuer shall cause Substitute Receivables to become subject to this lien under this Indenture; and, in each case, if necessary, the Issuer shall enforce the obligation of the Seller under the Receivables Contribution Agreement to reacquire such Receivable from the Issuer, unless such breach shall have been cured within 30 days after the earlier to occur of the discovery of such breach by the Issuer or receipt of written notice of such breach by the Issuer, such that the relevant representation and warranty shall be true and correct in all material respects as if made on such day, and the Issuer

shall have delivered to the Trustee, the Note Insurer and each Noteholder an Officer's Certificate describing the nature of such breach and the manner in which the relevant representation and warranty became true and correct. This reacquisition or substitution obligation shall pertain to all representations and warranties of the Issuer contained in Section 2.04, whether or not the Issuer has knowledge of the breach at the time of the breach or at the time the representations and warranties were made. The Issuer will be obligated to accept any reassignment of a Receivable as set forth above on the Remittance Date following the date on which such reassignment obligation arises. In consideration of the reacquisition of any such Receivable, on the Remittance Date immediately following the date on which such reassignment obligation arises, the Issuer shall remit the Acquisition Payment of such Receivable to the Collection Account in the manner specified in Section 4.03 or shall cause Substitution Receivables to become a part of the Trust Property hereunder.

(b) Upon any such reacquisition or substitution, the Trustee on behalf of the Noteholders and the Note Insurer shall, without further action, be deemed to release its security interest in, to and under the Removed Receivable so reacquired, all monies due or to become due with respect thereto after the aforementioned Remittance Date and all proceeds thereof. The Trustee shall execute such documents and instruments of release and take such other actions as shall be reasonably requested by the Issuer to effect the security interest release pursuant to this Section. The sole remedies of the Trustee, the Noteholders and the Note Insurer with respect to a breach of the Issuer's representations and warranties pursuant to Section 2.04 shall be to require the Issuer to reacquire the related Receivable pursuant to this Section and to enforce the Issuer's obligation hereunder to enforce the obligation of the Seller under the Receivables Contribution Agreement to reacquire such Receivable from the Issuer. The Trustee shall have no duty to conduct any affirmative investigation as to the occurrence of any condition requiring the reacquisition of any Receivable pursuant to this Section, except as otherwise provided in 10.02.

SECTION 2.06 DUTIES OF SERVICER AS CUSTODIAN.

(a) Safekeeping. The Servicer, in its capacity as custodian, shall hold the Receivable Files in its possession from time to time on behalf of the Trustee for the use and benefit of the Note Insurer and all present and future Noteholders, and maintain such accurate and complete accounts, records and computer systems pertaining to each Receivable File as shall enable the Trustee to comply with this Agreement. In performing its duties as custodian, the Servicer shall act with reasonable care, using that degree of skill and attention that it exercises with respect to the receivable files of comparable defaulted receivables that the Servicer services for itself or others. The Servicer shall conduct, or cause to be conducted, periodic examinations of the files of receivables owned or serviced by it, which shall include the Receivable Files held by it under this Agreement, and of the related accounts, records and computer systems, in such a manner as shall enable the Trustee to verify the accuracy of the Servicer's record keeping; provided however, that the Trustee shall be under no obligation to verify the accuracy of the Servicer's record-keeping unless requested to do so in writing by the Note Insurer, the Noteholders with Voting Interest in excess of 50% or the Rating Agency. Any such written request shall specify in detail the procedures to be employed by the Trustee. The Servicer shall promptly report to the Trustee any failure on its part to hold the Receivable Files and maintain its accounts, records and

computer systems as herein provided and promptly take appropriate action to remedy any such failure.

(b) Maintenance of and Access to Records. The Servicer shall maintain each Receivable File at its offices at 500 West First Street, Hutchinson, Kansas 67504, or at such other office as shall be specified to the Trustee and the Note Insurer by 30 days' prior written notice, provided that the Servicer shall have taken all actions necessary or reasonably requested by the Trustee or the Note Insurer to amend any existing financing statements and continuation statements, and file additional financing statements and any other steps reasonably requested by the Trustee or the Note Insurer to further perfect or evidence the rights, claims or security interests of any of the Trustee or the Note Insurer under any of the Transaction Documents. The Servicer shall make available to the Trustee, the Note Insurer and the Noteholders or their duly authorized representatives, attorneys or auditors the Receivable Files and the accounts, records and computer systems maintained by the Servicer with respect thereto upon not less than two Business Days prior written notice for examination during normal business hours; provided, however, that the Noteholders will only be entitled to the access provided in this subclause (b) in the event of a Servicer Default.

(c) Release of Documents. Upon written instruction from the Trustee, the Servicer shall release any document in the Receivable Files to the Trustee or its agent or designee, as the case may be, at such place or places as the Trustee may designate, as soon as practicable. Nothing in this Section shall impair the obligation of the Servicer to observe any applicable law prohibiting disclosure of information regarding the Obligors, which obligation shall be evidenced by an Opinion of Counsel to such effect, and the failure of the Servicer to provide access as provided in this Section as a result of such obligation shall not constitute a breach of this Section. The Servicer shall not be responsible for any loss occasioned by the failure of the Trustee to return any document or any delay in doing so.

SECTION 2.07 INSTRUCTIONS; AUTHORITY TO ACT.

The Servicer shall be deemed to have received proper instructions with respect to the Receivable Files upon its receipt of written instructions signed by a Responsible Officer of the Trustee. A certified copy of a bylaw or of a resolution of the board of directors of the Trustee shall constitute conclusive evidence of the authority of any such Responsible Officer to act and shall be considered in full force and effect until receipt by the Servicer of written notice to the contrary given by the Trustee.

SECTION 2.08 INDEMNIFICATION OF CUSTODIAN.

The Servicer, as custodian of the Receivable Files, shall indemnify the Trustee for any and all liabilities, obligations, losses, compensatory damages, payments, costs or expenses of any kind whatsoever (including reasonable attorney's fees and expenses incurred in connection with defending against any such claim) that may be imposed on, incurred or asserted against the Trustee as the result of any improper act or omission in any way relating to the maintenance and custody of the Receivable Files by the Servicer, as custodian; provided, however, that the

Servicer shall not be liable for any portion of any such amount resulting from the willful misfeasance, bad faith or gross negligence of the Trustee.

SECTION 2.09 EFFECTIVE PERIOD AND TERMINATION.

The Servicer's appointment as custodian of the Receivable Files shall become effective as of the Closing Date and shall continue in full force and effect so long as it is the Servicer under this Agreement. If the Servicer shall resign as Servicer pursuant to Section 8.05 or if all of the rights and obligations of the Servicer have been terminated pursuant to Section 9.02, the appointment of the Servicer as custodian of the Receivable Files shall immediately terminate. As soon as practicable after any termination of such appointment, the Servicer shall deliver the Receivable Files to the Trustee or its agent at such place or places as the Trustee may reasonably designate.

SECTION 2.10 AGENT FOR SERVICE.

The agent for service for the Issuer shall be its President whose address is 76 Willowbrook, Hutchinson, Kansas 67502, and the agent for service for the Servicer shall be its President whose address is 500 West First Street, Hutchinson, Kansas 67504.

SECTION 2.11 SATISFACTION AND DISCHARGE OF INDENTURE.

Whenever the following conditions shall have been satisfied:

(a) an amount sufficient to pay and discharge the outstanding Note Balance, plus accrued and unpaid interest on the Notes, has been paid to the Noteholders;

(b) the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer;

(c) the Issuer has paid or caused to be paid all Note Insurer Obligations then outstanding to the Note Insurer;

(d) the obligation of the Note Insurer under the Policy shall have been terminated; and

(e) the Issuer has delivered to the Trustee an Officers' Certificate of the Issuer and an Opinion of Counsel each stating that all conditions precedent herein provided for the satisfaction and discharge of this Agreement with respect to the Notes and the Policy have been complied with;

then this Agreement and the lien, rights and interests created hereby shall cease to be of further effect with respect to the Notes, and the Trustee shall, at the expense of the Issuer, (i) execute and deliver all such instruments as may be necessary to acknowledge the satisfaction and discharge of this Agreement with respect to the Notes, (ii) pay, or assign or transfer and deliver, to the Issuer, all cash, securities and other property held by it as part of the Trust Estate or other assets remaining after satisfaction of the conditions specified in clauses (a), (b) and (c) above,

and (iii) arrange for the cancellation, surrender and termination of the Policy pursuant to the terms thereof and of the Insurance Agreement.

Notwithstanding the satisfaction and discharge of this Agreement with respect to the Notes, the obligations of the Issuer to the Trustee under Section 10.07, the obligations of the Trustee to the Issuer, the Servicer and to the Noteholders and the Note Insurer under Section 4.04, the obligations of the Trustee to the Noteholders and the Note Insurer under Section 4.07, and rights to receive payments of principal of and interest on the Notes, and payment of Note Insurer Obligations, and the rights, privileges and immunities of the Trustee under Article X, shall survive.

SECTION 2.12 APPLICATION OF TRUST MONEY.

All money deposited with the Trustee pursuant to Sections 4.02 and 4.03 shall be held in trust and applied by it, in accordance with the provisions of the Notes, the Insurance Agreement and this Agreement to the payment to the Persons entitled thereto, of the principal, interest, fees, costs and expenses for whose payment such money has been deposited with the Trustee.

ARTICLE III ADMINISTRATION AND SERVICING OF RECEIVABLES

SECTION 3.01 DUTIES OF SERVICER.

(a) The Servicer, as agent for the Trustee, shall manage, service, administer and make collections on and in respect of the Receivables with reasonable care, using that degree of skill and attention that the Servicer exercises with respect to all comparable defaulted consumer receivables that it services for itself or others (whether or not the Servicer shall then be servicing comparable defaulted consumer receivables for itself or others). The Servicer's duties shall include collecting and posting all payments, responding to inquiries of Obligor or by federal, state or local government authorities with respect to the Receivables, investigating delinquencies, implementation of payment plans, sending payment information to Obligor, reporting tax information to Obligor in accordance with its customary practices, accounting for collections, publishing monthly and annual statements to the Trustee with respect to payments, generating federal income tax information and performing the other duties specified herein. In performing the above-referenced services, the Servicer shall perform in accordance with Customary Procedures and shall have full power and authority, acting alone, to do any and all things in connection with such managing, servicing, administration and collection that it may deem necessary or desirable.

Without limiting the generality of the foregoing, the Servicer shall be authorized and empowered by the Trustee to execute and deliver, on behalf of itself, the Trustee, the Noteholders, the Note Insurer, or any of them, any and all instruments of satisfaction or cancellation, or of partial or full release or discharge and all other comparable instruments, with respect to the Receivables. To the extent not prohibited by applicable law, the Servicer is hereby authorized to commence, in its own name or in the name of the Issuer or the Trustee, a legal proceeding to enforce a Receivable or to commence or participate in a legal proceeding (including without limitation a bankruptcy

proceeding) relating to or involving a Receivable. If the Servicer commences or participates in such a legal proceeding in its own name, the Trustee and the Issuer shall thereupon be deemed to have automatically assigned, solely for the purpose of collection on behalf of the party retaining an interest in such Receivable, such Receivable and the other property conveyed as part of the Trust Estate pursuant to Section 2.01 with respect to such Receivable to the Servicer for purposes of commencing or participating in any such proceeding as a party or claimant, and the Servicer is authorized and empowered by the Trustee and the Issuer to execute and deliver in the Servicer's name any notices, demands, claims, complaints, responses, affidavits or other documents or instruments in connection with any such proceeding (to the fullest extent permitted by applicable law). If in any enforcement suit or legal proceeding it shall be held that the Servicer may not enforce a Receivable on the grounds that it shall not be a real party in interest or a holder entitled to enforce such Receivable, the Trustee on behalf of the Noteholders and the Note Insurer shall, at the Servicer's expense and written direction, take reasonable steps to enforce such Receivable. To the extent an assignment is prohibited, prior consent by the Trustee is hereby given to Servicer authorizing the forwarding of Receivables to legal counsel (selected by Servicer) for the purpose of commencing legal proceedings on behalf of the Issuer or the Trustee. It being understood by Servicer that nothing contained herein will permit or allow Servicer to control or interfere with the relationship between counsel, Issuer or the Trustee, but Servicer is hereby authorized on behalf of the Issuer or the Trustee to receive and convey information and instructions in order to facilitate and coordinate the collection of forwarded Receivables. The Servicer shall deposit or cause to be deposited into the Collection Account, within one Business Day of its receipt thereof, all Net Proceeds realized in connection with any such action pursuant to Section 4.02. The Trustee and the Issuer shall furnish the Servicer with any powers of attorney and other documents and take any other steps which the Servicer may deem reasonably necessary or appropriate to enable the Servicer to carry out its servicing and administrative duties under this Agreement.

SECTION 3.02 COLLECTION OF RECEIVABLE PAYMENTS.

The Servicer shall make reasonable efforts to collect all payments due and payable in connection with the Receivables, and shall at all times follow the Customary Procedures in so doing. The Servicer shall be authorized to write down the balance of any Receivable in accordance with the Customary Procedures without the prior consent of the Trustee; provided however, that such write-down will not affect the rights of the Noteholders or the Note Insurer to any amounts thereafter collected with respect to such Receivable. The Servicer may, in accordance with the Customary Procedures, waive any charges or fees that otherwise may be collected in the ordinary course of servicing the Receivables.

SECTION 3.03 COVENANTS OF SERVICER.

The Servicer hereby makes the following covenants with respect to each Receivable on which the Trustee is relying in accepting the Receivables in trust and authenticating the Notes:

- (a) Fulfillment of Obligations. The Servicer shall duly fulfill all obligations on its part to be fulfilled pursuant to this Indenture under or in connection with the Receivables, shall perform such

obligations in accordance with the Customary Procedures, and shall maintain in effect all licenses and qualifications required in order to service the Receivables and shall comply in all respects with all other requirements of law in connection with servicing the Receivables, the failure to comply with which would have a material adverse effect on the rights or interests of the Noteholders or the Note Insurer.

- (b) No Rescission or Cancellation. The Servicer shall not permit any rescission or cancellation of the Receivables except as ordered by a court of competent jurisdiction or other governmental authority; provided, however, that the writing down of the Receivables balance in accordance with Customary Procedures shall not be deemed a rescission or cancellation of such Receivables.
- (c) No Impairment. The Servicer shall not take or fail to take any action in breach of this Indenture that would impair the rights of the Trustee, the Trust Estate, the Noteholders or the Note Insurer with respect to the Receivables; provided, however, that the writing down of the Receivables balance in accordance with Customary Procedures shall not be deemed an impairment of the rights of the Trustee, the Noteholders or the Note Insurer. The Servicer shall not engage in any pattern of conduct under which it intentionally elects (i) to write down a Receivables balance from an Obligor rather than writing down amounts due from the same Obligor which are not a part of the Receivables or (ii) to apply a payment received from an Obligor to a Consumer Account which is not a Receivable rather than to a Receivable (unless expressly instructed to do so by the Obligor), if the Servicer has actual knowledge that such write-downs or payment applications discriminate against the Noteholders, or with knowledge that the effect of such intentional election is to discriminate against the Noteholders.
- (d) No Instruments. Except in connection with its enforcement or collection of the Receivables, the Servicer shall take no action to cause any Receivables to be evidenced by any instruments (as defined in the UCC) and if any Receivable is so evidenced (whether or not in connection with such enforcement or collection), it shall be assigned to the Servicer as provided in Section 3.04.

SECTION 3.04 PURCHASE OF RECEIVABLES UPON BREACH AND OTHER EVENTS.

Upon discovery by the Issuer or the Servicer or upon the actual knowledge of a Responsible Officer of the Trustee of a breach of any of the covenants of the Servicer set forth in Section 3.03 that materially and adversely affects the rights or interests of the Noteholders or the Note Insurer, the party discovering such breach shall give prompt written notice to the others. If, as a result of such breach, any Receivables are rendered uncollectible or the Trustee's rights in, to or under such Receivables or the proceeds thereof are materially impaired or such proceeds are not available for any reason to the Trustee free and clear of any Lien, the Servicer shall acquire from the Issuer such Receivables, unless such breach shall have been cured within thirty (30) days after the earlier to occur of the discovery of such breach by the Servicer or receipt of written notice of such breach by the Servicer, such that the relevant covenant shall be true and correct in all material respects as if made on such day, and the Servicer shall have delivered to the Trustee a certificate of a Responsible Officer of the Servicer describing the nature of such breach and the manner in which the relevant covenant became true and correct. The Servicer will be obligated to accept the assignment of such Receivables as set forth above on the Remittance Date following the date on which such assignment obligation arises. In consideration of the acquisition of any such Receivables, on the Remittance Date immediately following the date on which such acquisition obligation arises, the Servicer shall remit the Acquisition Payment of such Receivables to the Collection Account in the manner specified in Section 4.03. Upon any such acquisition, and the remitting of the Release Payment to the Collection Account, the Trustee on behalf of the Noteholders and the Note Insurer shall, without further action, be deemed to have released its security interest in, to and under such Removed Receivables, all monies due or to become due with respect thereto after the aforementioned Remittance Date and all proceeds thereof. The Trustee shall execute such documents and take such other actions as shall be reasonably requested by the Servicer to further evidence such release. The sole remedy of the Trustee, the Noteholders and the Note Insurer with respect to a breach pursuant to Section 3.03 shall be to require the Servicer to acquire the related Receivables pursuant to this Section, except as otherwise provided in Section 8.02, 9.01 or 9.08. The Trustee shall have no duty to conduct any affirmative investigation as to the occurrence of any condition requiring the acquisition of any Receivable pursuant to this Section except as otherwise provided in Section 10.02.

SECTION 3.05 SERVICING FEE; PAYMENT OF CERTAIN EXPENSES BY SERVICER.

As compensation for the performance of its obligations hereunder, the Servicer shall be entitled to receive on each Payment Date the Servicing Fee as provided in Section 4.04. Except to the extent otherwise provided herein, the Servicer shall be required to pay from its servicing compensation all expenses incurred in connection with servicing the Receivables including, without limitation, recovery and collection expenses related to the enforcement of the Receivables (other than those specified in the following proviso), payment of the fees and disbursements of the Rating Agency and independent accountants and all other fees and expenses that are not expressly stated in this Agreement to be payable by the Trustee, the Noteholders, the Note Insurer or the Issuer; provided, however, that the Servicer shall not be liable for any liabilities, costs or expenses of the Trustee, the Noteholders or the Note Insurer

arising under any tax law, including without limitation any federal, state or local income or franchise taxes or any other tax imposed on or measured by income (or any interest or penalties with respect thereto or arising from a failure to comply therewith), except as otherwise expressly provided in this Agreement.

SECTION 3.06 MONTHLY SERVICER REPORT; SERVICER'S REMITTANCE DATE CERTIFICATE.

(a) On or before 11:00 a.m. New York, New York time on each Determination Date, the Servicer shall deliver to the Trustee and to the Note Insurer a Monthly Servicer Report executed by a Responsible Officer of the Servicer substantially in the form attached hereto as Exhibit A, including a CD-ROM or computer tape listing all Receivables subject to this Agreement at the end of such Collection Period (and setting forth such additional information as requested by the Trustee, the Note Insurer, the Rating Agency or any Noteholder from time to time, which information the Servicer is able to reasonably provide) containing all information necessary to make the payments required by Section 4.04 in respect of the Collection Period and Interest Distribution Period immediately preceding the date of such Monthly Servicer Report and all information necessary for the Trustee to send statements to Noteholders and the Note Insurer pursuant to Section 4.07(a).

(b) On or before 11:00 a.m. New York, New York time on each Remittance Date on which the Issuer or the Servicer, as applicable, shall be obligated hereunder to acquire a Removed Receivable, the Servicer shall deliver to the Trustee and the Note Insurer a Servicer's Remittance Date Certificate identifying each such Removed Receivable acquired by reference to the related Obligor's account number (as specified in the Schedule of Receivables), and the amount of the Acquisition Payment with respect thereto.

SECTION 3.07 ANNUAL STATEMENT AS TO COMPLIANCE; NOTICE OF DEFAULT.

(a) The Servicer shall deliver to the Note Insurer and the Trustee, on or before March 1 of each calendar year, beginning in March 2000, an Officer's Certificate executed by the chief financial officer of the Servicer, stating that (i) a review of the activities of the Servicer during the preceding 12-month period ended December 31 (or, in the case of the first such statement, from the Closing Date through December 31, 1999) and of its performance under this Agreement has been made under the supervision of the officer executing the Officer's Certificate, and (ii) to such officer's knowledge, based on such review, the Servicer has fulfilled all its obligations under this Agreement in all material respects throughout such period or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to such officer and the nature and status thereof.

(b) The Servicer shall deliver to the Note Insurer and the Trustee, promptly after having obtained knowledge thereof, but in no event later than three Business Days thereafter, an Officer's Certificate specifying the nature and status of any Servicer Default or Event of Default, or other occurrence which would have a material adverse effect on the rights or interests of the Note Insurer.

SECTION 3.08 PERIODIC ACCOUNTANTS REPORT.

The Servicer, at its own expense, shall cause Ernst & Young LLP or another firm of nationally recognized independent public accountants acceptable to the Note Insurer (who may also render other services to the Servicer or to the Issuer) to deliver to the Note Insurer and Trustee a report of agreed upon procedures acceptable to the Controlling Party with respect to the Servicer's accounting for matters regarding the Trust Estate including cash receipts, account posting and remittances to the Accounts during the preceding reporting period. The first reporting period is from the Closing Date through January 31, 1999, and each subsequent reporting period is each subsequent month thereafter through April 30, 1999, and thereafter the reporting period shall be each subsequent calendar quarter commencing June 30, 1999, unless any report is not reasonably acceptable to the Note Insurer then such shorter or longer time as the Note Insurer shall determine from time to time by written notice to the Servicer (with a copy to the Trustee). Each such report must be delivered within forty-five (45) days after the end of each reporting period. Such report shall also indicate that the firm is independent with respect to the Issuer and the Servicer within the meaning of the Code of Professional Ethics of the American Institute of Certified Public Accountants. In the event such independent public accountants require the Trustee to agree to the procedures to be performed by such firm in any of the reports required to be prepared pursuant to this Section 3.08, the Servicer shall direct the Trustee in writing to so agree; it being understood and agreed that the Trustee will deliver such letter of agreement in conclusive reliance upon the direction of the Servicer, and the Trustee has not made any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

SECTION 3.09 QUARTERLY SERVICER'S COMPLIANCE REPORT.

The Servicer, at its own expense, shall cause Ernst & Young LLP or another firm of nationally recognized independent public accountants (who may also render other services to the Servicer or to the Issuer) to deliver to the Trustee and the Note Insurer, within thirty days after the end of each calendar quarter of each year, beginning with the calendar quarter ending in March of 1999, a report concerning the activities of the Servicer during the preceding calendar quarter to the effect that such accountants have performed agreed-upon procedures acceptable to the Controlling Party with respect to each of the Monthly Servicer Reports for the period under review. The report should specify the procedures performed on such Monthly Servicer Reports (which procedures should include recalculating all calculations contained in such Monthly Servicer Reports and taking other pertinent information from supporting schedules of the Servicer) and any exceptions, if any, shall be set forth therein. Such report shall also indicate that the firm is independent with respect to the Issuer and the Servicer within the meaning of the Code of Professional Ethics of the American Institute of Certified Public Accountants. In the event such independent public accountants require the Trustee to agree to the procedures to be performed by such firm in any of the reports required to be prepared pursuant to this Section 3.09, the Servicer shall direct the Trustee in writing to so agree; it being understood and agreed that the Trustee will deliver such letter of agreement in conclusive reliance upon the direction of the Servicer, and the Trustee has not made any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

SECTION 3.10 ACCESS TO CERTAIN DOCUMENTATION AND INFORMATION.

The Servicer shall provide the Note Insurer, the Trustee and the Noteholders with access to the documentation relating to the Receivables as provided in Section 2.06(b). In each case, access to documentation relating to the Receivables shall be afforded without charge but only upon reasonable request and during normal business hours at the offices of the Servicer. Nothing in this Section shall impair the obligation of the Servicer to observe any applicable law prohibiting disclosure of information regarding the Obligor, which obligation shall be evidenced by an Opinion of Counsel to such effect, and the failure of the Servicer to provide access as provided in this Section as a result of such obligation shall not constitute a breach of this Section.

SECTION 3.11 REPORTS TO NOTEHOLDERS, THE RATING AGENCY AND THE PLACEMENT AGENT.

The Trustee shall provide to the Note Insurer, each Noteholder, the Rating Agency and the Placement Agent a copy of each (i) Servicer's Remittance Date Certificate, (ii) Monthly Servicer Report, (iii) Officer's Certificate of annual statement as to compliance described in Section 3.07(a), (iv) Officer's Certificate with respect to Servicer Defaults and Events of Default, described in Section 3.07(b), (v) accountants' report described in Section 3.08, (vi) accountants' report described in Section 3.09, and (vii) Trustee's Certificate delivered pursuant to Section 10.02 or 10.03.

SECTION 3.12 TAX TREATMENT.

Notwithstanding anything to the contrary set forth herein, the Issuer has entered into this Agreement with the intention that for federal, state and local income and franchise tax purposes (i) the Notes, which are characterized as indebtedness at the time of their issuance, will qualify as indebtedness secured by the Receivables and (ii) neither the Trust nor the Trust Estate shall be treated as an association or publicly traded partnership taxable as a corporation. The Issuer, by entering into this Agreement, each Noteholder, by its acceptance of a Note and each purchaser of a beneficial interest therein, by accepting such beneficial interest, agree to treat such Notes as debt for federal, state and local income and franchise tax purposes. The Trustee shall treat the Trust Estate as a security device only, and shall not file tax returns or obtain an employer identification number on behalf of the Trust Estate. The provisions of this Agreement shall be construed in furtherance of the foregoing intended tax treatment.

Notwithstanding the foregoing, if the Trust is required to be recognized as a partnership for federal or state income tax purposes, including by reason of a determination by the Internal Revenue Service or any other taxing authority that the Trust constitutes a partnership for income tax purposes, the Issuer and the Noteholders agree that payments made to the Noteholders pursuant to Section 4.04(b)(iv) shall be treated as "guaranteed payments" (within the meaning of Section 707(c) of the Code) and all remaining taxable income or loss and any separably allocable items thereof shall be allocated to the Issuer.

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

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ARTICLE IV
THE ACCOUNTS; PAYMENTS;
STATEMENTS TO NOTEHOLDERS

SECTION 4.01 ACCOUNTS.

The Trustee shall establish and maintain, or cause to be established and maintained, the Collection Account, the Reserve Account and the Note Payment Account, each of which shall be an Eligible Account, for the benefit of the Noteholders and the Note Insurer. All amounts held in the Collection Account, the Reserve Account or the Note Payment Account shall, to the extent permitted by this Agreement and applicable laws, rules and regulations, be invested in Permitted Investments by the depository institution or trust company then maintaining such Account only upon written direction of the Issuer, provided, however, in the event the Issuer fails to provide such written direction to the Trustee, and until the Issuer provides such written direction, the Trustee shall invest in Permitted Investments satisfying the requirements of clause (v) of the definition thereof. Investments held in Permitted Investments in the Accounts shall not be sold or disposed of prior to their maturity. Earnings on investment of funds in the Collection Account and Reserve Account shall remain in such Accounts for disposition in accordance with this Agreement. Earnings on investment of funds in the Note Payment Account shall be remitted by the Trustee to the Collection Account promptly upon receipt thereof in the Note Payment Account. Any losses and investment expenses relating to any investment of funds in any of the Accounts shall be for the account of the Issuer, which shall deposit or cause to be deposited the amount of such loss (to the extent not offset by income from other investments of funds in the related Account) in the related Account immediately upon the realization of such loss. The taxpayer identification number associated with each of the Accounts shall be that of the Issuer and the Issuer will report for federal, state and local income tax purposes the income, if any, earned on funds in the relevant Account. The Issuer hereby acknowledges that all amounts on deposit in each Account (including investment earnings thereon) are held in trust by the Trustee for the benefit of the Noteholders and the Note Insurer, subject to any express rights of the Issuer set forth herein, and shall remain at all times during the term of this Agreement under the sole dominion and control of the Trustee. Payments from the Collection Account shall be made only on the Business Day prior to the Payment Date and only to the Note Payment Account.

SECTION 4.02 COLLECTIONS.

Each of the Servicer and the Issuer shall remit to the Collection Account all Net Proceeds it receives or otherwise obtains from or on behalf of the Obligor from or in respect of the Receivables on the next Business Day after receipt thereof, by ACH transfer from the account into which payments from or on behalf of Obligor are initially deposited. Other than as specifically contemplated pursuant to Section 4.03, the Servicer shall not remit to the Collection Account, and shall take all reasonable actions to prevent other Persons from remitting to the Collection Account, amounts which do not constitute payments, collections or recoveries received, made or realized in respect of the Receivables, and the Trustee will return to Issuer any such amounts upon receiving written evidence reasonably satisfactory to the Trustee that such amounts are not a part of the Trust Estate.

SECTION 4.03 ADDITIONAL DEPOSITS.

(a) The following additional deposits shall be made to the Collection Account, as applicable: (i) the Issuer shall remit the aggregate Acquisition Payments with respect to Removed Receivables reacquired pursuant to Section 2.05 or 7.02; and (ii) the Servicer shall remit the aggregate Acquisition Payments with respect to Removed Receivables acquired pursuant to Section 3.04.

(b) The following deposits shall be made to the Note Payment Account, as applicable: the Issuer shall remit the Redemption Amount pursuant to Section 11.02; (ii) the Note Insurer shall remit any required payment pursuant to the Policy; (iii) the Trustee shall transfer all Available Funds from the Collection Account to the Note Payment Account on the Business Day prior to the Payment Date.

(c) All deposits required to be made pursuant to this Section by the Issuer or the Servicer, as the case may be, may be made in the form of a single deposit. All deposits required to be made by the Note Insurer, shall be made in immediately available funds, no later than the date and time required pursuant to the terms of the Policy.

SECTION 4.04 ALLOCATIONS AND PAYMENTS.

(a) On each Determination Date, the Servicer shall calculate (i) the amount of funds on deposit in each of the Accounts and the amount of Available Funds, and (ii) as applicable, the Trustee Fee, the Backup Servicing Fee, the Servicing Fee, the Additional Servicing Fee, the Interest Distributable Amount, the Required Reserve Amount, the Reserve Fund Reimbursement Amount, the amount to be paid to Noteholders in respect of principal, and the amount payable by the Note Insurer pursuant to the Policy, which amounts shall be set forth in the Monthly Servicer Report for the related Payment Date. The Servicer shall send the Monthly Servicer Report to the Trustee and the Note Insurer by 11:00 a.m. New York, New York time on each such Determination Date.

(b) On each Payment Date, the Trustee shall make the following payments from the applicable Accounts in the following order of priority and in the amounts set forth in the Monthly Servicer Report for such Payment Date; provided however, such payments shall be

made only to the extent of funds then on deposit in the applicable Account, and provided, further that payments from the Note Payment Account shall be made only on the Payment Date:

(i) to the Trustee (A) from Available Funds transferred from the Collection Account to the Note Payment Account, an amount equal to the sum of the Trustee Fee for such Payment Date, plus all accrued and unpaid Trustee Fees, if any, for prior Payment Dates, plus all reasonable out of pocket expenses (but only up to \$200,000 during the term of this Agreement) to which the Trustee is entitled to payment (to the extent expressly set forth under this Agreement) provided that (B) if Available Funds transferred from the Collection Account to the Note Payment Account are insufficient to pay the amount described in clause (A) above, the Trustee will withdraw from the Reserve Account an amount equal to the lesser of the amount then on deposit in the Reserve Account and the amount of such shortfall for disbursement to the Trustee in reduction of such shortfall;

(ii) to the Servicer, from the Available Funds transferred from the Collection Account to the Note Payment Account, an amount equal to the sum of the Servicing Fee for the related Collection Period, plus all accrued and unpaid Servicing Fees, if any, for prior Collection Periods (plus an amount equal to any Transition Fees then owing to the Successor Servicer, if any);

(iii) to the Backup Servicer (A) from Available Funds transferred from the Collection Account to the Note Payment Account, the Backup Servicer Fee for such Payment Date, plus all accrued and unpaid Backup Servicer Fees, if any, for prior Payment Dates, plus all reasonable out of pocket expenses to which the Backup Servicer is entitled to payment (to the extent expressly set forth under this Agreement) provided that (B) if Available Funds transferred from the Collection Account to the Note Payment Account are insufficient to pay the amount described in clause (A) above, the Trustee will withdraw from the Reserve Account an amount equal to the lesser of the amount then on deposit in the Reserve Account and the amount of such shortfall for disbursement to the Backup Servicer in reduction of such shortfall;

(iv) to the Noteholders, pro rata, based on their respective Note Balances (A) from Available Funds transferred from the Collection Account to the Note Payment Account, an amount equal to the sum of the Interest Distributable Amount for such Payment Date, plus any outstanding amount of Interest Carryover Shortfall, if any, for prior Payment Dates provided that (B) if Available Funds transferred from the Collection Account to the Note Payment Account, are insufficient to pay the amount described in clause (A) above, the Trustee will withdraw from the Reserve Account an amount equal to the lesser of the amount then on deposit in the Reserve Account and the amount of such interest shortfall for disbursement to the Noteholders in reduction of such shortfall, and provided further that (C) if the amount described in clause (A) above remains unpaid after the application of amounts withdrawn from the Reserve Account in accordance with clause (B) above, the Trustee will withdraw from the amount remitted by the Note Insurer to the Note Payment Account for disbursement to the Noteholders in reduction of such shortfall an amount equal to the lesser of the amount then on deposit in the Note

Payment Account pursuant to a payment by the Note Insurer and the amount of such interest shortfall;

(v) for so long as no Insurer Default shall have occurred and be continuing, to the Note Insurer, (A) from Available Funds transferred from the Collection Account to the Note Payment Account the sum of (x) the Note Insurer Premium for such Payment Date, plus (y) all accrued but unpaid Note Insurer Premiums, if any, for prior Payment Dates plus (z) the aggregate amount of all other Note Insurer Obligations payable to the Note Insurer and outstanding on such Payment Date, provided that (B) if Available Funds transferred from the Collection Account to the Note Payment Account are insufficient to pay the amounts due the outstanding Note Insurer Obligations then payable, the Trustee will withdraw from the Reserve Account an amount equal to the lesser of the amount then on deposit in the Reserve Account and the amount of such shortfall, and remit such lesser amount to the Note Insurer in reduction of such shortfall;

(vi) to the Reserve Account, from Available Funds transferred from the Collection Account to the Note Payment Account, an amount equal to the lesser of remaining Available Funds and the Reserve Fund Reimbursement Amount for such Payment Date, if applicable;

(vii) to the Successor Servicer, from Available Funds transferred from the Collection Account to the Note Payment Account, an amount equal to (A) the Additional Servicing Fee for the related Collection Period, plus all accrued and unpaid Additional Servicing Fees, if any, for prior Collection Periods, provided that (B) if Available Funds transferred from the Collection Account to the Note Payment Account are insufficient to pay the amount described in clause (A) above, the Trustee will withdraw from the Reserve Account an amount equal to the lesser of the amount then on deposit in the Reserve Account and the amount of such shortfall for disbursement to the Successor Servicer in reduction of such shortfall;

(viii) to the Noteholders, pro rata based on their respective Note Balances, if such Payment Date is a Payment Date on which the Issuer is making or is required to make an Acquisition Payment, any remaining Available Funds transferred from the Collection Account to the Note Payment Account to the extent of the required Acquisition Payment;

(ix) to the Noteholders, pro-rata, based on their respective Note Balances (A) any remaining Available Funds transferred from the Collection Account to the Note Payment Account in reduction of the Note Balance of the Notes, until such Note Balance is reduced to zero, (B) if such Payment Date is the Payment Date on which the Issuer is effecting an optional redemption of the Notes pursuant to Section 11.01, and there is an outstanding Note Balance after payment of the amounts described in clause (A) above, the Trustee will disburse to the Noteholders for payment on the Note Balance any amounts deposited in the Note Payment Account by the Issuer in respect of the Redemption Amount pursuant to Section 11.02, (C) if such Payment Date is the Final Payment Date or the Payment Date on which the Issuer is effecting an optional redemption of the Notes pursuant to Section 11.01, and there is an outstanding Note

Balance (after payment of the amounts described in clauses (A) and (B) above), the Trustee will withdraw from all remaining funds on deposit in the Collection Account and remit to the Note Payment Account, an amount equal to the lesser of the amount then on deposit in the Collection Account and the amount of the outstanding Note Balance and remit such lesser amount to the Noteholders in reduction of the outstanding Note Balance, (D) if on the Final Payment Date there is an outstanding Note Balance (after payment of the amounts described in clauses (A), (B) and (C) above), the Trustee will withdraw from the Reserve Account an amount equal to the lesser of the amount then on deposit in the Reserve Account and the amount of the outstanding Note Balance and remit such lesser amount to the Noteholders in reduction of the outstanding Note Balance, and (E) if on the Final Payment Date there is an outstanding Note Balance after all amounts have been withdrawn from the Reserve Account in accordance with clause (D) above, the Trustee will disburse to the Noteholders for payment on the Note Balance any amounts deposited in the Note Payment Account by the Note Insurer; and

(x) remaining amounts in the following order of priority: (A) any of the Trustee's reasonable, out of pocket expenses to which the Trustee is entitled to payment (to the extent expressly set forth in this Agreement) which have exceeded \$200,000 in the aggregate during the term of this Agreement; then to (B) any amounts which would have been paid to the Note Insurer under subsection (b)(v) but for the occurrence and continuation of an Insurer Default; and then (C) to the Issuer.

If the Trust is required to be recognized as a partnership for federal or state income tax purposes, including by reason of a determination by the Internal Revenue Service or any other taxing authority that the Trust constitutes a partnership for income tax purposes, amounts withheld by the Trust in compliance with federal and state income tax laws, including without limitation, amounts withheld with respect to foreign persons in accordance with the Code, shall be treated for all purposes of this Agreement as amounts actually paid to the relevant Noteholder.

(c) The Servicer shall on each Payment Date instruct the Trustee to distribute to each Noteholder of record on the related Record Date by wire transfer of immediately available funds, the amount to be paid to such Noteholder in respect of the related Note on such Payment Date. The Servicer shall on each Payment Date instruct the Trustee to distribute to the Note Insurer by wire transfer of immediately available funds, the amount to be paid to the Note Insurer on such Payment Date.

SECTION 4.05 RESERVE ACCOUNT.

(a) Pursuant to Section 4.01, the Trustee shall establish and maintain the Reserve Account which shall be an Eligible Account, for the benefit of the Noteholders and the Note Insurer. On or prior to the Closing Date, the Issuer shall deposit an amount equal to the Required Reserve Amount into the Reserve Account. Thereafter, the Trustee shall deposit into the Reserve Account on each Payment Date, to the extent of funds then on deposit in the Note Payment Account an amount equal to the lesser of (x) Available Funds remaining on such Payment Date after required payments pursuant to Section 4.04(b)(i) through (v), and (y) the Reserve Fund Reimbursement Amount.

(b) Consistent with the limited purposes for which the Reserve Account is to be established, (x) on each Payment Date, an amount equal to the aggregate of amounts described in Sections 4.04(b)(i)(B), 4.04(b)(iii)(B), 4.04(b)(iv)(B), 4.04(b)(v)(B) (if no Insurer Default has occurred and is continuing) and 4.04(b)(vii)(B) and 4.04(b)(ix)(D), if any, shall be withdrawn from the Reserve Account by the Trustee and remitted to the Trustee, the Backup Servicer, the Noteholders or the Note Insurer (as the case may be) for payment as described in those Sections, and (y) upon payment of all sums payable hereunder with respect to the Notes, any amounts then on deposit in the Reserve Account shall be remitted by the Trustee to the Note Insurer to the extent of any unpaid Note Insurer Obligations then outstanding, until all such Note Insurer Obligations are paid in full, and any remaining amounts then on deposit in the Reserve Account shall be released from the lien of the Trust Estate and paid to the Issuer.

Amounts held in the Reserve Account shall be invested in Permitted Investments at the direction of the Issuer as provided in Section 4.01. Such investments shall not be sold or disposed of prior to their maturity.

(c) The Trustee shall pay to the Issuer on each Payment Date the amount by which the amount in the Reserve Account exceeds the Required Reserve Amount, after giving effect to all distributions required to be made from the Reserve Account or the Note Payment Account on such date.

SECTION 4.06 NOTE PAYMENT ACCOUNT.

(a) Pursuant to Section 4.01, the Trustee shall establish and maintain the Note Payment Account which shall be an Eligible Account, for the benefit of the Noteholders and the Note Insurer. The Note Payment Account shall be funded to the extent that (x) the Issuer shall remit the Redemption Amount pursuant to Section 11.02, (y) the Note Insurer shall remit any required payment pursuant to the Policy, or (z) the Trustee shall remit the Available Funds from the Collection Account pursuant to Section 4.03.

(b) On each Payment Date, an amount equal to the aggregate of amounts described in Section 4.04(b) shall be withdrawn from the Note Payment Account by the Trustee and remitted to the Noteholders and other persons or Accounts described therein for payment as described in that Section, and upon payments of all sums payable hereunder with respect to the Notes, any amounts then on deposit in the Note Payment Account shall be remitted by the Trustee to the Note Insurer to the extent of any unpaid Note Insurer Obligations then outstanding, until all such Note Insurer Obligations are paid in full, and any remaining amounts then on deposit in the Note Payment Account shall be released from the lien of the Trust Estate and paid to the Issuer.

(c) Amounts held in the Note Payment Account shall be invested in Permitted Investments at the direction of the Issuer as provided in Section 4.01. Such investments shall not be sold or disposed of prior to their maturity.

SECTION 4.07 STATEMENTS TO NOTEHOLDERS.

(a) On each Payment Date, the Trustee shall include with each payment to each Noteholder of record and the Note Insurer the Monthly Servicer Report furnished pursuant to Section 3.06, setting forth for the related Collection Period the information provided in Exhibit A.

(b) Within a reasonable period of time after the end of each calendar year, but not later than the latest date permitted by law, the Trustee shall mail a statement or statements prepared by the Servicer to the Note Insurer and each Person who at any time during such calendar year shall have been a Noteholder that provides the information that the Servicer actually knows is necessary under applicable law for the preparation of the income tax returns of such Noteholders.

ARTICLE V
THE POLICY

SECTION 5.01 THE POLICY.

The Servicer and the Issuer agree, simultaneously with the execution and delivery of this Agreement, to cause the Note Insurer to issue the Policy to the Trustee for the benefit of the Trust in accordance with the terms thereof and the Insurance Agreement.

SECTION 5.02 CLAIMS UNDER POLICY.

(a) If on any Determination Date the Servicer has reported to the Trustee in the Monthly Servicer Report that the Servicer has determined that (A) as of the opening of business of the Trustee on such Determination Date, the amount of Available Funds on deposit in the Collection Account, together with any amounts on deposit in the Reserve Account and the Note Payment Account, are insufficient to provide for the payment in full of the Interest Distributable Amount payable on the related Payment Date (after giving effect to each payment required to be made prior to such payment on such Payment Date pursuant to Section 4.04(b)), and/or (B) if such Payment Date is the Final Payment Date and the Note Balance has not been reduced to zero prior to such Determination Date, and all amounts then on deposit in the Collection Account, together with any amounts then on deposit in the Reserve Account and the Note Payment Account are insufficient to make a payment to the Noteholders reducing the Note Balance to zero (after giving effect to each payment required to be made prior to such payment on the Final Payment Date pursuant to Section 4.04(b)), then by 2:00 p.m., New York time on such Determination Date, the Trustee shall deliver to the Note Insurer and the Servicer a completed notice for payment in the form set forth as Exhibit A to the Policy (the "Notice for Payment"), and shall confirm delivery of such Notice for Payment, each as specified in the Policy. The Notice for Payment shall specify the amount of the Interest Deficiency Draw Amount and/or the Final Principal Deficiency Amount (as each such term is defined in the Policy) and shall constitute a claim pursuant to the Policy. Upon receipt of any payments on behalf of the Trust under the Policy, the Trustee shall deposit any Interest Deficiency Draw Amount and/or Principal Deficiency Draw Amount in the Note Payment Account. Such amounts shall be distributed pursuant to Section 4.04.

(b) The Trustee shall receive in the Note Payment Account, as attorney-in-fact of each Noteholder, any payment from the Note Insurer and disburse the same to each Noteholder, for the purposes and in the respective amounts required in accordance with the provisions of Section 4.04.

(c) The Trustee shall keep complete and accurate records of the amount of payments received from the Note Insurer and the Note Insurer shall have the right to inspect such records at reasonable times upon one Business Days' prior notice to the Trustee. The statements the Trustee prepares in the normal course of business with respect to accounts similar in nature to the Note Payment Account shall fulfill the record requirements of this Section.

(d) If any of the payments guaranteed by the Policy are voided (a "Preference Event") pursuant to a final and non-appealable order under any applicable bankruptcy, insolvency, receivership or similar law in an Insolvency Proceeding and, as a result of such a Preference Event, the Trustee is required to return such voided payment, or any portion of such voided payment, made in respect of the Notes (an "Avoided Payment"), the Trustee shall furnish to the Note Insurer (x) a certified copy of a final order of a court exercising jurisdiction in such Insolvency Proceeding to the effect that the Trustee is required to return any such payment or portion thereof during the term of the Policy because such payment was voided under applicable law, with respect to which order the appeal period has expired without an appeal having been filed (the "Final Order"), (y) an assignment, in form reasonably satisfactory to the Note Insurer, irrevocably assigning to the Note Insurer all rights and claims of the Trustee relating to or arising under such Avoided Payment and (z) a Notice for Payment appropriately completed and executed by the Trustee. Such payment shall be disbursed to the receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Final Order and not to the Trustee directly. The Trustee is not permitted to make a claim on the Trust or on any Noteholder for payments made to Noteholders which are characterized as preference payments by any bankruptcy court having jurisdiction over any bankrupt Obligor unless ordered to do so by such bankruptcy court.

SECTION 5.03 SURRENDER OF POLICY.

The Trustee shall surrender the Policy to the Note Insurer for cancellation upon its expiration in accordance with the terms thereof.

SECTION 5.04 RIGHTS OF SUBROGATION AND ASSIGNMENT.

(a) The parties hereto agree that to the extent the Note Insurer makes any payment with respect to the Notes under the Policy, the Note Insurer shall become subrogated to the rights of the recipients of such payments to the extent of such payments (including, without limitation, to the fullest extent permitted by law, all rights of the Trustee and each Noteholder in the conduct of any related Insolvency Proceeding). In furtherance and not by way of limitation of the foregoing, and subject to and conditioned upon any payment with respect to the Notes by or on behalf of the Note Insurer, the Trustee shall assign, and the Noteholders, by reason of their acquisition and holding of the Notes, shall be deemed to have agreed to the assignment, to the Note Insurer, of all rights to the payment of interest or principal with respect to the Notes which are then due for payment, together with all other rights and remedies of the Trustee or the

Noteholders with respect to the Notes (including, without limitation, all rights of the Trustee and each Noteholder in the conduct of any related Insolvency Proceeding), to the extent of all payments made by the Note Insurer with respect to the Notes. The Trustee shall take all such actions and deliver all such instruments as may be reasonably requested or required by the Note Insurer to effectuate the purpose or provisions of the foregoing subrogation and/or assignment. For the avoidance of doubt, any payment made under the Policy in respect of interest or principal due under the Notes shall not reduce in any manner the amount of interest or principal (or the Note Balance) otherwise due hereunder or under the Notes.

(b) The foregoing rights of subrogation and assignment described in clause (a) above are in all cases in addition to, and not in limitation of, all equitable rights of subrogation and other rights and remedies otherwise available to the Note Insurer in respect of payments under the Policy, and the Note Insurer hereby specifically reserves all such rights and remedies.

ARTICLE VI
THE NOTES

SECTION 6.01 THE NOTES.

(a) The Notes shall be non-recourse obligations of the Issuer and the Trust Estate shall be the sole source of payments of principal thereof and interest thereon. Notwithstanding anything else to the contrary contained herein, the Notes shall not be considered a general obligation of the Issuer for any purpose.

(b) The Notes shall be issued on the Closing Date and the Note Balance shall accrue interest at the Note Rate from and including the Closing Date.

(c) The Notes shall be substantially in the form attached hereto as Exhibit C, and shall be issuable in minimum denominations of \$1,000,000 and integral multiples of \$1,000 in excess thereof. The Notes shall each be executed by the Issuer and authenticated by the Trustee by the manual or facsimile signature of a Responsible Officer of the Trustee. Notes bearing the manual or facsimile signatures of individuals who were, at the time when such signatures were affixed, authorized to sign on behalf of the Issuer or the Trustee shall be valid and binding obligations of the Issuer, notwithstanding that such individuals or any of them have ceased to be so authorized prior to the authentication and delivery of such Notes or did not hold such offices at the date of such Notes. The Notes shall be dated the date of their authentication.

(d) The Notes shall be issued only in a transaction (or transactions) that was not required to be registered under the Securities Act. For purposes of the preceding sentence, the term "Securities Act" shall mean the provisions thereof exclusive of Regulation S (17 CFR 230.901 through 230.904).

SECTION 6.02 AUTHENTICATION AND DELIVERY OF THE NOTES.

The Trustee shall cause to be authenticated and delivered to or upon the order of the Issuer, in exchange for the Receivables and the other property included in the Trust Estate, simultaneously with the assignment, transfer and conveyance to the Trustee of the Receivables

and the constructive delivery to the Trustee on behalf of the Noteholders of the Receivable Files and the other components of the Trust Estate, the Notes duly authenticated by the Trustee, in authorized denominations equaling in the aggregate the Note Balance. No Note shall be entitled to any benefit under this Agreement or be valid for any purpose, unless there appears thereon a certificate of authentication substantially in the form set forth in the form of such Note attached hereto as Exhibit C, executed by the Trustee by manual or facsimile signature, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered under this Agreement.

SECTION 6.03 REGISTRATION OF TRANSFER AND EXCHANGE OF NOTES.

(a) The Note Registrar shall maintain a Note Register in which, subject to such reasonable regulations as it may prescribe, the Note Registrar shall provide for the registration of the Notes and transfers and exchanges thereof as provided in this Agreement. The Trustee is hereby initially appointed Note Registrar for the purpose of registering the Notes and transfers and exchanges thereof as provided in this Agreement. In the event that, subsequent to the Closing Date, the Trustee notifies the Servicer that it is unable to act as Note Registrar, the Servicer shall appoint another bank or trust company, agreeing to act in accordance with the provisions of this Agreement applicable to it, and otherwise acceptable to the Trustee, to act as successor Note Registrar under this Agreement.

(b) Subject to the provisions of this Agreement, upon surrender for registration of transfer of any Note at the Corporate Trust Office, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes in authorized denominations of a like aggregate principal amount.

(c) Notes may be exchanged for other Notes of authorized denominations of a like aggregate principal amount, at the option of the related Noteholder upon surrender of the Note to be exchanged at any such office or agency. Whenever any Note is so surrendered for exchange, the Issuer shall execute and the Trustee shall authenticate and deliver the Note that the Noteholder making the exchange is entitled to receive. Every Note presented or surrendered for registration of transfer or exchange shall be accompanied by a written instrument of transfer in form satisfactory to the Trustee and the Note Registrar duly executed by the Noteholder thereof or his or her attorney duly authorized in writing.

(d) No service or other charge shall be made for any registration of transfer or exchange of Notes by the Trustee or the Servicer, but the Trustee may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of Notes.

(e) Any Notes surrendered for registration of transfer or exchange shall be canceled and subsequently destroyed by the Trustee.

(f) Each purchaser of a Note or of a beneficial interest therein shall be deemed to have represented and warranted, by accepting such Note or beneficial interest as follows:

(i) it is acquiring the Notes for its own account or for an account with respect to which it exercises sole investment discretion, and that it or such account is a Qualified Institutional Buyer or an Accredited Investor acquiring the Notes for investment purposes and not for distribution;

(ii) it acknowledges that the Notes have not been registered under the Securities Act or any state securities laws and may not be sold except as permitted below;

(iii) it understands and agrees that such Notes are being offered only in a transaction not involving any public offering within the meaning of the Securities Act, and that such Notes may be resold, pledged or transferred only in accordance with Section 6.03(g) below (1) to a person who the transferor reasonably believes after due inquiry is, and who has certified that it is, a Qualified Institutional Buyer that purchases for its own account or for the account of a Qualified Institutional Buyer to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A or (2) to an institution that is an Accredited Investor who has certified that it is an Accredited Investor purchasing for its own account or for the account of another Accredited Investor [(unless the purchaser is a bank acting in its fiduciary capacity)];

(iv) it understands that the following legend will be placed on the Notes, unless otherwise agreed by the Issuer:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE TRANSFER OF THIS NOTE IS SUBJECT TO CERTAIN RESTRICTIONS AND CONDITIONS SET FORTH IN THE INDENTURE AND SERVICING AGREEMENT UNDER WHICH THIS NOTE IS ISSUED (A COPY OF WHICH IS AVAILABLE FROM THE TRUSTEE UPON REQUEST). PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY NOTES MAY BE RELYING ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A UNDER THE SECURITIES ACT."

(v) it (x) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the Notes; and (y) it (or any account for which it is purchasing) has the ability to bear the economic risks of its prospective investment for an indefinite period and can afford the complete loss of such investment; and

(vi) it understands that the Issuer, the Placement Agent and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements and agrees that if any of the acknowledgments,

representations, warranties and agreements deemed to have been made by it by its purchase of the Notes are no longer accurate, it shall promptly notify the Issuer and the Placement Agent. If it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations, warranties and agreements on behalf of each such account; and

(vii) it understands that the Notes may not be transferred to an Employee Plan, or an entity, account or other pooled investment fund the underlying assets of which include or are deemed to include Employee Plan assets by reason of an Employee Plans involvement in the entity, account or other pooled investment fund unless the Holder or prospective transferee delivers to the Trustee an opinion of counsel (which counsel and opinion shall be reasonably acceptable to the Issuer, Servicer and Trustee) as provided in this Agreement. The Issuer, Servicer, Trustee and Backup Servicer shall not be responsible for confirming or otherwise investigating whether a proposed transferee is an employee benefit plan, trust or account subject to ERISA, or described in Section 4975(e)(1) of the Code

(viii) in the case of the acquisition of Notes, directly or indirectly, by a partnership, limited liability company, S corporation, grantor trust, or any other "flow-through entity" (within the meaning of United States Treasury Regulations Section 1.7704-1(h)(3)) (a "Flow-Through Entity"), the Flow-Through Entity, on behalf of each beneficial owner of interests, directly and indirectly, in such Flow-Through Entity, acknowledges that (A) use of such Flow-Through Entity to acquire and hold Notes (as opposed to direct acquisition or ownership of Notes by the beneficial owners of the Flow- Through Entity) is not motivated by, or a direct consequence of, efforts to qualify for the "private placement" safe harbor of United States Treasury Regulations Section 1.7704-1(h) pursuant to which the Flow-Through Entity, rather than each beneficial owner owning a direct or indirect interest in the Flow-Through Entity, is counted as a partner in determining whether there are fewer than one hundred (100) partners in the Trust (assuming for purposes of the foregoing that the Trust were classified as a partnership for federal and state income tax purposes and not solely as a security device for such purposes) and, hence, whether the Notes are not treated as "readily tradable" on a "secondary market" or the "substantial equivalent thereof" (all as defined in United States Treasury Regulations Section 1.7704-1 et. seq.) by reason of such safe harbor.

(ix) it understands that there are restrictions on the transfer of Notes that are intended to avoid classification of the Trust as a "publicly traded partnership" within the meaning of the Section 7704(b) of the Code.

(g) No sale, pledge or other transfer (a "Transfer") of any Notes shall be made unless that Transfer is made pursuant to an effective registration statement under the Securities Act, and effective registration or qualification under applicable state securities laws, or is made in a transaction that does not require such registration or qualification. If such a Transfer is made without registration under the Securities Act (other than in connection with the initial issuance thereof by the Issuer, the Placement Agent or the initial purchasers), then the Note Registrar shall refuse to register such Transfer unless it receives (and upon receipt, may conclusively rely upon)

either: (i) a certificate from the Noteholder desiring to effect such Transfer substantially in the form attached as Exhibit D-1 hereto, and a certificate from such Noteholder's prospective transferee substantially in the form attached as either Exhibit D-2 hereto or as Exhibit D-3 hereto; or (ii) an Opinion of Counsel reasonably satisfactory to the Issuer and the Note Registrar to the effect that such Transfer may be made without registration under the Securities Act and/or applicable state securities laws (which Opinion of Counsel shall not be an expense of the Trust Estate or of the Issuer, the Servicer, the Trustee or the Note Registrar in their respective capacities as such), together with the written certification(s) as to the facts surrounding such Transfer from the Noteholder desiring to effect such Transfer and/or such Noteholder's prospective transferee on which such Opinion of Counsel is based. None of the Issuer, the Trustee or the Note Registrar is obligated to register or qualify the Notes under the Securities Act or any other securities law or to take any action not otherwise required under this Agreement to permit the transfer of any Note without registration or qualification. Any Holder of a Note desiring to effect such a Transfer shall, and upon acquisition of such a Note shall be deemed to have agreed to, indemnify the Trustee, the Note Registrar and the Issuer 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. In connection with a Transfer of the Notes, the Issuer shall furnish upon request of a Noteholder to such Holder and any prospective purchaser designated by such Noteholder the information required to be delivered under paragraph (d)(4) of Rule 144A of the Securities Act.

(h) No Transfer of any Notes shall be made if such Transfer would result in the beneficial ownership of Notes by more than 75 Persons; provided, however, that no Transfer of Notes shall be made if the transferee of Notes is a Flow-Through Entity (as defined in Section 6.3(f)(viii)), unless such Flow-Through Entity is able to make and makes the acknowledgment in Section 6.3(f)(viii). The Trustee shall be authorized to rely on a determination by the Servicer or the Issuer, in written form, as to whether or not any Transfer is authorized under this Section 6.03(h). Each Noteholder, by its acceptance of a Note, acknowledges and agrees that the foregoing restriction on transfer of the Notes is reasonable given the potentially adverse treatment to the Trust and the Noteholders of classification of the Partnership as a "publicly traded partnership" within the meaning of Section 7704(b) of the Code.

(i) In no event shall a Note be transferred to an employee benefit plan, trust annuity or account subject to ERISA or a plan described in Section 4975(e)(1) of the Code (or any such plan, trust or account, including any Keogh (HR-10) plans, individual retirement accounts or annuities and other employee benefit plans subject to Section 408 of ERISA or Section 4975 of the Code being referred to herein as an "Employee Plan") or an entity, account or other pooled investment fund the underlying assets of which include or are deemed to include Employee Plan assets by reason of an Employee Plan's investment in the entity, account or other pooled investment fund, unless the Holder or prospective transferee delivers to the Trustee an opinion of counsel (which counsel and opinion shall be reasonably acceptable to the Issuer, Servicer and Trustee) to the effect that (i) such transfer would not reasonably be likely to cause the underlying assets of the Trust to constitute Employee Plan assets, or (ii) that the transfer or sale of the Note to the prospective transferee, the subsequent management, administration, servicing and operation of the Trust and the ownership of the Note by the prospective transferee would not reasonably be likely to constitute a violation of the prohibited transaction rules of ERISA or the Code for which no statutory exception or administrative exemption applies. In connection with the delivery of such opinion, the Issuer, the Servicer, the Trustee and the Backup Servicer shall

cooperate with the Holder and the prospective transferee and, upon reasonable request of such Holder or prospective transferee, provide such information as may be necessary to render or evaluate such opinion. Such opinion of counsel shall be at the expense of the Holder or the proposed transferee providing the opinion. The Issuer, Servicer, Trustee and Backup Trustee shall not be responsible for confirming or otherwise investigating whether a proposed transferee is an employee benefit plan, trust or account subject to ERISA, or described in Section 4975(e)(1) of the Code. Notwithstanding anything to the contrary herein, the foregoing restriction on sale or transfer to an Employee Plan or an entity, account or other pooled investment fund deemed to include Employee assets shall not apply to or prevent the initial issuance, transfer or sale, or any subsequent issuance, transfer or sale, of a Note to an insurance company, insurance servicer or insurance organization qualified to do business in a state that purchases Notes with funds held in one or more of its general accounts.

(j) To the extent permitted under applicable law, the Trustee shall be under no liability to any Person for any registration of transfer of any Note that is in fact not permitted by this Section 6.03 or for making any payments due to the Noteholder thereof or taking any other action with respect to such Noteholder under the provisions of this Agreement so long as the transfer was registered by the Trustee in accordance with the requirements of this Agreement.

SECTION 6.04 MUTILATED, DESTROYED, LOST OR STOLEN NOTES.

(a) If (i) any mutilated Note is surrendered to the Note Registrar, or the Note Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Note Registrar, the Note Insurer, the Trustee and the Issuer such security or indemnity as may be required by them to save each of them harmless (the general obligation of an institutional investor that is investment grade rated being sufficient indemnity), then, in the absence of notice that such Note has been acquired by a bona fide purchaser, the Issuer shall execute and the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor and denomination or ownership interest, as applicable. In connection with the issuance of any new Note under this Section, the Issuer or the Trustee may require the payment by the Noteholder thereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

(b) If, after the delivery of such replacement Note or payment with respect to a destroyed, lost or stolen Note, a bona fide purchaser of the original Note in lieu of which such replacement Note was issued presents for payment such original Note, the Issuer and the Trustee shall be entitled to recover such replacement Note (or such payment) from the Person to whom it was delivered or any Person taking such replacement Note from such Person to whom such replacement Note was delivered or any assignee of any such Person, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith.

SECTION 6.05 PERSONS DEEMED OWNERS.

Prior to due presentation of a Note for registration of transfer, the Trustee, the Note Registrar and any of their respective agents may treat the Person in whose name any Note is registered as the owner of such Note for the purpose of receiving payments pursuant to Section 4.04 and for all other purposes whatsoever, and neither the Trustee, the Note Registrar nor any of their respective agents shall be affected by any notice to the contrary.

SECTION 6.06 ACCESS TO LIST OF NOTEHOLDERS' NAMES AND ADDRESSES.

The Note Registrar shall furnish or cause to be furnished to the Servicer, within 15 days after receipt by the Note Registrar of a written request therefor from the Servicer, a list of the names and addresses of the Noteholders as of the most recent Record Date. If three or more Noteholders, or one or more Noteholders evidencing not less than 25% of the Voting Interests (hereinafter referred to as "Applicants"), apply in writing to the Trustee, and such application states that the Applicants desire to communicate with other Noteholders with respect to their rights under this Agreement or under the Notes and such application is accompanied by a copy of the communication that such Applicants propose to transmit, then the Trustee shall, within five Business Days after the receipt of such application, afford such Applicants access, during normal business hours, to the current list of Noteholders as reflected in the Note Register. Every Noteholder, by receiving and holding a Note, agrees with the Servicer and the Trustee that neither the Servicer nor the Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Noteholders under this Agreement, regardless of the source from which such information was derived.

SECTION 6.07 SURRENDERING OF NOTES.

Each Noteholder shall surrender its Note within 14 days after receipt of the final payment received in connection therewith, whether by optional redemption of the Issuer or otherwise. Each Noteholder, by its acceptance of the final payment with respect to its Note, will be deemed to have relinquished any further right to receive payments under this Agreement and any interest in the Trust Estate. Each Noteholder shall indemnify and hold harmless the Issuer, the Trustee and any other Person against whom a claim is asserted in connection with such Noteholder's failure to tender the Note to the Trustee for cancellation.

SECTION 6.08 MAINTENANCE OF OFFICE OR AGENCY.

The Trustee shall maintain in the City of Minneapolis, Minnesota, an office or offices or agency or agencies where Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Trustee in respect of the Notes and this Agreement may be served. The Trustee initially shall designate the Corporate Trust Office as its office for such purposes. The Trustee shall give prompt written notice to the Issuer, the Servicer and the Noteholders of any change in the location of the Note Register or any such office or agency.

SECTION 6.09 CONFIDENTIAL INFORMATION.

Each purchaser of a Note or of a beneficial interest therein (a "Holder") shall be deemed to have agreed to comply by this Section 6.09 by accepting such Note or beneficial interest. Each Holder acknowledges that it may obtain information relating to the Servicer or the Issuer which is of a confidential and proprietary nature ("Proprietary Information"). Such Proprietary Information may include, but is not limited to, non-public trade secrets, know how, invention techniques, processes, programs, schematics, source documents, data, and financial information. Each Holder shall at all times, both during the term of this Agreement and for a period of three (3) years after its termination, keep in trust and confidence all such Proprietary Information, and shall not use such Proprietary Information other than as required to enforce its rights under its Note, nor shall any Holder disclose any such Proprietary Information without the written consent of the Servicer or the Issuer. Each Holder further agrees to immediately return all Proprietary Information (including copies thereof) in its possession, custody, or control upon termination of this Agreement for any reason.

No Holder shall disclose, advertise or publish the existence or the terms or conditions of this Agreement without prior written consent of the Servicer or the Issuer. Notwithstanding the foregoing, this Section 6.09 shall not prohibit disclosure of information that is required to be disclosed by each Holder pursuant to federal or state laws or regulation. In particular each Holder agrees that it shall not, without the prior consent of the Servicer or the Issuer, disclose the existence of this Agreement or any of the terms herein to any Person other than (i) counsel to each Holder (ii) an employee or director of each Holder with a need to know in order to implement this Agreement and only if such employee or director or counsel agrees to maintain the confidentiality of this Agreement or (iii) a bona fide purchaser or potential purchaser of the Note. The parties hereto agree that the Servicer and/or the Issuer shall have the right to enforce these nondisclosure provisions by an action for specific performance filed in any court of competent jurisdiction in the State of Kansas.

ARTICLE VII
THE ISSUER

SECTION 7.01 REPRESENTATIONS OF ISSUER.

The Issuer hereby makes the following representations on which the Trustee is relying in accepting the Receivables in trust and authenticating the Notes and the Note Insurer is relying in issuing the Policy. The representations shall speak as of the execution and delivery of this Agreement and shall survive the grant of a security interest in or the transfer of the Receivables to the Trustee.

(a) Organization and Good Standing. The Issuer is duly organized and validly existing as a corporation in good standing under the laws of the State of Delaware, with power and authority to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted, and had at all relevant times, and now has, power, authority and legal right to acquire, own, hold, transfer, assign and convey the Receivables.

(b) Due Qualification. The Issuer is duly qualified to do business as a foreign corporation in good standing, and has obtained all necessary licenses and approvals in Kansas and in all other jurisdictions in which the ownership or lease of property or the conduct of its business requires such qualifications, licenses or approvals, the noncompliance with which would have a material adverse effect on the Note Insurer or the Noteholders.

(c) Power and Authority. The Issuer has the power and authority to execute and deliver this Agreement and the other Transaction Documents to which it is a party, and to carry out their respective terms; the Issuer has full power and authority to grant a security interest in the Trust Estate and has duly authorized such grant to the Trustee by all necessary action; and the execution, delivery and performance by the Issuer of this Agreement and each of the other Transaction Documents to which it is a party has been duly authorized by all necessary action of the Issuer.

(d) Valid Transfers; Binding Obligations. This Agreement evidences a valid grant of a first priority perfected security interest under the UCC in the Receivables, and such other portion of the Trust Estate as to which a security interest may be perfected under the UCC, which is effective for so long as the Notes or the Note Insurer Obligations remain outstanding, enforceable against creditors of and purchasers from the Issuer, and each of the Transaction Documents to which the Issuer is a party constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally or by general equity principles.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the other Transaction Documents and the fulfillment of the terms of this Agreement and the other Transaction Documents do not conflict with, result in any breach of any of the terms or provisions of, nor constitute (with or without notice or lapse of time) a default under, its Certificate of Incorporation or Bylaws of the Issuer or any indenture, agreement or other instrument to which the Issuer is a party or by which it shall be bound, nor result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument (other than this Agreement), nor violate any law, order, rule or regulation applicable to the Issuer of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Issuer or its properties, which breach, default, conflict, Lien or violation would have a material adverse effect on the rights or interests of the Noteholders or the Note Insurer.

(f) No Proceedings. There is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending, or to the Issuer's knowledge, threatened, against or affecting the Issuer: (i) asserting the invalidity of this Agreement, the Notes or any of the other Transaction Documents to which the Issuer is a party, (ii) seeking to prevent the issuance of the Notes or the consummation of any of the transactions contemplated by this Agreement, or any of the other Transaction Documents, (iii) seeking any determination or ruling that might materially and adversely affect the performance by the Issuer of its obligations under, or the validity or enforceability of, this Agreement, the Notes or any other Transaction Documents, or (iv) relating to the Issuer and which might adversely affect the federal income tax attributes of the Notes.

(g) No Subsidiaries. The Issuer has no subsidiaries.

(h) Not an Investment Company. Neither the Issuer nor the Trust Estate is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act, and none of the issuance of the Notes, the execution and delivery of the Transaction Documents to which the Issuer is a party, the acquisition by the Issuer of one or more Pools of Receivables, or the performance by the Issuer of its obligations under the Transaction Documents, or the use of the proceeds of the Notes by the Issuer will violate any provision of the Investment Company Act, or any rule, regulation or order issued by the Securities and Exchange Commission thereunder.

(i) No Violation of Securities Act. The Issuer has not offered or sold, and will not offer or sell, any Notes in any manner that would render the issuance and sale of the Notes a violation of the Securities Act, or any state securities or "Blue Sky" laws or require registration pursuant thereto, nor has it authorized, nor will it authorize, any Person to act in such manner. No registration under the Securities Act is required for the sale of the Notes as contemplated hereby, assuming the accuracy of the Purchaser's representations and warranties set forth in the Purchase Agreement and the compliance of Placement Agent with its obligations under the Placement Agreement.

(j) Truth and Completeness of Private Placement Memorandum. As of the Closing Date, the Private Placement Memorandum does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(k) No Violation of Exchange Act or Regulations T, U or X. None of the transactions contemplated in the Transaction Documents (including the use of the proceeds from the sale of the Notes) will result in a violation of Section 8 of the Exchange Act, or any regulations issued pursuant thereto, including Regulations T, U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II. The Issuer does not own nor does it intend to carry or purchase any "margin security" within the meaning of said Regulation U, including margin securities originally issued by it or any "margin stock" within the meaning of said Regulation U.

(l) All Tax Returns, True, Correct and Timely Filed. All material tax returns required to be filed by the Issuer in any jurisdiction have in fact been filed and all taxes, assessments, fees and other governmental charges upon the Issuer or upon any of its properties, income of franchises shown to be due and payable on such returns have been paid. To the best of the Issuers knowledge all such tax returns were true and correct and the Issuer knows of no proposed material additional tax assessment against it nor of any basis therefor. The provisions for taxes on the books of the Issuer are in accordance with generally accepted accounting principles.

(m) No Restriction on Issuer Affecting its Business. The Issuer is not a party to any contract or agreement, or subject to any charter or other restriction which materially and adversely affects its business nor has it agreed or consented to cause any of its properties to become subject to any Lien other than the Lien created hereby.

(n) Perfection of Security Interest. All filings and recordings as may be necessary to perfect the interest of the Issuer in the Receivables and such other portion of the Trust Estate as to which a security interest may be perfected under the UCC, have been accomplished and are in full force and effect. All filings and recordings against the Issuer required to perfect the security interest of the Trustee on such Receivables and such other portion of the Trust Estate as to which a security interest may be perfected under the UCC, have been accomplished and are in full force and effect. The Issuer will from time to time, at its own expense, execute and file such additional financing statements (including continuation statements) as may be necessary to ensure that at any time, the interest of the Issuer in all of the Receivables and such other portion of the Trust Estate as to which a security interest may be perfected under the UCC, and the security interest of the Trustee on all of the Receivables and such other portion of the Trust Estate as to which a security interest may be perfected under the UCC are fully protected.

(o) All Taxes, Fees and Charges Relating to Transaction and Transaction Documents Paid. Any taxes, fees and other governmental charges in connection with the execution and delivery of the Transaction Documents and the execution and delivery and sale of the Notes have been or will be paid by the Issuer at or prior to the Closing Date.

(p) No Requirement that Issuer File a Registration Statement. There are no contracts, agreements or understandings between the Issuer and any person granting said person the right to require the Issuer to file a registration statement under the Securities Act with respect to any Notes owned or to be owned by such person.

(q) No Broker, Finder or Financial Adviser Other than Rothschild. The Issuer or any of its respective officers, directors, employees or agents has not employed any broker, finder or financial adviser other than Rothschild Inc. or incurred any liability for fees or commissions to any person other than Rothschild Inc. in connection with the offering, issuance or sale of the Notes.

(r) Notes Authorized, Executed, Authenticated, Validly Issued and Outstanding. The Notes have been duly and validly authorized and, when duly and validly executed and authenticated by the Trustee in accordance with the terms of this Agreement and delivered to and paid for by each Purchaser as provided herein, will be validly issued and outstanding and entitled to the benefits hereof.

(s) Location of Chief Executive Office and Records. The principal place of business and chief executive office of the Issuer, and the office where Issuer maintains all of its records, is located at 76 Willowbrook, Hutchinson, Kansas 67502; provided that, at any time after the Closing Date, upon 30 days prior written notice to each of the Servicer, the Note Insurer and the Trustee, the Issuer may relocate its principal place of business and chief executive office, and/or the office where it maintains all of its records, to another location within the United States to the extent that the Issuer shall have taken all actions necessary or reasonably requested by the Servicer, the Trustee or the Note Insurer to amend its existing financing statements and continuation statements, and file additional financing statements and to take any other steps reasonably requested by the Servicer, the Trustee or the Note Insurer to further perfect or evidence the rights, claims or security interests of any of the Servicer, the Trustee or the Note Insurer under any of the Transaction Documents.

(t) Ownership of the Issuer. One hundred percent (100%) of the issued and outstanding shares of capital stock of the Issuer are directly owned (both beneficially and of record) by Midland Credit Management, Inc. Such shares are validly issued, fully paid and nonassessable and no one other than Midland Credit Management, Inc. has any options, warrants or other rights to acquire shares of capital stock of and from the Issuer.

(u) Solvency. The Issuer, both prior to and after giving effect to each transfer and sale of Receivables identified in a Schedule of Receivables on the Closing Date (i) is not "insolvent" (as such term is defined in Section 101(32)(A) of the Bankruptcy Code); (ii) is able to pay its debts as they become due; and (iii) does not have unreasonably small capital for the business in which it is engaged or for any business or transaction in which it is about to engage.

(v) Reporting and Accounting Treatment. For reporting and accounting purposes, and in its books of account and records, the Issuer will treat each transfer of Receivables pursuant to the Receivables Contribution Agreement as an absolute sale and assignment of Midland Credit Management, Inc.'s full right, title and ownership interest in each such Receivable and the Issuer has not in any other manner accounted for or treated the transactions.

(w) Governmental and Other Consents. No consents, approvals, authorization or orders of, registration or filing with, or notice to any governmental authority or court is required for the execution, delivery and performance of, or compliance with, the Transaction Documents by the Issuer, except such consent, approvals, authorizations, filings and notices that have already been made or obtained.

(x) Enforceability of Transaction Documents. Each of the Transaction Documents to which it is a party has been duly authorized, executed and delivered by the Issuer and constitutes the legal, valid and binding obligation of the Issuer, enforceable against it in accordance with its terms.

(y) Accuracy of Information. The representations and warranties of the Issuer in the Transaction Documents are true and correct in all material respects as of the Closing Date and, except for representations and warranties expressly made as of a different date, each Funding Date.

(z) Separate Identity. The Issuer is operated as an entity separate from Midland Credit Management, Inc. In addition, the Issuer:

(i) has its own board of directors,

(ii) has at least two independent directors who satisfy the definition of Independent Director provided in the Certificate of Incorporation who are not direct, indirect, or beneficial stockholders, officers, directors, employees, affiliates, associates, customers or suppliers of any of the Servicer or its Affiliates (other than, in the case of the Issuer, directors thereof) or relatives of any thereof,

(iii) maintains its assets in a manner which facilitates their identification and segregation from those of the Servicer,

(iv) has all office furniture, fixtures and equipment necessary to operate its business,

(v) conducts all intercompany transactions with the Servicer on terms which the Issuer reasonably believes to be on an arm's-length basis,

(vi) has not guaranteed any obligation of the Servicer or any of its Affiliates, nor has it had any of its obligations guaranteed by any such entities and has not held itself out as responsible for debts of any such entity or for the decisions or actions with respect to the business affairs of any such entity,

(vii) has not permitted the commingling or pooling of its funds or other assets with the assets of the Servicer (other than in respect of items of payment and funds which may be commingled until deposit into the Collection Account in accordance with this Agreement),

(viii) has separate deposit and other bank accounts to which neither the Servicer nor any of its Affiliates has any access and does not at any time pool any of its funds with those of the Servicer or any of its Affiliates, except for such funds which may be commingled until deposit into the Collection Account in accordance with this Agreement,

(ix) maintains financial records which are separate from those of the Servicer or any of its Affiliates,

(x) compensates all employees, consultants and agents, or reimburses the Servicer from the Issuer's own funds, for services provided to the Issuer by such employees, consultants and agents,

(xi) conducts all of its business (whether in writing or orally) solely in its own name,

(xii) is not, directly or indirectly, named as a direct or contingent beneficiary or loss payee on any insurance policy covering the property of the Servicer or any of its Affiliates and has entered into no agreement to be named as such a beneficiary or payee,

(xiii) acknowledges that the Trustee and the Note Insurer are entering into the transactions contemplated by this Agreement and the other Transaction Documents in reliance on the Issuer's identity as a separate legal entity from the Servicer, and

(xiv) practices and adheres to company formalities such as complying with its By-laws and resolutions and the holding of regularly scheduled board of directors meetings.

(aa) ERISA Compliant. The Issuer and all ERISA Affiliates are in compliance with all applicable federal or state laws, including the rule and regulations promulgated thereunder, relating to discrimination in the hiring, promotion or pay of employees, any applicable federal or state wages and hours law, and the provisions of the ERISA applicable to its business, except where such noncompliance would not, individually or in the aggregate, have a Material Adverse

Effect. The employee benefit plans, including employee welfare benefit plans (the "Employee Plans") of the Issuer and all ERISA Affiliates have been operated in compliance with the Code, all regulations, rulings and announcements promulgated or issued thereunder and all other applicable governmental laws and regulations (except to the extent such noncompliance would not, individually or in the aggregate, have a Material Adverse Effect). No reportable event under Section 4043(b) of ERISA or any prohibited transaction under Section 406 of ERISA has occurred with respect to any employee benefit Plan maintained by the Issuer or any ERISA Affiliate (except to the extent that any such event or transaction would not, individually or in the aggregate, have a Material Adverse Effect). There are no pending or, to the Issuer's best knowledge, threatened, claims by or on behalf of any employee plan, by any employee or beneficiary covered under any such plan or by any governmental authority or otherwise involving such plans or any of their respective fiduciaries (other than for routine claims for benefits). All Employee Plans that are group health plans have been operated in compliance with the group health plan continuation coverage requirements of Section 4980B of the Code in all material respects (except to the extent that such noncompliance would not, individually or in the aggregate, have a Material Adverse Effect). "Material Adverse Effect" means, when used in connection with the Issuer, any development, change or effect that is materially adverse to the business, properties, assets, net worth, condition (financial or other), or results of operations of the Issuer or that reasonably could be expected to be materially adverse to the prospects of the Issuer. Neither the Issuer nor any of its ERISA Affiliates have a "defined benefit plan" as defined in ERISA.

SECTION 7.02 REACQUISITION OF RECEIVABLES UPON BREACH.

(a) Upon discovery by the Issuer or the Servicer (which discovery shall be deemed to have occurred upon the receipt of notice by a Responsible Officer of the Issuer or the Servicer) or upon the actual knowledge of a Responsible Officer of the Trustee of a breach of any of the representations and warranties of the Issuer set forth in Section 7.01, the party discovering such breach shall give prompt written notice to the others. If such breach has or would have a material adverse effect on the rights or interests of the Noteholders or the Note Insurer with respect to all or a portion of the Receivables, the Issuer shall reacquire the Receivables and, if necessary, the Issuer shall enforce the obligation of the Seller under the Receivables Contribution Agreement to reacquire the Receivables from the Issuer, unless such breach shall have been cured within thirty (30) days after the earlier to occur of the discovery of such breach by the Issuer or receipt of written notice of such breach by the Issuer, such that the relevant representation and warranty shall be true and correct in all material respects as if made on such day, and the Issuer shall have delivered to the Trustee a certificate of any Responsible Officer of the Issuer describing the nature of such breach and the manner in which the relevant representation and warranty became true and correct. This repurchase obligation shall pertain to all representations and warranties of the Issuer contained in Section 7.01, whether or not the Issuer has knowledge of the breach at the time of the breach or at the time the representations and warranties were made. The Issuer will be obligated to accept the reassignment of the Receivables as set forth above on the Remittance Date next succeeding the date on which such reassignment obligation arises. In consideration of the reacquisition of the Receivables, on such Remittance Date, the Issuer shall remit the aggregate Acquisition Payments of the Receivables to the Note Account in the manner specified

in Section 4.03. The payment of such consideration, in immediately available funds, will be considered a payment in full of the Receivables.

(b) Upon any such reacquisition, the Trustee on behalf of the Noteholders and the Note Insurer shall, without further action, be deemed to have released its interest in, to and under the Removed Receivables, all monies due or to become due with respect thereto after the aforementioned Remittance Date and all proceeds thereof. The Trustee shall execute such documents and instruments and take such other actions as shall be reasonably requested by the Issuer to effect the security interest release pursuant to this Section. Notwithstanding the foregoing, the Controlling Party may by delivery of prior written notice waive any breach and repurchase the obligation of the Issuer pursuant to this Section 7.02. The Trustee shall have no duty to conduct any affirmative investigation as to the occurrence of any condition requiring the reacquisition of the Receivables pursuant to this Section, except as otherwise provided in Section 10.02.

SECTION 7.03 LIABILITY OF ISSUER.

The Issuer shall be liable in accordance with this Agreement only to the extent of the obligations in this Agreement specifically undertaken by the Issuer in such capacity under this Agreement and shall have no other obligations or liabilities hereunder.

SECTION 7.04 MERGER OR CONSOLIDATION OF, OR ASSUMPTION OF THE OBLIGATIONS OF, THE ISSUER; CERTAIN LIMITATIONS.

(a) Merger, Etc. Any corporation (i) into which the Issuer may be merged or consolidated, (ii) which may result from any merger, conversion or consolidation to which the Issuer shall be a party, or (iii) which may succeed to all or substantially all of the business of the Issuer, which corporation or in any of the foregoing cases executes an agreement of assumption to perform every obligation of the Issuer under this Agreement, shall be the successor to the Issuer under this Agreement without the execution or filing of any document or any further act on the part of any of the parties to this Agreement, except that if the Issuer in any of the foregoing cases is not the surviving entity, then the surviving entity shall execute an agreement of assumption to perform every obligation of the Issuer hereunder, and the surviving entity shall have taken all actions necessary or reasonably requested by the Issuer, the Trustee or the Note Insurer to amend its existing financing statements and continuation statements, and file additional financing statements and to take any other steps reasonably requested by the Issuer, the Trustee or the Note Insurer to further perfect or evidence the rights, claims or security interests of any of the Issuer, the Trustee or the Note Insurer under any of the Transaction Documents. The Issuer (1) shall provide notice of any merger, consolidation or succession pursuant to this Section to the Rating Agency, the Trustee, the Note Insurer, the Noteholders and the Placement Agent, (2) for so long as the Notes are outstanding, shall receive from the Rating Agency a letter to the effect that such merger, consolidation or succession will not result in a qualification, downgrading or withdrawal of the then-current rating on the Notes, and (3) shall receive from the Controlling Party its prior written consent to such merger, consolidation or succession, absent which consent, the Issuer shall not become a party to such merger, consolidation or succession.

(b) Certain Limitations.

(i) The business, activities and purpose of the Issuer shall be limited as specified in its Certificate of Incorporation

(ii) So long as any outstanding debt of the Issuer or the Notes is rated by the Rating Agency, the Issuer shall not issue unsecured notes or otherwise borrow money unless (A) the Issuer has made a written request to the Rating Agency to issue unsecured notes or incur indebtedness and such notes or borrowings are rated by the Rating Agency the same as or higher than the rating afforded any outstanding rated debt or the Notes, and (B) such notes or borrowings (1) are fully subordinated (and which shall provide for payment only after payment in respect of all outstanding rated debt and/or the Notes) or are nonrecourse against any assets of the Issuer other than the assets pledged to secure such notes or borrowings, (2) do not constitute a claim against the Issuer in the event such assets are insufficient to pay such notes or borrowings and (3) where such notes or borrowings are secured by the collateral securing the rated debt or the Notes, such notes or borrowings are fully subordinated (and which shall provide for payment only after payment in respect of all outstanding rated debt and/or the Notes) to such rated debt or the Notes.

(iii) The Issuer shall not issue unsecured notes or otherwise borrow money, or otherwise grant any consensual Lien in favor of any Person (other than the Lien granted pursuant hereto) absent the prior written consent of the Controlling Party.

(c) Unanimous Consent. Notwithstanding any other provision of this Section and any provision of law, the Issuer shall not do any of the following without the affirmative unanimous vote of all members of the Board of Directors of the Issuer (which includes both Independent Directors, as such term is defined in the Certificate of Incorporation).

(i) (A) dissolve or liquidate, in whole or in part, or institute proceedings to be adjudicated bankrupt or insolvent, (B) consent to the institution of bankruptcy or insolvency proceedings against it, (C) file a petition seeking or consent to reorganization or relief under any applicable federal or state law relating to bankruptcy, (D) consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the corporation or a substantial part of its property, (E) make any assignment for the benefit of creditors, (F) admit in writing its inability to pay its debts generally as they become due, or (G) take any action in furtherance of the actions set forth in clauses (A) through (F) above; or

(ii) merge or consolidate with or into any other person or entity or sell or lease its property and all or substantially all of its assets to any person or entity; or

(iii) modify any provision of its Certificate of Incorporation or Bylaws.

SECTION 7.05 LIMITATION ON LIABILITY OF ISSUER AND OTHERS.

The Issuer and any director or officer or employee or agent of the Issuer may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person respecting any matters arising under this Agreement. The Issuer shall not be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its obligations as Issuer under this Agreement or as the acquirer of the Receivables under the Receivables Contribution Agreement, and that in its opinion may involve it in any expense or liability.

SECTION 7.06 ISSUER MAY OWN NOTES.

The Issuer and any Person controlling, controlled by or under common control with the Issuer may, in its individual or any other capacity, become the owner or pledgee of one or more Notes with the same rights as it would have if it were not the Issuer or an affiliate thereof, except as otherwise specifically provided in the definition of the term "Noteholder." The Notes so owned by or pledged to the Issuer or such controlling or commonly controlled Person shall have an equal and proportionate benefit under the provisions of this Agreement, without preference, priority or distinction as among any of the Notes, except as set forth herein with respect to, among other things, certain rights to vote, consent or give directions to the Trustee as a Noteholder.

SECTION 7.07 COVENANTS OF ISSUER.

(a) Bylaws and Certificate of Incorporation. The Issuer hereby covenants not to change, or agree to any change of, its Bylaws or Certificate of Incorporation without (i) notice to the Trustee, the Rating Agency and the Note Insurer, and (ii) the prior written consent of the Controlling Party.

(b) Merger of the Issuer, Asset Sales and Purchases. Without the prior written consent of the Controlling Party, the Issuer shall not merge with or into or, or transfer or sell all or substantially all of its assets to, or buy all or substantially all the assets of, any person.

(c) Preservation of Existence. The Issuer hereby covenants to do or cause to be done all things necessary on its part to preserve and keep in full force and effect its existence as a corporation, and to maintain each of its licenses, approvals, registrations or qualifications in all jurisdictions in which its ownership or lease of property or the conduct of its business requires such licenses, approvals, registrations or qualifications, except for failures to maintain any such licenses, approvals, registrations or qualifications which, individually or in the aggregate, would not have a material adverse effect on the ability of Issuer to perform its obligations hereunder or under any of the other Transaction Documents.

(d) Compliance with Laws. The Issuer hereby covenants to comply in all material respects with all applicable laws, rules and regulations and orders of any governmental authority, the noncompliance with which would have a material adverse effect on the business, financial condition or results of operations of the Issuer or on the ability of the Issuer to repay the Notes or

the Note Insurer Obligations, or perform any of its other obligations under this Agreement or the other Transaction Documents.

(e) Payment of Taxes. The Issuer hereby covenants to pay and discharge promptly or cause to be paid and discharged promptly all taxes, assessments and governmental charges or levies imposed upon the Issuer or upon its income and profits, or upon any of its property or any part thereof, before the same shall become in default, provided that the Issuer shall not be required to pay and discharge any such tax, assessment, charge or levy so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and the Issuer shall have set aside on its books adequate reserves with respect to any such tax, assessments, charge or levy so contested, or so long as the failure to pay any such tax, assessment, charge or levy would not have a material adverse effect on the ability of the Issuer to perform its obligations hereunder.

(f) Exercise of Rights Under the Transaction Documents. The Issuer hereby covenants to exercise its rights as the Purchaser under the Receivables Contribution Agreement and take such other action in connection with the Transaction Documents as may be appropriate or desirable, taking into account the associated costs, to maximize the collection of amounts payable to the Trust Estate.

(g) Investments. The Issuer hereby covenants that it will not without the prior written consent of the Controlling Party, acquire or hold any indebtedness for borrowed money of another person, or any capital stock, debentures, partnership interests or other ownership interests or other securities of any Person, other than the Receivables acquired under any Receivables Contribution Agreement.

(h) Keeping Records and Books of Account. The Issuer hereby covenants and agrees to maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing the Receivables in the event of the destruction or loss of the originals thereof) and keep and maintain, all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables (including, without limitation, records adequate to permit the daily identification of all collections with respect to, and adjustments of amounts payable under, each Receivable).

(i) Benefit Plan. The Issuer hereby covenants and agrees to comply in all material respects with the provisions of ERISA, the Code, and all other applicable laws, and the regulations and interpretations thereunder to the extent applicable, with respect to each Benefit Plan. Issuer covenants that it will not:

(i) engage in any non-exempt prohibited transaction (within the meaning of Code Section 4975 or ERISA Section 406) with respect to any Benefit Plan which would result in a material liability to the Issuer;

(ii) permit to exist any accumulated funding deficiency as defined in Section 302(a) of ERISA and Section 412(a) of the Code, with respect to any Benefit Plan which is subject to Section 302(q) of ERISA or 412 of the Code; or

(iii) terminate any Benefit Plan of the Issuer or any ERISA Affiliate if such termination would result in any material liability to the Issuer or an ERISA Affiliate.

(j) No Release. The Issuer shall not take any action and shall use its best efforts not to permit any action to be taken by others that would release any Person from any of such Persons covenants or obligations under any document, instrument or agreement included in the Trust Estate, or which would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such document, instrument or agreement.

(k) Separate Identity. The Issuer hereby covenants and agrees to take all actions required to maintain the Issuers status as a separate legal entity. Without limiting the foregoing, the Issuer shall:

(i) conduct all of its business, and make all communications to third parties (including all invoices (if any), letters, checks and other instruments) solely in its own name (and not as a division of any other Person), and require that its employees, if any, when conducting its business identify themselves as such (including, without limitation, by means of providing appropriate employees with business or identification cards identifying such employees as the Issuer's employees);

(ii) compensate all employees, consultants and agents directly or indirectly through reimbursement of the Servicer, from the Issuer's bank accounts, for services provided to the Issuer by such employees, consultants and agents and, to the extent any employee, consultant or agent of the Issuer is also an employee, consultant or agent of the Servicer, allocate the compensation of such employee, consultant or agent between the Issuer and the Servicer on a basis which reflects the respective services rendered to the Issuer and the Servicer;

(iii) (A) pay its own incidental administrative costs and expenses from its own funds, (B) allocate all other shared overhead expenses (including, without limitation, telephone and other utility charges, the services of shared employees, consultants and agents, and reasonable legal and auditing expenses) which are not reflected in the Servicing Fee, and other items of cost and expense shared between the Issuer and the Servicer, on the basis of actual use to the extent practicable, and to the extent such allocation is not practicable, on a basis reasonably related to actual use or the value of services rendered;

(iv) at all times have at least two (2) independent directors who satisfy the definition of Independent Director provided in the Certificate of Incorporation, and have at least one officer responsible for managing its day-to-day business and manage such business by or under the direction of its board of directors;

(v) maintain its books and records separate from those of any Affiliate;

(vi) prepare its financial statements separately from those of its Affiliates and ensure that any consolidated financial statement have notes to the effect that the Issuer is a separate entity whose creditors have a claim on its assets prior to those assets becoming

available to its equity holders and therefore to any of their respective creditors, as the case may be;

(vii) not commingle its funds or other assets with those of any of its Affiliates (other than in respect of items of payment or funds which may be commingled until deposit into the Collection Account in accordance with this Agreement), and not to hold its assets in any manner that would create an appearance that such assets belong to any such Affiliate, not maintain bank accounts or other depository accounts to which any such Affiliate is an account party, into which any such Affiliate makes deposits or from which any such Affiliate has the power to make withdrawals, and not act as an agent or representative of any of its Affiliates in any capacity;

(viii) not permit any of its Affiliates to pay the Issuer's operating expenses;

(ix) not guarantee any obligation of any of its Affiliates nor have any of its obligations guaranteed by any such Affiliate (either directly or by seeking credit based on the assets of such Affiliate), or otherwise hold itself out as responsible for the debts of any Affiliate;

(x) maintain at all times stationery separate from that of any Affiliate and have all its officers and employees conduct all of its business solely in its own name;

(xi) hold regular meetings of its board of directors in accordance with the provisions of its Certificate of Incorporation and otherwise take such actions as are necessary on its part to ensure that all corporate procedures required by its Certificate of Incorporation and Bylaws are duly and validly taken;

(xii) respond to any inquires with respect to ownership of a Receivable by stating that it is the owner of such contributed Receivable, and, if requested to do so, that the Trustee has been granted a security interest in such Receivable;

(xiii) on or before March 31 of each year, beginning in 1999, the Issuer shall deliver to the Trustee an Officer's Certificate stating that Issuer has, during the preceding year, observed all of the requisite company formalities and conducted its business and operations in such a manner as required for the Issuer to maintain its separate company existence from any other entity; and

(xiv) take such other actions as are necessary on its part to ensure that the facts and assumptions set forth in the non-consolidation opinion delivered by Issuer's counsel remain true and correct at all times.

(1) Compliance with all Transaction Documents. The Issuer hereby covenants and agrees to comply in all material respects with the terms of, employ the procedures outlined in and enforce the obligations of the parties to all of the Transaction Documents to which the Issuer is a party, and take all such action to such end as may be from time to time reasonably requested by the Trustee, and/or the Controlling Party, maintain all such Transaction Documents in full force and effect and make to the parties thereto such reasonable demands and requests for

information and reports or for action as the Issuer is entitled to make thereunder and as may be from time to time reasonably requested by the Trustee.

(m) No Sales, Liens, Etc. Against Receivables and Trust Property. The Issuer hereby covenants and agrees, except for releases specifically permitted hereunder, not to sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist, any Lien (other than the Lien created hereby) upon or with respect to, any Receivables or Trust Estate, or any interest in either thereof, or upon or with respect to any Account, or assign any right to receive income in respect thereof. The Issuer shall promptly, but in no event later than one (1) Business Day after a Responsible Officer has obtained actual knowledge thereof, notify the Trustee of the existence of any Lien on any Receivables or Trust Estate, and the Issuer shall defend the right, title and interest of each of the Issuer and the Trustee in, to and under the Receivables and Trust Estate, against all claims of third parties.

(n) No Change in Business. The Issuer covenants that it shall not make any change in the character of its business.

(o) No Change in Name, Etc. The Issuer covenants that it shall not make any change to its corporate name, or use any trade names, fictitious names, assumed names or "doing business as" names.

(p) No Institution of Insolvency Proceedings. The Issuer covenants that it shall not institute Insolvency Proceedings with respect to the Issuer or any Affiliate thereof or consent to the institution of Insolvency Proceedings against the Issuer or any affiliate thereof or take any action in furtherance of any such action, or seek dissolution or liquidation in whole or in part of the Issuer or any Affiliate thereof.

(q) No Change in Chief Executive Office or Location of Records. The Issuer covenants that it shall maintain its principal place of business and chief executive office, and the office where it maintains its records, at 76 Willowbrook Hutchinson, Kansas 67502; provided that, at any time after the Closing Date, upon 30 days' prior written notice to each of the Servicer, the Note Insurer and the Trustee, the Issuer may relocate its principal place of business and chief executive office, and/or the office where it maintains all of its records, to another location within the United States to the extent that the Issuer shall have taken all actions necessary or reasonably requested by the Servicer, the Trustee or the Note Insurer to amend its existing financing statements and continuation statements, and file additional financing statements and to take any other steps reasonably requested by the Servicer, the Trustee or the Note Insurer to further perfect or evidence the rights, claims or security interests of any of the Servicer, the Trustee or the Note Insurer under any of the Transaction Documents. As of the Funding Date, each Receivable File shall be kept by the Servicer at its offices at 500 West First Street, Hutchinson, Kansas 67504, or at such other office of the Servicer permitted pursuant to Section 2.06(b).

(r) Access to Certain Documentation and Information. The Issuer shall provide the Note Insurer, the Trustee and the Noteholders with reasonable access to the documentation relating to the Receivables required to be maintained at the location described in Section 7.07(q). In each case, access to documentation relating to the Receivables shall be afforded without charge but only upon reasonable request and during normal business hours at the offices of the Issuer.

Nothing in this Section shall impair the obligation of the Issuer to observe any applicable law prohibiting disclosure of information regarding the Obligors, which obligation shall be evidenced by an Opinion of Counsel to such effect, and the failure of the Issuer to provide access as provided in this Section as a result of such obligation shall not constitute a breach of this Section.

(s) Benefit Plan. The Issuer hereby covenants and agrees to comply in all material respects with the provisions of ERISA, the Code, and all other applicable laws, and the regulations and interpretations thereunder to the extent applicable, with respect to each Benefit Plan. Issuer covenants that it will not, and it will cause any ERISA Affiliate to not:

(i) engage in any non-exempt prohibited transaction (within the meaning of Code Section 4975 or ERISA Section 406) with respect to any Benefit Plan which would result in a material liability to the Issuer or the Servicer;

(ii) permit to exist any accumulated funding deficiency, as defined in Section 302(a) of ERISA and Section 412(a) of the Code, with respect to any Benefit Plan of the Issuer or any ERISA affiliate which is subject to Section 302(q) of ERISA or 412 of the Code;

(iii) terminate any Benefit Plan of the Issuer or any ERISA Affiliate so as to result in any material liability to the Issuer or an ERISA Affiliate; or

(iv) create any defined benefit plan (as defined in ERISA).

ARTICLE VIII THE SERVICER

SECTION 8.01 REPRESENTATIONS OF SERVICER.

The Servicer hereby makes the following representations on which the Trustee is relying in accepting the Receivables in trust and authenticating the Notes and the Note Insurer is relying in issuing the Policy. The representations shall speak as of the execution and delivery of this Agreement and as of each Funding Date and shall survive the grant of a security interest to the Trustee.

(a) Organization and Good Standing. The Servicer is duly organized and validly existing as a corporation in good standing under the laws of the State of its incorporation, with corporate power and authority to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted, and had at all relevant times, and now has, corporate power, authority and legal right to acquire, own, hold, transfer, convey and service the Receivables and to hold the Receivable Files as custodian on behalf of the Issuer and Trustee.

(b) Due Qualification. The Servicer is duly qualified to do business as a foreign corporation in good standing, and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the Receivables as required by this Agreement) requires such qualification, licenses and approvals except where the failure to be qualified or to obtain such qualifications,

licenses and approvals would not materially and adversely affect the rights or interests of any of the Noteholders, the Note Insurer or the Trust Estate.

(c) Power and Authority. The Servicer has the corporate power and authority to execute and deliver this Agreement and each of the other Transaction Documents to which it is a party, and to carry out its terms; and the execution, delivery and performance of this Agreement has been duly authorized by the Servicer by all necessary corporate action.

(d) Binding Obligations. This Agreement and each of the other Transaction Documents to which the Servicer is a party constitutes a legal, valid and binding obligation of the Servicer enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general principles of equity.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and each of the other Transaction Documents and the fulfillment of the terms of this Agreement and each of the other Transaction Documents does not conflict with, result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the articles of incorporation or bylaws of the Servicer, or conflict with or breach any of the material terms or provisions of, or constitute (with or without notice or lapse of time) a default under, any indenture, agreement or other instrument to which the Servicer is a party or by which it shall be bound; nor result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument (other than this Agreement); nor violate, any law, order, rule or regulation applicable to the Servicer of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Servicer or its properties; which breach, default, conflict, Lien or violation would have, or would have, a material adverse effect on the rights or interests of the Noteholders or the Note Insurer.

(f) No Proceedings. There is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending, or to the Servicer's knowledge, threatened, against or affecting the Servicer: (i) asserting the invalidity of this Agreement, the Notes, or any of the other Transaction Documents, (ii) seeking to prevent the issuance of the Notes or the consummation of any of the transactions contemplated by this Agreement or any of the other Transaction Documents, (iii) seeking any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the Servicer of its obligations under, or the validity or enforceability of, this Agreement, the Notes or any of the other Transaction Documents, or (iv) relating to the Servicer and which might adversely affect the federal income tax attributes of the Notes.

(g) No Subsidiaries. The Servicer has no subsidiaries other than the Issuer and Midland Funding 98-A Corporation.

(h) Not an Investment Company. The Servicer is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act, and none of the issuance of the Notes, the execution and delivery of the Transaction Documents to which the Servicer is a party, or the performance by the Servicer of its

obligations thereunder, will violate any provision of the Investment Company Act, or any rule, regulation or order issued by the Securities and Exchange Commission thereunder.

(i) Year 2000. The Servicer represents and warrants that, to the best of its knowledge, its computer and other systems used in servicing the Receivables currently are capable of operating in a manner so that on and after January 1, 2000 (i) the Servicer can service the Receivables in accordance with the terms of this Agreement and (ii) the Servicer can operate its business in the same manner as it is operating on the date hereof.

(j) Finders Fee. No broker, finder or financial adviser other than Rothschild Inc. has been employed by any of the Servicer or the Issuer in connection with the offering and sale of the Notes or the transactions contemplated hereby and neither the Servicer nor the Issuer has incurred any liability for fees or commissions to any person other than Rothschild Inc. in connection with the offering and sale of the Notes or the transactions contemplated hereby.

(k) No Violation of Securities Act. The Servicer has not offered or sold, and will not offer or sell, any Notes in any manner that would render the issuance and sale of the Notes a violation of the Securities Act or any state securities or "Blue Sky" laws or require registration pursuant thereto, nor has it authorized, nor will it authorize, any Person to act in such manner. No registration under the Securities Act is required for the sale of the Notes as contemplated hereby, assuming the accuracy of the Purchaser's representations and warranties set forth in any Purchase Agreement and satisfaction by the Placement Agent of its obligations set forth in paragraph 7 of the Placement Agency Agreement.

(l) No Violation of Exchange Act or Regulations T, U or X. None of the transactions contemplated in the Transaction Documents (including the use of the proceeds from the sale of the Notes) will result in a violation of Section 7 of the Securities and Exchange Act, or any regulations issued pursuant thereto, including Regulations T, U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II.

SECTION 8.02 LIABILITY OF SERVICER; INDEMNITIES.

(a) Obligations. The Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Servicer under this Agreement and shall have no other obligations or liabilities under this Agreement. Such obligations shall include the following:

(i) the Servicer shall indemnify, defend and hold harmless the Trustee, the Note Insurer and the Trust Estate from and against any taxes that may at any time be asserted against the Trustee or the Trust Estate with respect to the transactions contemplated in this Agreement or any of the other Transaction Documents, including, without limitation, any sales, gross receipts, general corporation, tangible or intangible personal property, privilege or license taxes (but not including any taxes asserted with respect to, and as of the date of, the transfer of the Receivables to the Trust, the issuance and original sale of the Notes, or asserted with respect to ownership of the Receivables, or federal, state or local income or franchise taxes or any other tax, or other income taxes arising out of payments on the Notes, or any interest or penalties with respect thereto or

arising from a failure to comply therewith) and costs and expenses in defending against the same;

(ii) the Servicer shall indemnify, defend and hold harmless the Trustee, the Trust Estate, the Noteholders and the Note Insurer from and against any and all costs, expenses, losses, claims, damages and liabilities to the extent that such cost, expense, loss, claim, damage or liability arose out of, and was imposed upon the Trustee, the Trust Estate, any Noteholder or the Note Insurer through the gross negligence, willful misfeasance or bad faith of the Servicer in connection with the transactions contemplated by this Agreement and the other Transaction Documents, or by reason of the breach by the Servicer of any of its representations, warranties or covenants hereunder or under any of the other Transaction Documents; and

(iii) the Servicer shall indemnify, defend and hold harmless the Trustee from and against all reasonable costs, expenses, losses, claims, damages and liabilities arising out of or incurred in connection with the acceptance or performance of the trusts and duties contained in this Agreement, except to the extent that such cost expense, loss, claim, damage or liability: (A) shall be due to the willful misfeasance, bad faith or gross negligence of the Trustee, (B) shall arise from the breach by the Trustee of any of its representations or warranties set forth in Section 10.14, (C) relates to any tax other than the taxes with respect to which either the Issuer or the Servicer shall be required to indemnify the Trustee, or (D) shall arise out of or be incurred in connection with the performance by the Trustee of the duties as the Backup Servicer under this Agreement.

(b) Expenses. Indemnification under this Section shall include, without limitation, reasonable fees and expenses of counsel and expenses of litigation. If the Servicer has made any indemnity payments pursuant to this Section and the recipient thereafter collects any of such amounts from others, the recipient shall promptly repay such amounts collected to the Servicer, without interest, so long as no amounts are outstanding to the Trustee then due and owing to the Trustee by the Servicer in which event such amounts shall offset such obligations.

(c) Survival. The provisions of this Section shall survive the resignation or removal of the Servicer or the Trustee and the termination of this Agreement.

(d) Successor Servicer Liability. Notwithstanding anything to the contrary contained in this Agreement, the Successor Servicer shall have no liability or obligation with respect to any Servicer indemnification obligations of any prior Servicer. Upon assuming its role as Successor Servicer, the Successor Servicer shall be responsible only for the indemnification obligations set forth in 7.02(a).

SECTION 8.03 MERGER OR CONSOLIDATION OF, OR ASSUMPTION OF THE OBLIGATIONS OF, THE SERVICER.

Any corporation (i) into which the Servicer may be merged or consolidated, (ii) which may result from any merger, conversion or consolidation to which the Servicer shall be a party, or (iii) which may succeed to all or substantially all of the business of the Servicer, which corporation in any of the foregoing cases executes an agreement of assumption to perform every

obligation of the Servicer under this Agreement, shall be the successor to the Servicer under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement; provided, however, that (i) such merger, consolidation or conversion shall not cause a Servicer Default and (ii) prior to any such merger, consolidation or conversion the Servicer shall have provided to the Trustee and the Noteholders a letter from the Rating Agency indicating that such merger, consolidation or conversion will not result in the qualification, reduction or withdrawal of the rating then assigned to the Notes by the Rating Agency. The Servicer shall provide notice of any merger, consolidation or succession pursuant to this Section to the Trustee, the Noteholders, the Note Insurer, the Rating Agency and the Placement Agent.

SECTION 8.04 LIMITATION ON LIABILITY OF SERVICER AND OTHERS.

(a) Neither the Servicer nor any of its directors, officers, employees or agents shall be under any liability to the Note Insurer, the Trustee or the Noteholders, except as provided in this Agreement, for any action taken or for refraining from the taking of any action pursuant to this Agreement, or for errors in judgment; provided however, that this provision shall not protect the Servicer or any such person against any liability that would otherwise be imposed by reason of willful misfeasance, bad faith or negligence of the Servicer in connection with the transactions contemplated by this Agreement and any of the other Transaction Documents, or the breach by the Servicer of any of its representations, warranties or covenants hereunder or under any of the other Transaction Documents. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on any document of any kind prima facie properly executed and submitted by any Person respecting any matters arising under this Agreement.

(b) The Servicer shall not be under any obligation to appear in, prosecute, or defend any legal action that shall not be incidental to its duties to service the Receivables in accordance with this Agreement; provided, however, that the Servicer may undertake any reasonable action that it may deem necessary or desirable in respect of this Agreement and the rights and duties of the parties to this Agreement and the interests of the Noteholders under this Agreement.

(c) The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person respecting any matters arising under this Agreement.

SECTION 8.05 SERVICER NOT TO RESIGN.

Subject to the provisions of Section 8.03, Midland Credit Management, Inc. shall not resign from the obligations and duties hereby imposed on it as Servicer under this Agreement except upon determination that the performance of its duties under this Agreement shall no longer be permissible under applicable law. Notice of any such determination permitting the resignation of Midland Credit Management, Inc. shall be communicated to the Trustee, the Note Insurer, the Noteholders and the Rating Agency at the earliest practicable time and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Trustee and the Noteholders concurrently with or promptly after such notice. No such resignation shall become effective until the Backup Servicer or a Successor Servicer shall have assumed the

responsibilities and obligations of Midland Credit Management, Inc. in accordance with Sections 9.02 or 9.03.

SECTION 8.06 BACKUP SERVICING.

(a) Norwest Bank Minnesota, National Association is hereby appointed to act as Backup Servicer with respect to this Agreement and the transactions contemplated hereby and by the other Transaction Documents.

(b) The Servicer agrees to provide monthly to the Backup Servicer a computer diskette or computer tape with all information necessary for the Backup Servicer to perform all of the servicing obligations of the Servicer under this Agreement. The Servicer further agrees to provide all updates with respect to its computer processing necessary for the Backup Servicer to maintain a continuous ability to fulfill the role of Successor Servicer under this Agreement.

(c) The Backup Servicer shall assume its duties as Successor Servicer in accordance with Sections 9.02 and 9.03 except upon determination that the Backup Servicer is legally unable to perform the duties of the Servicer under this Agreement as provided in Section 9.03.

(d) On or before 11 a.m., New York, New York time on each Determination Date, the Servicer will deliver to the Backup Servicer a computer diskette (or other electronic transmission) in a format acceptable to the Backup Servicer containing the fields listed in Exhibit E hereto, which fields contain information with respect to the Receivables as of the close of business on the last day of the related Collection Period. The Backup Servicer shall not be obligated to verify the information contained in such transmission or the Monthly Servicer Report.

(e) Other than the duties specifically set forth in this Agreement, the Backup Servicer shall have no obligations hereunder, including without limitation to supervise, verify, monitor or administer the performance of the Servicer. The Backup Servicer shall have no liability for any actions taken or omitted by the Servicer. The duties and obligations of the Backup Servicer shall be determined solely by the express provisions of this Agreement and no implied covenants or obligations shall be read into this Agreement against the Backup Servicer. The Backup Servicer shall be entitled to all of the benefits and indemnities afforded the Trustee pursuant to the provisions of this Agreement. The Backup Servicer shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers (other than in the ordinary course of the performance of such duties or the exercise of such rights or powers), if the repayment of such funds or adequate written indemnity against such risk or liability is not reasonably assured to it in writing prior to the expenditure or risk of such funds or incurrence of financial liability.

(f) Neither the Backup Servicer nor any of its directors, officers, employees or agents shall be under any liability to any of the parties hereto, except as specifically provided in this Agreement, for any action taken or for refraining from the taking of any action pursuant to this Agreement or for errors in judgment; provided however, that this provision shall not protect the Backup Servicer against any misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties under this Agreement. The

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

Backup Servicer and any of its directors, officers, employees or agents may rely in good faith on the advice of counsel or on any document of any kind prima facie properly executed and submitted by any Person respecting any matters arising under this Agreement.

(g) The parties expressly acknowledge and consent to Norwest Bank Minnesota, National Association acting in the possible dual capacity of Backup Servicer or successor Servicer and in the capacity as Trustee. Norwest Bank Minnesota, National Association may, in such dual capacity, discharge its separate functions fully, without hindrance or regard to conflict of interest principals, duty of loyalty principles or other breach of fiduciary duties to the extent that any such conflict or breach arises from the performance by Norwest Bank Minnesota, National Association of express duties set forth in this Agreement in any of such capacities, all of which defenses, claims or assertions are hereby expressly waived by the other parties hereto except in the case of negligence, bad faith and willful misconduct by Norwest Bank Minnesota, National Association.

SECTION 8.07 GENERAL COVENANTS OF SERVICER.

Midland Credit Management, Inc. covenants and agrees that from the Closing Date until it is no longer the Servicer hereunder:

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(c) Related Person Transaction. Without the prior written consent of the Controlling Party (which consent shall not be unreasonably withheld or delayed), Servicer shall not enter into any Related Person Transaction other than on terms that are no less favorable to Servicer than those that would have been obtained in a comparable transaction by Servicer with a non-Related Person. The term "Related Person" means, as to Servicer, any shareholder, director, officer or employee thereof or any Affiliate thereof or any relative of any of them. The term "Related Person Transaction" means (i) any sale, lease, transfer or other disposition of Servicer's property to any Related Person, or (ii) the purchase, lease or other acquisition by Servicer of any property from any Related Person, or (iii) the making of any contract, agreement, understanding, loan, advance, guarantee, or other credit support with or for the benefit of any Related Person.

(d) Investments. The Servicer hereby covenants that it will not without the prior written consent of the Controlling Party (which consent shall not be unreasonably withheld or delayed), acquire or hold any indebtedness for borrowed money of another person, or any capital stock, debentures, partnership interests or other ownership interests or other securities of any Person,

other than (i) Issuer and Midland Funding 98-A Corporation, and (ii) receivables of similar type to the Receivables.

(e) Sale of Assets. Without the prior written consent of the Controlling Party (which consent shall not be unreasonably withheld or delayed), Servicer shall not convey, sell, lease, license, transfer or otherwise dispose of, in one transaction or in a series of transactions, all or substantially all of its assets, other than with respect to securitization transactions of its receivables.

(f) Bankruptcy. Servicer shall not take any action in any capacity to file any bankruptcy, reorganization or Insolvency Proceedings against Issuer, or cause Issuer to commence any reorganization, bankruptcy proceedings, or Insolvency Proceedings under any applicable state or federal law, including without limitation any readjustment of debt, or marshaling of assets or liabilities or similar proceedings.

(g) Legal Existence. Servicer shall do or cause to be done all things necessary on its part to preserve and keep in full force and effect its existence as a corporation in the jurisdiction of its incorporation, and to maintain each of its licenses, approvals, registrations or qualifications in all jurisdictions in which its ownership or lease of property or the conduct of its business requires such licenses, approvals, registrations or qualifications; except for failures to maintain any such licenses, approvals, registrations or qualifications which, individually or in the aggregate, would not have a material adverse effect on the ability of Servicer to perform its obligations hereunder or under any of the other Transaction Documents.

(h) Compliance With Laws. Servicer shall comply in all material respects, with all laws, rules and regulations and orders of any governmental authority applicable to its operation, the noncompliance with which failures which would have a material adverse effect on the business, financial condition or results of operations of the Servicer or on the ability of the Servicer to perform its obligations hereunder or under any of the other Transaction Documents.

(i) Taxes. Servicer shall pay and discharge all taxes, assessments and governmental charges or levies imposed upon Servicer or upon its income and profits, or upon any of its property or any part thereof, before the same shall become in default, provided that Servicer shall not be required to pay and discharge any such tax, assessment, charge or levy so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and Servicer shall have set aside on its books adequate reserves with respect to any such tax, assessment, charge or levy so contested, or so long as the failure to pay any such tax, assessment, charge or levy would not have a material adverse effect on the ability of the Servicer to perform its obligations hereunder.

(j) Financial Statements. Servicer shall maintain its financial books and records in accordance with GAAP. Servicer shall furnish to the Note Insurer and the Backup Servicer:

(i) Quarterly Statements. As soon as available and in any event within 45 days after the end of each of the calendar quarters of each fiscal year of the Servicer, the consolidated balance sheet of the Servicer and the related statements of income, shareholders' equity and cash flows, each for the period commencing at the end of the

preceding fiscal year and ending with the end of such fiscal quarter, prepared in accordance with GAAP consistently applied; and

(ii) Annual Statements. As soon as available and in any event within 90 days after the end of each fiscal year of the Servicer, the balance sheets of the Servicer and the related statements of income, shareholder's equity and cash flows for, the fiscal year then ended, each prepared in accordance with GAAP consistently applied and reported on by a firm of nationally recognized independent public accountants.

(k) Compliance with all Transaction Documents. The Servicer hereby covenants and agrees to comply in all material respects with the terms of, employ the procedures outlined in and enforce the obligations of the parties to all of the Transaction Documents to which the Servicer is a party, and take all such action to such end as may be from time to time reasonably requested by the Trustee, maintain all such Transaction Documents in full force and effect and make to the parties thereto such reasonable demands and requests for information and reports or for action as the Servicer is entitled to make thereunder and as may be from time to time reasonably requested by the Trustee.

(l) No Change in Chief Executive Office or Location of Records. The Servicer covenants that it shall maintain its principal place of business and chief executive office, and the office where it maintains all of its records, at 500 West First Street, Hutchinson, Kansas 67504; provided that, at any time after the Closing Date, upon 30 days' prior written notice to each of the Issuer, the Note Insurer and the Trustee, the Servicer may relocate its principal place of business and chief executive office, and/or the office where it maintains all of its records, to another location within the United States to the extent that the Servicer shall have taken all actions necessary or reasonably requested by the Issuer, the Trustee or the Note Insurer to amend its existing financing statements and continuation statements, and file additional financing statements and to take any other steps reasonably requested by the Issuer, the Trustee or the Note Insurer to further perfect or evidence the rights, claims or security interests of any of the Issuer, the Trustee or the Note Insurer under any of the Transaction Documents. As of the Funding Date, each Receivable File shall be kept by the Servicer at its offices at 500 West First Street, Hutchinson, Kansas 67504.

(m) Maintenance of Insurance. The Servicer hereby covenants and agrees to maintain one or more policies of "all-risk" property and general liability insurance with financially sound and reputable insurers, providing coverage in scope and amount which is at least consistent with the scope and amount of such insurance coverage obtained by prudent and similarly situated Persons in the same jurisdiction and the same business as Servicer.

(n) Separate Identity. The Servicer hereby covenants and agrees to take all actions required to maintain the Issuer's status as a separate legal entity. Without limiting the foregoing, the Servicer shall not take any action or fail to take any action that would result in the Issuer not satisfying any of the following:

(i) Issuer shall conduct all of its business, and make all communications to third parties (including all invoices (if any), letters, checks and other instruments) solely in its own name (and not as a division of any other Person), and require that its employees, if any, when conducting its business identify themselves as such;

(ii) Issuer shall compensate all employees, consultants and agents directly or indirectly through reimbursement of the Servicer, from the Issuer's bank accounts, for services provided to the Issuer by such employees, consultants and agents and, to the extent any employee, consultant or agent of the Issuer is also an employee, consultant or agent of the Servicer, allocate the compensation of such employee, consultant or agent between the Issuer and the Servicer on a basis which reflects the respective services rendered to the Issuer and the Servicer;

(iii) Issuer shall (A) pay its own incidental administrative costs and expenses from its own funds, (B) allocate all other shared overhead expenses (including, without limitation, telephone and other utility charges, the services of shared employees, consultants and agents, and reasonable legal and auditing expenses) which are not reflected in the Servicing Fee, and other items of cost and expense shared between the Issuer and the Servicer, on the basis of actual use to the extent; practicable, and to the extent such allocation is not practicable, on a basis reasonably related to actual use or the value of services rendered;

(iv) Issuer shall at all times have at least two independent directors who satisfy the definition of Independent Director provided in the Certificate of Incorporation, and have at least one officer responsible for managing its day-to-day business and manage such business by or under the direction of its board of directors;

(v) Issuer shall maintain its books and records separate from those of any Affiliate;

(vi) Issuer shall prepare its financial statements separately from those of its Affiliates and ensure that any consolidated financial statement have notes to the effect that the Issuer is a separate entity whose creditors have a claim on its assets prior to those assets becoming available to its equity holders and therefore to any of their respective creditors, as the case may be;

(vii) Issuer shall not commingle its funds or other assets with those of any of its Affiliates (other than in respect of items of payment or funds which may be commingled until deposit into the Collection Account in accordance with this Agreement), and not to hold its assets in any manner that would create an appearance that such assets belong to any such Affiliate, not maintain bank accounts or other depository accounts to which any such Affiliate is an account party, into which any such Affiliate makes deposits or from which any such Affiliate has the power to make withdrawals, and not act as an agent or representative of any of its Affiliates in any capacity;

(viii) Issuer shall not permit any of its Affiliates to pay the Issuer's operating expenses;

(ix) Issuer shall not permit Issuer to guarantee any obligation of any of its Affiliates nor have any of its obligations guaranteed by any such Affiliate (either directly or by seeking credit based on the assets of such Affiliate), or otherwise hold itself out as responsible for the debts of any Affiliate;

(x) Issuer shall maintain at all times stationery separate from that of any Affiliate and have all its officers and employees conduct all of its business solely in its own name;

(xi) Issuer shall hold regular meetings of its board of directors in accordance with the provisions of its Certificate of Incorporation and otherwise take such actions as are necessary on its part to ensure that all company procedures required by its Certificate of Incorporation and Bylaws are duly and validly taken;

(xii) Issuer shall respond to any inquires made directly to it with respect to ownership of a Receivable by stating that it is the owner of such contributed Receivable, and, if requested to do so, that the Trustee has been granted a security interest in such Receivable; and

(xiii) Issuer shall take such other actions as are necessary on its part to ensure that the facts and assumptions set forth in the non-consolidation opinion delivered by Issuers counsel remain true and correct at all times.

(o) Benefit Plan. The Servicer hereby covenants and agrees to comply in all material respects with the provisions of ERISA, the Code, and all other applicable laws, and the regulations and interpretations thereunder to the extent applicable, with respect to each Benefit Plan. Servicer covenants that it will not, and it will cause any ERISA Affiliate to not:

(i) engage in any non-exempt prohibited transaction (within the meaning of Code Section 4975 or ERISA Section 406) with respect to any Benefit Plan which would result in a material liability to the Servicer;

(ii) permit to exist any accumulated funding deficiency, as defined in Section 302(a) of ERISA and Section 412(a) of the Code, with respect to any Benefit Plan of the Servicer or any ERISA affiliate which is subject to Section 302 of ERISA or 412 of the Code;

(iii) terminate any Benefit Plan of the Servicer or any ERISA Affiliate so as to result in any material liability to the Servicer or an ERISA Affiliate; or

(iv) create any defined benefit plan (as defined in ERISA).

ARTICLE IX
SERVICER DEFAULT; EVENTS OF DEFAULT; REMEDIES

SECTION 9.01 SERVICER DEFAULT.

For purposes of this Agreement, each of the following shall constitute a "Servicer Default":

(a) any failure by the Servicer to deliver to the Trustee or the Note Insurer the Monthly Servicer Report for the related Collection Period, or any failure by the Servicer to make any payment, transfer or deposit, or deliver to the Trustee any proceeds or payment required to be so delivered under the terms of the Notes, this Agreement or any of the other Transaction Documents to which it is a party, or to make any payment of the Note Insurer Obligations on the day when due, in each case that continues unremedied for a period of one Business Day after the earlier to occur of (x) actual discovery by a Responsible Officer of the Servicer, or (y) the date on which written notice requiring the same to be remedied has been given to the Servicer by the Trustee or the Controlling Party; or

(b) any failure on the part of the Servicer duly to observe or perform any other covenants or agreements of the Servicer set forth in the Notes, this Agreement, the Insurance Agreement, or any of the other Transaction Documents to which the Servicer is a party, which failure (i) would have a material adverse effect on the rights or interests of the Note Insurer, the Noteholders, the Trustee or the Trust Estate and (ii) continues unremedied for a period of 30 days after the earlier to occur of (x) actual discovery by a Responsible Officer of the Servicer or (y) the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Controlling Party or the Trustee; or the Servicer delegates its duties under the Notes, this Agreement, the Insurance Agreement or any of the other Transaction Documents to which it is a party, except as specifically permitted pursuant to Section 9.07, and such delegation continues unremedied for a period of 15 days after written notice, requiring such delegation to be remedied, shall have been given to the Servicer by the Trustee or the Controlling Party; or

(c) the entry of a decree or order by a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a trustee in bankruptcy, conservator, receiver or liquidator for the Servicer in any bankruptcy, insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding up or liquidation of their respective affairs, and the continuance of any such decree or order unstayed and in effect for a period of 30 consecutive days; or

(d) the consent by the Servicer to the appointment of a trustee in bankruptcy, conservator or receiver or liquidator in any bankruptcy, insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings of or relating to the Servicer or substantially all of its property, or the Servicer shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations; or

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

(e) any representation, warranty or certification made by Midland Credit Management, Inc. in this Agreement, the Insurance Agreement or in any other Transaction Document to which it is a party, or in any certificate delivered pursuant to this Agreement, the Insurance Agreement or in any other Transaction Document to which it is a party, proves to have been incorrect when made, which (i) would have a material adverse effect on the rights of the Noteholders, the Note Insurer or the Trust Estate, respectively (without regard to any amount deposited in the Reserve Account), and (ii) if capable of remedy, continues unremedied for a period of 30 days after the earlier to occur of (x) actual discovery by a Responsible Officer of the Servicer or (y) the date on which written notice thereof, requiring the same to be remedied, shall have been given to the Servicer by the Controlling Party or the Trustee; or

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* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

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Notwithstanding the foregoing, the cure periods referred to in each of clauses (a), (f) and (h) above may be extended for an additional period of five Business Days each, or such longer period not to exceed 30 Business Days as may be acceptable to the Controlling Party, if such delay or failure was caused by an act of God or other similar occurrence. Upon the occurrence of any such event the Servicer shall not be relieved from using its best efforts to perform its obligations in a timely manner in accordance with the terms of this Agreement and the Servicer shall provide the Trustee, the Note Insurer, the Rating Agency, the Placement Agent and the Noteholders prompt notice of such failure or delay by it, together with a description of its effort to so perform its obligations. The Servicer shall notify the Trustee and the Note Insurer in writing of any Servicer Default that it discovers within one Business Day of such discovery. The Trustee shall have no duty or obligation to determine whether or not a Servicer Default has occurred.

SECTION 9.02 CONSEQUENCES OF A SERVICER DEFAULT.

(a) If a Servicer Default shall occur and be continuing, so long as such Servicer Default has not been cured or waived pursuant to Section 9.05, the Trustee shall, upon the direction of the Controlling Party, by notice then given in writing to the Servicer and the Note Insurer terminate all (but not less than all) of the rights and obligations of the Servicer, as Servicer under this Agreement and the other Transaction Documents, and in and to the Receivables and proceeds thereof. On or after the receipt by the Servicer of such written notice, all authority and power of the Servicer under this Agreement, whether with respect to the Notes, the Receivables, the Transaction Documents or otherwise, shall, without further action, pass to and be vested in the Backup Servicer pursuant to and under this Section or such Successor Servicer as may be appointed under Section 9.03; and, without limitation, the Backup Servicer or such Successor Servicer shall be hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such notice of termination, whether to complete the transfer and endorsement of the Receivables and related documents, or otherwise. The predecessor Servicer shall cooperate with the Backup Servicer or the Successor Servicer, as applicable, in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including, without limitation, the transfer to the Backup Servicer or the Successor Servicer, as applicable, for administration by it of all cash amounts that shall at the time be held by the predecessor Servicer for deposit with respect to the Receivables, or have been deposited by the predecessor Servicer in the Accounts with respect to the Receivables or thereafter received by the predecessor Servicer with respect to the Receivables. All reasonable costs and expenses (including reasonable attorneys' fees) incurred in connection with transferring the Receivable Files to the Backup Servicer or the Successor Servicer, as applicable, and amending this Agreement to reflect such succession as Servicer pursuant to this Section shall be paid first, pursuant to Section 4.04(b)(ii),

and second, by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses; provided, however, that the amount of such costs and expenses shall not exceed \$75,000 (the amount of such costs and expenses are referred to herein as the "Transition Fees").

(b) In addition to the remedial provisions set forth in clause (a) above, and not by way of limitation of any remedies to which any of the Trustee, the Note Insurer or the Noteholders are entitled upon the occurrence of a Servicer Default, the Issuer and the Servicer acknowledge and agree that, so long as a Servicer Default shall occur and be continuing, and such Servicer Default has not been cured or waived pursuant to Section 9.05, the Trustee shall, upon the direction of the Controlling Party by notice then given in writing to the Servicer and the Note Insurer, direct the Servicer (or Backup Servicer or Successor Servicer as the case may be) to (x) deposit all checks and other items of collections received in respect of Receivables directly into an Account immediately upon receipt, and/or (y) instruct each Obligor to remit all collections in respect of receivables directly to an Account designated for such purpose.

SECTION 9.03 BACKUP SERVICER TO ACT; APPOINTMENT OF SUCCESSOR SERVICER.

On and after the time the Servicer receives a notice of termination pursuant to Section 9.02 or tenders its resignation pursuant to Section 8.05, the Backup Servicer shall, by an instrument in writing, assume the rights and responsibilities of the Servicer in its capacity as Servicer under this Agreement and the Insurance Agreement and the transactions set forth or provided for in this Agreement and the Insurance Agreement, and shall be subject to all the responsibilities, restrictions, duties and liabilities relating thereto placed on the Servicer by the terms and provisions of this Agreement and the Insurance Agreement; provided, however, that the Backup Servicer shall not be liable for any acts, omissions or obligations of the Servicer prior to such succession or for any breach by the Servicer of any of its representations and warranties contained in this Agreement, in the Insurance Agreement or in any related Transaction Document. Notwithstanding any other Section in this Agreement to the contrary, should the Backup Servicer by any means become successor servicer, the Backup Servicer shall not inherit any of the indemnification obligations of any prior servicer including the original servicer. The indemnification obligations of the Backup Servicer, upon becoming a successor Servicer are expressly limited to the indemnification of the Trustee, the Trust Estate, the Noteholders and the Note Insurer from and against any and all costs, expenses, losses, claims, damages and liabilities to the extent that such cost, expense, loss, claim, damage or liability arose out of, and was imposed upon, the Trustee, the Trust Estate, any Noteholder or the Note Insurer through the gross negligence, willful misfeasance or bad faith of the Backup Servicer in its capacity as successor Servicer in connection with the transactions contemplated by this Agreement and the other Transaction Documents. As compensation therefor, the Backup Servicer shall be entitled to such compensation (whether payable out of the Collection Account or otherwise) as the Servicer would have been entitled to under this Agreement, plus any additional amounts determined in the manner set forth below, if no such notice of termination or resignation had been given. Notwithstanding anything herein to the contrary, Norwest Bank Minnesota, National Association shall not resign from the obligations and duties imposed on it as Backup Servicer under this Agreement except upon determination that the performance of its duties under this

Agreement shall no longer be permissible under applicable law. Notice of any such determination permitting the resignation of Norwest Bank Minnesota, National Association shall be communicated to the Trustee, the Noteholders, the Note Insurer, and the Rating Agency at the earliest practicable time and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Trustee and the Noteholders concurrently with or promptly after such notice. In the event the Backup Servicer is unable or unwilling so to act, it shall appoint or petition a court of competent jurisdiction to appoint any established institution having a net worth of not less than \$5,000,000 and whose regular business includes the servicing of consumer receivables as a successor servicer (a "Successor Servicer"). In connection with such appointment and assumption, or the assumption by the Backup Servicer of the status of Successor Servicer, the Backup Servicer may make such arrangements for the compensation of such Successor Servicer (including itself) out of payments on or in respect of the Receivables as determined in accordance with the next sentence. Any Successor Servicer appointed pursuant to this Section 9.03 must have, and must certify that it has, computer systems that will be used in its duties as Servicer which will properly utilize dates beyond December 31, 1999, and shall be entitled to compensation equal to the greater of (A) the Servicing Fee and (B) the current "market rate" paid for servicing receivables similar to the Receivables which rate shall be determined by averaging bids obtained from not less than three entities experienced in the servicing of receivables similar to the Receivables and that are not Affiliates of the Trustee, the Backup Servicer, the Servicer or the Issuer and are reasonably acceptable to the Note Insurer; provided however, that no such compensation shall be in excess of an amount acceptable to the Controlling Party and the Rating Agency and provided that if the Successor Servicer is an Affiliate of the Trustee, such fees will not exceed the greater of the Servicing Fee or the lowest of the three bids obtained as provided in this sentence. The Backup Servicer and such Successor Servicer shall take such action, consistent with this Agreement, as shall be necessary to effectuate any such succession. The Backup Servicer shall not be relieved of its duties as Successor Servicer under this Section until the newly appointed Successor Servicer shall have assumed the responsibilities and obligations of the Servicer under this Agreement.

SECTION 9.04 NOTIFICATION TO NOTE INSURER, NOTEHOLDERS, RATING AGENCY AND PLACEMENT AGENT.

Upon a Responsible Officer of the Trustee obtaining actual knowledge of (i) the occurrence of a Servicer Default and the expiration of any cure period applicable thereto or (ii) any termination of, or appointment of a successor to, the Servicer pursuant to this Agreement, the Trustee shall give prompt written notice thereof to Noteholders at their respective addresses appearing in the Note Register and to the Rating Agency, the Note Insurer and the Placement Agent.

SECTION 9.05 WAIVER OF PAST SERVICER DEFAULTS.

The Trustee shall at the direction of the Controlling Party waive any Servicer Default or other default by the Servicer in the performance of its obligations hereunder and its consequences, except a default in making any required deposits to or payments from the Accounts in accordance with this Agreement or in respect of a covenant or provision of this Agreement that under Section 12.01 cannot be modified or amended without the consent of each

Noteholder. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon except to the extent expressly so waived.

SECTION 9.06 [RESERVED]

SECTION 9.07 SUBSERVICERS.

(a) The Backup Servicer may, at its own expense, enter into subservicing agreements with subservicers (the "Subservicers") for the servicing and administration of all or any part of the Receivables. References in this Agreement to actions taken or to be taken by the Backup Servicer in servicing and managing the Receivables include actions taken by a Subservicer on behalf of the Backup Servicer. Each Subservicer shall be authorized to transact business in the state or states in which the related Receivables it is to service or manage are situated, if and to the extent required by applicable law to enable the Subservicer to perform its obligations hereunder and under the applicable subservicing agreement. Each subservicing agreement shall be upon such terms and conditions as are not inconsistent with this Agreement and as to which the Backup Servicer and the Subservicer have agreed. For purposes of this Agreement, the Backup Servicer shall be deemed to have received any payment when the Subservicer receives such payment. The Backup Servicer shall notify the Trustee, the Issuer, the Note Insurer and the Rating Agency in writing promptly upon the appointment of any Subservicer.

(b) As part of its servicing activities hereunder, the Backup Servicer, for the benefit of the Trustee, the Note Insurer and the Noteholders, shall enforce the obligations of each Subservicer under the related subservicing agreement. Such enforcement, including, without limitation, the legal prosecution of claims, termination of subservicing agreements and pursuit of other appropriate remedies, shall be in accordance with the servicing standards set forth herein. The Backup Servicer shall pay the costs of such enforcement at its own expense and shall be reimbursed therefor only from (i) a general recovery resulting from such enforcement only to the extent, if any, that such recovery exceeds all amounts due in respect of the related Receivables, or (ii) a specific recovery of costs, expenses or attorneys fees against the party against whom such enforcement is directed.

(c) Notwithstanding any subservicing agreement any of the provisions of this Agreement relating to agreements or arrangements between the Backup Servicer and a Subservicer, or reference to actions taken through a Subservicer or otherwise, the Back-up Servicer shall remain obligated and liable to the Trustee, the Note Insurer and the Noteholders for the servicing, managing, collecting and administering of the Receivables and the other assets included in the Trust Estate in accordance with the provisions of Section 2.1 without diminution of such obligation or liability by virtue of such subservicing agreement or arrangements or by virtue of indemnification from a Subservicer and to the same extent and under the same terms and conditions as if the Backup Servicer alone were servicing, managing, collecting and administering the Receivables and the other assets included in the Trust Estate.

SECTION 9.08 EVENTS OF DEFAULT.

"Event of Default" wherever used herein, means, with respect to Notes issued hereunder, any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest, premiums or any other amounts due and owing on any Note or in respect of the Note Insurer Obligations (which default continues for a period of two Business Days) or failure to pay the Notes or the Note Insurer Obligations in full on or before the Final Maturity Date;

(b) the Note Insurer is required to make a payment under the Policy;

(c) if the Issuer shall breach or default in the due observance of any of the covenants of the Issuer set forth in Section 7.07, other than the covenants contained in Subsections (e), (f) or (h) thereof;

(d) if the Issuer shall breach or default in the due observance or performance of, any other of its covenants in this Agreement, which breach or default would have a material adverse effect on the rights or interests of the Note Insurer or the Noteholders, and such default shall continue for a period of 30 days after the earlier to occur of (x) actual discovery by a Responsible Officer of the Servicer or (y) the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Note Insurer or the Trustee;

(e) if any representation or warranty of the Issuer made in this Agreement or any certificate or other writing delivered pursuant hereto or in connection herewith shall prove to have been breached in any material respect as of the time when the same shall have been made or deemed made, which breach would have a material adverse effect on the rights or interests of the Note Insurer or the Noteholders, and such breach shall continue for a period of 30 days after the earlier to occur of (x) actual discovery by a Responsible Officer of the Servicer or (y) the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Note Insurer or the Trustee;

(f) the entry of a decree or order for relief by a court having jurisdiction in respect of the Issuer in an involuntary case under the federal bankruptcy laws, as now or hereafter in effect, or any other present or future federal or state bankruptcy, insolvency or similar law, or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or of any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Issuer and the continuance of any such decree or order unstayed and in effect for a period of 30 consecutive days; or

(g) the commencement by the Issuer of a voluntary case under the federal bankruptcy laws, as now or hereafter in effect, or any other present or future federal or state bankruptcy, insolvency or similar law, or the consent by the Issuer to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or of any substantial part of its property or the making by the Issuer of an assignment for

the benefit of creditors or the failure by the Issuer generally to pay its debts as such debts become due or the taking of corporate action by the Issuer in furtherance of any of the foregoing;

(h) the occurrence and continuation of a Servicer Default;

(i) The IRS or the PBGC shall have filed notice of one or more Adverse Claims against the Servicer, the Issuer or any of their ERISA Affiliates under ERISA or the Code, which constitutes a Lien on the Receivables, and such notice shall have remained in effect for more than thirty (30) Business Days unless, prior to the expiration of such period, such Adverse Claims shall have been adequately bonded by such Servicer, Issuer, or the ERISA Affiliate (as the case may be) in a transaction with respect to which the Controlling Party has given its prior written approval; or

(j) The Issuer or the Trust Estate shall have become subject to registration as an "investment company" within the meaning of the Investment Company Act as determined by a court of competent jurisdiction in a final and non-appealable order.

SECTION 9.09 ACCELERATION OF MATURITY; RESCISSION AND ANNULMENT.

If an Event of Default occurs and is continuing, then and in every such case, so long as such Event of Default has not been cured or waived pursuant hereto, the Trustee shall, upon the direction of the Controlling Party, by notice then given in writing to the Issuer, the Servicer and the Note Insurer, declare all of the Notes to be immediately due and payable and upon on any such declaration such Notes, in an amount equal to the Note Balance of such Notes, together with accrued and unpaid interest thereon to the date of such acceleration, and together with all unpaid Trustee Fees, Backup Servicing Fees, and Servicing Fees, shall become immediately due and payable. At any time after such a declaration of acceleration of maturity of the Notes has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Note Insurer by written notice to the Issuer and the Trustee, may rescind and annul such declaration and its consequences if:

(a) the Issuer has paid or deposited with the Trustee a sum sufficient to pay:

(i) all payments of principal of, and interest on, all Notes and all other amounts which would then be due hereunder or upon such Notes if the Event of Default giving rise to such acceleration had not occurred; and

(ii) all sums paid by the Trustee hereunder and the reasonable compensation, expenses and disbursements of the Trustee, its agents and counsel; and

(b) all Events of Default, other than the nonpayment of the principal of Notes which have become due solely by such acceleration, have been cured or waived as provided in Section 9.21.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 9.10 COLLECTION OF INDEBTEDNESS AND SUITS FOR ENFORCEMENT BY TRUSTEE.

Subject to the following sentence, if an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Note Insurer and the Noteholders by any proceedings the Trustee deems appropriate to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Agreement or in aid of the exercise of any power granted herein, or enforce any other proper remedy. Any proceedings brought by the Trustee on behalf of the Note Insurer or the Noteholders or by the Note Insurer or any Noteholder against the Issuer shall be limited to the preservation, enforcement and foreclosure of the liens, assignments, rights and security interests under this Agreement and the other Transaction Documents and no attachment, execution or other suit or process shall be sought, issued or levied upon any assets, properties or funds of the Issuer, other than the Trust Estate relative to the Notes in respect of which such Event of Default has occurred. If there is a foreclosure of any such liens, assignments, rights and security interests under this Agreement, by private power of sale or otherwise, no judgment for any deficiency upon the indebtedness represented by the Notes may be sought or obtained by the Trustee or any Noteholder against the Issuer. The Trustee shall be entitled to recover the costs and expenses expended by it pursuant to this Section 9.10 including reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

SECTION 9.11 REMEDIES.

If an Event of Default shall have occurred and be continuing and the Notes have been declared due and payable and such declaration and its consequences have not been rescinded and annulled, the Trustee (subject to Section 9.24, to the extent applicable) shall, at the direction of the Controlling Party, and may (with the written consent of the Controlling Party) at its discretion, do one or more of the following:

(a) institute proceedings for the collection of all amounts then payable on the Notes, or under this Agreement or under any of the other Transaction Documents, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Issuer monies adjudged due, subject in all cases to the provisions of Section 9.10;

(b) in accordance with Section 9.24, sell the Trust Estate or any portion thereof or rights or interest therein, at one or more public or private Sales called and conducted in any manner permitted by law;

(c) institute proceedings from time to time for the complete or partial foreclosure of this Agreement with respect to the Trust Estate;

(d) exercise any remedies of a secured party under the UCC and take any other appropriate action to protect and enforce the rights and remedies of the Trustee, the Note Insurer or the Noteholders hereunder subject in all cases to the provisions of Section 9.10; and

(e) refrain from selling the Trust Estate and apply all Available Funds pursuant to Section 9.14.

SECTION 9.12 TRUSTEE MAY FILE PROOFS OF CLAIM.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, composition or other judicial proceeding relative to the Issuer or any other obligor upon any of the Notes or the property of the Issuer or of such other obligor or their creditors, the Trustee (irrespective of whether the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Issuer for the payment of any overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise to:

(a) file and prove a claim for the whole amount of principal and interest owing and unpaid in respect of the Notes and the Note Insurer Obligations and file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Noteholders allowed in such Proceeding, and

(b) collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any receiver, assignee, trustee, liquidator, or sequestrator (or other similar official) in any such proceeding is hereby authorized by each Noteholder and the Note Insurer to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Noteholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 10.07.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Noteholder or the Note Insurer any plan of reorganization, arrangement, adjustment or composition affecting any of the Notes or the rights of any Noteholder or the Note Insurer, or to authorize the Trustee to vote in respect of the claim of any Noteholder or the Note Insurer in any such Proceeding.

SECTION 9.13 TRUSTEE MAY ENFORCE CLAIMS WITHOUT POSSESSION OF NOTES.

All rights of action and claims under this Agreement or any of the Notes or any of the other Transaction Documents may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the Noteholders in respect of which such judgment has been recovered and shall be paid as provided in Section 9.14.

SECTION 9.14 APPLICATION OF MONEY COLLECTED.

If the Notes have been declared due and payable following an Event of Default and such declaration and its consequences have not been rescinded and annulled, any money collected by the Trustee with respect to such Notes pursuant to this Article or otherwise and any other monies that may then be held or thereafter received by the Trustee as security for such Notes shall be treated like Available Funds and applied as provided in Section 4.04(b).

SECTION 9.15 LIMITATION ON SUITS.

No Noteholder shall have any right to institute any proceedings, judicial or otherwise, with respect to this Agreement, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Noteholder has previously given written notice to the Trustee of a continuing Event of Default;

(b) the Noteholders representing not less than 25% of the Voting Interests shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder (and such request shall have not been rescinded);

(c) such Noteholders have offered to the Trustee indemnity in full against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding;

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Controlling Party; and

(f) for so long as no Insurer Default is then in effect, the Note Insurer shall have given its written consent to the Trustee to the pursuit by the Trustee of such remedies;

it being understood and intended that no one or more Noteholders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Agreement to affect, disturb or prejudice the rights of any other Noteholders or to obtain or to seek to obtain priority or preference over any other Noteholders or to enforce any right under this Agreement, except in the manner herein provided and for the equal and ratable benefit of all the Noteholders.

In the event the Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Noteholders, each representing less than 50% of the Voting Interests, and the Trustee shall not have received any conflicting or inconsistent requests and indemnity from the Note Insurer at such time, the Trustee in its sole discretion may determine what action, if any, shall be taken notwithstanding any other provision herein to the contrary.

SECTION 9.16 UNCONDITIONAL RIGHTS OF NOTEHOLDERS TO RECEIVE PRINCIPAL AND INTEREST.

Subject to the provisions in this Agreement (including Section 9.10) limiting the right to recover amounts due on a Note to recovery from amounts in the Trust Estate, the Noteholder shall have the right to the extent permitted by applicable law, which right is absolute and unconditional, to receive payment of principal of and interest on such Note on the Final Payment Date and to institute suit for the enforcement of any such payment and such right shall not be impaired without the consent of such Noteholder.

SECTION 9.17 RESTORATION OF RIGHTS AND REMEDIES.

If the Trustee, the Note Insurer or any Noteholder has instituted any proceeding to enforce any right or remedy under this Agreement and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Noteholder, then and in every such case the Issuer, the Trustee, the Note Insurer and the Noteholders shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Noteholders shall continue as though no such proceeding had been instituted.

SECTION 9.18 RIGHTS AND REMEDIES CUMULATIVE.

No right or remedy herein conferred upon or reserved to the Trustee, to the Note Insurer or to the Noteholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 9.19 DELAY OR OMISSION NOT WAIVER.

No delay or omission of the Trustee, of the Note Insurer or of any Noteholder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee, to the Note Insurer or to the Noteholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee, the Note Insurer or by the Noteholders, as the case may be.

SECTION 9.20 CONTROL BY CONTROLLING PARTY.

The Controlling Party shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee; provided that:

(a) such direction shall not be in conflict with any rule of law, with this Agreement or any inconsistent direction of the Controlling Party;

(b) any direction by Noteholders (if the Note Insurer is not the Controlling Party) to the Trustee to undertake a Sale of the Trust Estate shall be by the Noteholders representing the percentage of the outstanding Note Balance of the Outstanding Notes specified in Section 9.24(b)(i), unless Section 9.24(b)(ii) is applicable; and

(c) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; provided, however, that, subject to Section 10.01, the Trustee need not take any action which it determines might involve it in liability or be unjustly prejudicial to the Noteholders not consenting.

SECTION 9.21 WAIVER OF PAST DEFAULTS.

The Controlling Party may on behalf of the Noteholders of all the Notes waive any past default hereunder and its consequences, except a default:

(a) in the payment of any installment of principal of or interest on, any Note; or

(b) in respect of a covenant or provision hereof which under Section 12.01 cannot be modified or amended without the consent of the Noteholders.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 9.22 UNDERTAKING FOR COSTS.

All parties to this Agreement agree, and each Noteholder by his acceptance of a Note hereunder shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Agreement, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 9.22 shall not apply to any suit instituted by the Trustee or the Note Insurer, to any suit instituted by any Noteholder, or group of Noteholders representing more than 30% of the Voting Interests, or to any suit instituted by any Noteholder for the enforcement of the payment of principal of or interest on any Note on the Final Maturity Date.

SECTION 9.23 WAIVER OF STAY OR EXTENSION LAWS.

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension of law wherever enacted, now or at any time hereafter in force, which may affect the covenants in, or the performance of, this Agreement; and the Issuer (to the extent that

it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 9.24 SALE OF TRUST ESTATE.

(a) The power to effect any sale (a "Sale") of any portion of the Trust Estate pursuant to Section 9.11 shall not be exhausted by any one or more Sales as to any portion of the Trust Estate remaining unsold, but shall continue unimpaired until the entire Trust Estate shall have been sold or all amounts payable on the Notes and under this Agreement with respect thereto, and all Note Insurer Obligations shall have been paid. The Trustee may from time to time postpone any public Sale by public announcement made at the time and place of such Sale.

(b) To the extent permitted by law, the Trustee shall not in any private Sale sell or otherwise dispose of the Trust Estate, or any portion thereof, unless:

(i) the Controlling Party shall consent to, or direct the Trustee to make such Sale; or

(ii) to the extent that an Insurer Default is then in effect, the proceeds of such Sale would be not less than the sum of all amounts due to the Trustee hereunder and the entire amount which would be distributable to the Note Insurer and the Noteholders, in full payment thereof in accordance with Section 9.14, on the Payment Date next succeeding the date of such Sale, together with any amounts then owing to the Note Insurer.

The purchase by the Trustee of all or any portion of the Trust Estate at a private Sale shall not be deemed a Sale or disposition thereof for purposes of this Section 9.24(b).

(c) Unless the Controlling Party has otherwise consented or directed the Trustee, at any public Sale of all or any portion of the Trust Estate at which a minimum bid equal to or greater than the amount described in paragraph (ii) of subsection (b) of this Section 9.24 has not been established by the Trustee and no Person bids an amount equal to or greater than such amount, the Trustee shall prevent such sale and bid an amount at least \$1.00 more than the highest other bid in order to preserve the Trust Estate.

(d) In connection with a Sale of all or any portion of the Trust Estate:

(i) any of the Noteholders or the Note Insurer may bid for and purchase the property offered for Sale, and upon compliance with the terms of sale may hold, retain and possess and dispose of such property, without further accountability, and may, in paying the purchase money therefor, deliver any of the Notes or claims for interest thereon in lieu of cash up to the amount which shall, upon distribution of the Net Proceeds of such Sale, be payable thereon, and such Notes, in case the amounts so payable thereon shall be less than the amount due thereon, shall be returned to the holders thereof after being appropriately stamped to show such partial payment;

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

(ii) the Trustee may bid for and acquire the property offered for Sale in connection with any public Sale thereof, and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting the gross Sale price against the sum of (A) the amount which would be distributable to the Noteholders and the Note Insurer as a result of such Sale in accordance with Section 9.14 on the Payment Date next succeeding the date of such Sale and (B) the expenses of the Sale and of any proceedings in connection therewith which are reimbursable to it, without being required to produce the Notes in order to complete any such Sale or in order for the net Sale price to be credited against such Notes, and/or the Note Insurer Obligations, and any property so acquired by the Trustee shall be held and dealt with by it in accordance with the provisions of this Agreement;

(iii) the Trustee shall execute and deliver an appropriate instrument of conveyance transferring its interest in any portion of the Trust Estate in connection with a Sale thereof;

(iv) the Trustee is hereby irrevocably appointed the agent and attorney-in-fact of the Issuer to transfer and convey its interest in any portion of the Trust Estate in connection with a Sale thereof, and to take all action necessary to effect such Sale; and

(v) no purchaser or transferee at such a Sale shall be bound to ascertain the Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

(e) Notwithstanding anything in this Agreement to the contrary, if an Event of Default specified in Section 9.08(a) is the Event of Default, or one of the Events of Default, on the basis of which the Notes have been declared due and payable, then the Trustee shall, at the direction of the Controlling Party, sell the Trust Estate without compliance with this Section 9.24.

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SECTION 9.25 ACTION ON NOTES.

The Trustee's right to seek and recover judgment under this Agreement shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Agreement. Neither the Lien of this Agreement nor any rights or remedies of the Trustee, the Note Insurer or the Noteholders shall be impaired by the recovery of any judgment by the

Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the Trust Estate.

SECTION 9.26 NO RECOURSE TO OTHER TRUST ESTATES OR OTHER ASSETS OF THE ISSUER.

The Trust Estate granted to the Trustee as security for the Notes serves as security only for the Notes. Holders of the Notes shall have no recourse against the trust estate granted as security for any other series of notes issued by the Issuer, and no judgment against the Issuer for any amount due with respect to the Notes may be enforced against either the trust estate securing any other series or any other assets of the Issuer, nor may any prejudgment lien or other attachment be sought against any such other trust estate or any other assets of the Issuer.

SECTION 9.27 LICENSE.

Servicer hereby licenses to each Successor Servicer on a non-exclusive basis, a copy of the Servicer's software currently in use by Servicer for the collection of accounts by Servicer, solely for the limited purpose of collecting the Receivables. The licensee shall have no right to copy the software or sub-license or assign this license except to another Successor Servicer. The licensee shall not be obligated to pay any royalty or other fee to Servicer for such license.

ARTICLE X
THE TRUSTEE

SECTION 10.01 DUTIES OF TRUSTEE.

(a) The Trustee, both prior to and after the occurrence of a Servicer Default, undertakes to perform such duties and only such duties as are specifically set forth in this Agreement. The Trustee shall exercise such of the rights and powers vested in it by this Agreement and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs; provided, however, that if the Trustee in its capacity as Backup Servicer assumes the duties of the Servicer pursuant to Section 9.02 or 9.03, the Trustee in performing such duties shall use the degree of skill and attention customarily exercised by a servicer with respect to defaulted consumer receivables that it services for itself or others.

(b) The Trustee, upon receipt of all resolutions, certificates, statements, opinions, reports, documents, orders or other instruments furnished to the Trustee that shall be specifically required to be furnished pursuant to any provision of this Agreement shall examine them to determine whether they conform to the requirements of this Agreement.

(c) No provision of this Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, its own bad faith or its own willful misfeasance; provided, however, that:

(i) prior to the occurrence of a Servicer Default actually known to a Responsible Officer of the Trustee, and after the curing or waiving of all such Servicer Defaults that may have occurred, the duties and obligations of the Trustee shall be determined solely by the express provisions of this Agreement, the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, no implied rights or obligations shall be read into this Agreement against the Trustee, the permissive right of the Trustee to do things enumerated in this Agreement shall not be construed as a duty and, in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Agreement;

(ii) the Trustee shall not be personally liable for an error of judgment made in good faith by a Responsible Officer of the Trustee, unless it shall be proved that the Trustee was negligent in performing its duties in accordance with the terms of this Agreement; and

(iii) the Trustee shall not be personally liable with respect to any action taken, suffered or omitted to be taken in good faith in accordance with

- (A) the direction or consent of the Note Insurer (to the extent that an Insurer Default is not then in effect), or
- (B) the direction of Noteholders evidencing not less than 25% of the Voting Interests (unless a different percentage is otherwise specifically set forth herein with respect to any applicable action), together with the written consent of the Note Insurer (to the extent that an Insurer Default is not then in effect),

in each case relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Agreement.

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

(e) Except for actions expressly authorized by this Agreement, the Trustee shall take no action reasonably likely to impair the security interests created or existing under any Receivable or to impair the value of any Receivable.

(f) All information obtained by the Trustee regarding the Obligors and the Receivables, whether upon the exercise of its rights under this Agreement or otherwise, shall be maintained by the Trustee in confidence and shall not be disclosed to any other Person, unless such disclosure is required by this Agreement or any applicable law or regulation.

SECTION 10.02 TRUSTEE'S CERTIFICATE.

On or as soon as practicable after each date on which the Servicer or Issuer acquires Removed Receivables, the Trustee, upon receipt of written notice of such acquisition, shall submit to the Servicer or the Issuer, as applicable, a Trustee's Certificate (substantially in the form attached hereto as Exhibit B), identifying the acquirer and the Receivables so acquired, executed by the Trustee and completed as to its date and the date of this Agreement, and accompanied by a copy of the Monthly Servicer Report and the Servicer's Remittance Date Certificate for the related Collection Period. The Trustee's Certificate submitted with respect to such Payment Date shall operate, as of such Payment Date, as an assignment without recourse, representation or warranty, to the Issuer or the Servicer, as the case may be, of all the Trustee's right, title and interest in and to such Removed Receivable and to the other property conveyed to the Trust Estate pursuant to Section 2.01 with respect to such Removed Receivable, and all security and documents relating thereto, such assignment being an assignment outright and not for security.

SECTION 10.03 TRUSTEE'S RELEASE OF REMOVED RECEIVABLES.

With respect to all Removed Receivables, the Trustee shall, by a Trustee's Certificate (substantially in the form attached hereto as Exhibit B) release, all the Trustee's right, title and interest in and to each Removed Receivable and the other property included in the Trust Estate pursuant to Section 2.01 with respect to such Removed Receivable, and all security and any documents relating thereto; and the Issuer or the Servicer, as applicable, shall thereupon own each such Removed Receivable, and all such related security and documents, free of any further obligation to the Trustee or the Note Insurer or the Noteholders with respect thereto. If in any enforcement suit or legal proceeding it is held that the Servicer may not enforce a Removed Receivable on the ground that it is not a real party in interest or a holder entitled to enforce such Removed Receivable, the Trustee on behalf of the Note Insurer and the Noteholders shall, at the Servicer's written direction and expense, take such reasonable steps as the Trustee deems necessary to enforce the Removed Receivable, including bringing suit in the Trustee's name or the names of the Note Insurer or of the Noteholders.

SECTION 10.04 CERTAIN MATTERS AFFECTING THE TRUSTEE.

(a) Except as otherwise provided in Section 10.01:

(i) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, Officer's Certificate, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, appraisal, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

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

(iii) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement, or to institute, conduct or defend any litigation under this Agreement or in relation to this Agreement, at the request, order or direction of the Note Insurer or any of the Noteholders pursuant to the provisions of this Agreement, unless the Note Insurer or any such Noteholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby (the general obligation of an institutional investor that is investment grade rated being sufficient indemnity); nothing contained in this Agreement shall, however, relieve the Trustee of the obligations, upon the occurrence of a Servicer Default actually known to a Responsible Officer of the Trustee (that shall not have been cured or waived), to exercise such of the rights and powers vested in it by this Agreement, and to use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs;

(iv) the Trustee shall not be personally liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement;

(v) prior to the occurrence of a Servicer Default and after the curing or waiving of all Servicer Defaults that may have occurred, the Trustee shall not be bound to make any investigation into the facts of matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, Consent order, approval, bond or other paper or document, unless requested in writing to do so by the Note Insurer or the Noteholders evidencing not less than 25% of the Voting Interests; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Agreement, the Trustee may require reasonable indemnity against such cost, expense or liability as a condition to so proceeding; the reasonable expense of every such examination shall be paid by the Issuer or, if paid by the Trustee, shall be reimbursed by the Issuer upon demand; and nothing in this clause shall derogate from the obligation of the Servicer to observe any applicable law prohibiting disclosure of information regarding the Obligors; and

(vi) the Trustee may execute any of the trusts or powers under this Agreement or perform any duties under this Agreement either directly or by or through agents or attorneys or a custodian and shall not be liable or responsible for the misconduct or negligence of any of its agents or attorneys or a custodian appointed with due care by the Trustee.

(b) No Noteholder will have any right to institute any proceeding with respect to this Agreement, unless such Noteholder shall have given to the Trustee written notice of default and shall have obtained the prior written consent of the Note Insurer to the institution of such proceeding (in the event that no Insurer Default is in effect at such time) and (i) the Servicer Default arises from the Servicer's failure to remit collections or payments when due or (ii) Noteholders evidencing not less than 25% of the Voting Interests have made written request upon the Trustee to institute such proceeding in its own name as Trustee thereunder, and have offered to the Trustee reasonable indemnity, and the Trustee for 30 days has neglected or refused to institute any such proceedings.

SECTION 10.05 LIMITATION ON TRUSTEE'S LIABILITY.

The Trustee makes no representations as to the validity or sufficiency of this Agreement or of the Notes (other than the certificate of authentication thereon, as applicable), or of any Receivable or related document. The Trustee shall have no obligation to perform any of the duties of the Issuer or the Servicer unless explicitly set forth in this Agreement. The Trustee shall at no time have any responsibility or liability for or with respect to the legality, validity and enforceability of any security interest in any Receivable, or the perfection and priority of such a security interest or the maintenance of any such perfection and priority, or for or with respect to the efficacy of the Trust Estate or its ability to generate the payments to be paid to Noteholders and the Note Insurer under this Agreement, including without limitation the existence and contents of any Receivable or any computer file or other record thereof; the validity of the assignment of any Receivable to the Trustee or of any intervening assignment; the completeness of any Receivable; the performance or enforcement of any Receivable; the compliance by the Issuer or the Servicer with any covenant or the breach by the Issuer or the Servicer of any warranty or representation made under this Agreement or in any related document and the accuracy of any such warranty or representation prior to the Trustee's receipt of notice or other discovery of any noncompliance therewith or any breach thereof, any investment of monies by the Issuer or any loss resulting therefrom (it being understood that the Trustee shall remain responsible as Trustee for any property that it may hold as part of the Trust Estate); the acts or omissions of the Issuer, the Servicer or any Obligor; any action of the Servicer taken in the name of or as the agent of the Trustee; or any action by the Trustee taken at the instruction of the Servicer; provided however, that the foregoing shall not relieve the Trustee of its obligation to perform its duties under this Agreement. Except with respect to a claim based on the failure of the Trustee to perform its duties under this Agreement or based on the Trustee's gross negligence, willful misconduct or bad faith, no recourse shall be had for any claim based on any provision of this Agreement, the Notes or any Receivable or assignment thereof against the institution serving as Trustee in its individual capacity. The Trustee shall not have any personal obligation, liability or duty whatsoever to any Noteholder, the Note Insurer or any other Person with respect to any such claim, and any such claim shall be asserted solely against the Trust Estate or any indemnitor who shall furnish indemnity as provided in this Agreement. The Trustee shall not be accountable for the use or application by the Issuer of the Notes or the proceeds thereof, if any, or for the use or application of any funds paid to or collected by the Servicer in respect of the Receivables. The Trustee shall have no responsibility for filing any financing or continuation statement in any public office at any time or to otherwise perfect or maintain the perfection of any security interest or lien granted to it hereunder (unless the Trustee

in its capacity as Backup Servicer shall have become the Successor Servicer) or to prepare or file any Securities and Exchange Commission filing with respect to the Notes or to record this Agreement.

The recitals contained in this Agreement and in the Notes, except the certificates of authentication on the Notes, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness or completeness. The Trustee makes no representations as to the validity or condition of any Trust Estate or any part thereof, or as to the title of the Issuer thereto or as to the security afforded thereby or hereby, or as to the validity or genuineness of any securities at any time pledged and deposited with the Trustee hereunder or as to the validity or sufficiency of this Agreement or the Notes. The Trustee shall not be accountable for the use or application by the Issuer of the Notes or the proceeds thereof or of any money paid to the Issuer under any provisions hereof.

The Trustee will not be responsible for any losses incurred in connection with investments in Permitted Investments made in accordance with the terms of this Agreement, other than losses arising out of the Trustee's gross negligence, bad faith or willful misconduct.

SECTION 10.06 TRUSTEE MAY OWN NOTES.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes. The Trustee in its individual or any other capacity may deal with the Issuer and the Servicer in banking transactions, with the same rights as it would have if it were not the Trustee.

SECTION 10.07 TRUSTEE'S FEES AND EXPENSES.

The Trustee shall be entitled to reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) for all services rendered by it in the execution of the trusts created by this Agreement and in the exercise and performance of any of the powers and duties of the Trustee under this Agreement, which shall equal the Trustee Fee, paid as provided in Section 4.04, and payment or reimbursement for all reasonable expenses and disbursements (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) incurred or made by the Trustee in defense of any action brought against it in connection with this Agreement except any such expense or disbursement as may arise from its gross negligence, willful misfeasance or bad faith or that is the responsibility of Noteholders under this Agreement. Additionally, the Servicer, pursuant to Section 8.02, shall indemnify the Trustee with respect to certain matters.

SECTION 10.08 INDEMNITY OF TRUSTEE, BACKUP SERVICERS AND SUCCESSOR SERVICER.

Upon the appointment of a Backup Servicer or a Successor Servicer pursuant to Section 9.02 or 9.03, such Backup Servicer, Successor Servicer and the Trustee and their respective agents and employees shall be indemnified by the Trust Estate and held harmless against any loss, liability, or expense (including reasonable attorney's fees and expenses) arising out of or

incurred in connection with the acceptance of performance of the trusts and duties contained in this Agreement to the extent that (i) the Successor Servicer, Backup Servicer or the Trustee, as the case may be, shall not be indemnified for such loss, liability or expense by the Servicer pursuant to Section 9.02 or 9.03; (ii) such loss, liability, or expense shall not have been incurred by reason of the Successor Servicer's, the Backup Servicer's or the Trustee's willful misfeasance, bad faith or gross negligence; and (iii) such loss, liability or expense shall not have been incurred by reason of the Successor Servicer's, the Backup Servicer's or the Trustee's breach of its respective representations and warranties pursuant to Sections 9.02, 9.03, 10.09 and 10.14, respectively.

The Successor Servicer, the Backup Servicer and/or the Trustee shall be entitled to the indemnification provided by this Section only to the extent all amounts due the Servicer, the Note Insurer and all Noteholders pursuant to Section 4.04 have been paid in full and all amounts required to be deposited in the Reserve Account with respect to any Payment Date pursuant to Section 4.05 have been so deposited.

SECTION 10.09 ELIGIBILITY REQUIREMENTS FOR TRUSTEE.

Except as otherwise provided in this Agreement, the Trustee under this Agreement shall at all times be a bank having its corporate trust office in the same state (or the District of Columbia or the Commonwealth of Puerto Rico) as the location of the Corporate Trust Office as specified in this Agreement; organized and doing business under the laws of such state (or the District of Columbia or the Commonwealth of Puerto Rico) or the United States; authorized under such laws to exercise corporate trust powers; having a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal or state authorities; and shall have the highest available long-term unsecured debt rating by the Required Rating Agencies then providing such a rating or be otherwise acceptable to the Rating Agency and the Controlling Party, as evidenced by a letter to such effect from the Rating Agency (which acceptance may be evidenced in the form of a letter, dated on or shortly before the Closing Date, assigning an initial rating to the Notes) and the Note Insurer (as applicable).

If the Trustee shall publish reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purpose of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 10.10.

SECTION 10.10 RESIGNATION OR REMOVAL OF TRUSTEE.

(a) The Trustee may at any time resign and be discharged from the trusts created by this Agreement by giving at least 30 days' prior written notice thereof to the Servicer, the Note Insurer and the Noteholders. Upon receiving such notice of resignation, the Servicer shall promptly appoint a successor Trustee acceptable to the Noteholders and the Note Insurer by written instrument, in duplicate, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor Trustee. If no successor Trustee shall have been so

appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) If at any time the Trustee shall cease to be eligible in accordance with the provisions of Section 10.09 and shall fail to resign after written request therefor by the Servicer or the Controlling Party, or if at any time the Trustee shall be legally unable to act, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then the Controlling Party may remove the Trustee. If the Trustee is removed under the authority of the immediately preceding sentence, the Servicer shall promptly appoint a successor Trustee acceptable to the Controlling Party, by written instrument, in duplicate, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor Trustee, and pay all fees owed to the outgoing Trustee.

(c) Any resignation or removal of the Trustee and appointment of a successor Trustee pursuant to any of the provisions of this Section shall not become effective until acceptance of appointment by the successor Trustee as provided in Section 10.11. The Servicer shall give the Rating Agency, the Placement Agent, the Note Insurer and the Noteholders notice of any such resignation or removal of the Trustee and appointment and acceptance of a successor Trustee.

SECTION 10.11 SUCCESSOR TRUSTEE.

Any successor Trustee appointed as provided in Section 10.10 shall execute, acknowledge and deliver to the Servicer and to its predecessor Trustee an instrument accepting such appointment under this Agreement, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all the rights, powers, duties and obligations of its predecessor under this Agreement, with like effect as if originally named as Trustee. The predecessor Trustee shall deliver to the successor Trustee all documents and statements held by it under this Agreement; and the Servicer, the Note Insurer and the predecessor Trustee shall execute and deliver such instruments and do such other things as may reasonably be required for fully and certainly vesting and confirming in the successor Trustee all such rights, powers, duties and obligations. No successor Trustee shall accept appointment as provided in this Section unless at the time of such acceptance such successor Trustee shall be eligible under the provisions of Section 10.09. Upon acceptance of appointment by a successor Trustee as provided in this Section, the Servicer shall mail notice of the successor of such Trustee under this Agreement to all Noteholders at their addresses as shown in the Note Register and shall give notice, by mail to the Rating Agency and the Placement Agent and the Note Insurer. If the Servicer fails to mail such notice within ten (10) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Servicer.

SECTION 10.12 MERGER OR CONSOLIDATION OF TRUSTEE.

Any corporation (i) into which the Trustee may be merged or consolidated, (ii) which may result from any merger, conversion, or consolidation to which the Trustee shall be a party or (iii) which may succeed to all or substantially all the corporate trust business of the Trustee, which corporation executes an agreement of assumption to perform every obligation of the Trustee under this Agreement, shall be the successor of the Trustee hereunder, provided such corporation shall be eligible pursuant to Section 10.09, without the execution or filing of any instrument or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. Notice of any such merger shall be given by the Trustee to the Rating Agency, the Placement Agent and the Noteholders and the Note Insurer.

SECTION 10.13 APPOINTMENT OF CO-TRUSTEE OR SEPARATE TRUSTEE.

Notwithstanding any other provisions of this Agreement, at any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the Servicer and the Trustee acting jointly shall have the power and shall execute and deliver all instruments to appoint one or more Persons approved by the Trustee to act as co-trustee, jointly with the Trustee or separate trustee or separate trustees, of all or any part of the Trust Estate, and to vest in such Person, in such capacity and for the benefit of the Noteholders and the Note Insurer, such title to the Trust Estate, or any part thereof, and, subject to the other provisions of this Section, such powers, duties, obligations, rights and trusts as the Servicer and the Trustee may consider necessary or desirable. If the Servicer shall not have joined in such appointment within 15 days after the receipt by it of a request so to do, or in the case a Servicer Default shall have occurred and be continuing, the Trustee alone shall have the power to make such appointment. Each co-trustee or separate trustee under this Agreement shall be required to meet the terms of eligibility as a successor trustee pursuant to Section 10.09 but no notice of a successor Trustee pursuant to Section 10.11 and no notice to Noteholders or the Note Insurer of the appointment of any co-trustee or separate trustee shall be required pursuant to Section 10.11.

Each separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed (whether as Trustee under this Agreement or as successor to the Servicer under this Agreement), the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Trust Estate or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee;

(ii) no trustee under this Agreement shall be personally liable by reason of any act or omission of any other trustee under this Agreement;

(iii) the Servicer and the Trustee acting jointly (or during the continuation of a Servicer Default, the Trustee alone) may at any time accept the resignation of or remove any separate trustee or co-trustee; and

(iv) the Trustee shall remain primarily liable for the actions of any separate trustees and co-trustee.

Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Agreement and the conditions of this Section. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Agreement, including, but not limited to, every provision of this Agreement relating to the conduct of, affecting the liability of, or affording protection to, the Trustee. Each such instrument shall be filed with the Trustee and a copy thereof given to the Servicer.

Any separate trustee or co-trustee may at any time appoint the Trustee its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Agreement on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee. Notwithstanding anything to the contrary in this Agreement, the appointment of any separate trustee or co-trustee shall not relieve the Trustee of its obligations and duties under this Agreement.

SECTION 10.14 REPRESENTATIONS AND WARRANTIES OF TRUSTEE.

The Trustee hereby makes the following representations and warranties on which the Issuer and the Noteholders are relying:

(i) Organization and Good Standing. The Trustee is a national banking association duly organized, validly existing and in good standing;

(ii) Power and Authority. The Trustee has full power, authority and right to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(iii) No Violation. The execution, delivery and performance by the Trustee of this Agreement (a) shall not violate any provision of any law governing the banking and trust powers of the Trustee or, to the best of the Trustee's knowledge, any order, writ, judgment, or decree of any court, arbitrator, or governmental authority applicable to the Trustee or any of its assets, (b) shall not violate any provision of the charter or bylaws of

the Trustee, and (c) shall not violate any provision of, or constitute, with or without notice or lapse of time, a default under, or result in the creation or imposition of any Lien on any properties included in the Trust Estate pursuant to the provisions of any mortgage, indenture, contract, agreement or other undertaking to which it is a party, which violation, default or Lien could reasonably be expected to materially and adversely affect the Trustee's performance or ability to perform its duties under this Agreement or the transactions contemplated in this Agreement;

(iv) No Authorization Required. The execution, delivery and performance by the Trustee of this Agreement shall not require the authorization, consent, or approval of, the giving of notice to, the filing or registration with, or the taking of any other action in respect of, any governmental authority or agency regulating the banking and corporate trust activities of the Trustee; and

(v) Duly Executed. This Agreement shall have been duly executed and delivered by the Trustee and shall constitute the legal, valid, and binding agreement of the Trustee, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general principles of equity.

SECTION 10.15 TAX RETURNS.

In the event the Trustee shall be required to file tax returns on behalf of the Trust Estate, the Servicer shall prepare or shall cause to be prepared any tax returns required to be filed by the Trust Estate and shall remit such returns to the Trustee for signature at least five days before such returns are due to be filed. The Trustee, upon request, shall furnish the Servicer with all such information known to the Trustee as may be reasonably required in connection with the preparation of all tax returns of the Trust Estate, and shall, upon request, execute such returns.

SECTION 10.16 TRUSTEE MAY ENFORCE CLAIMS WITHOUT POSSESSION OF NOTES.

All rights of action and claims under this Agreement or the Notes may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as Trustee. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses and disbursements of the Trustee, its agents and counsel, be for the ratable benefit of the Note Insurer and the Noteholders in respect of which such judgment has been obtained, in the order of priority specified in Section 4.04(b)(i).

SECTION 10.17 SUIT FOR ENFORCEMENT.

If a Servicer Default shall occur and be continuing, the Trustee, in its discretion may, subject to the provisions of Section 10.01, proceed to protect and enforce its rights and the rights of the Note Insurer and the Noteholders under this Agreement by a suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement

contained in this Agreement or in aid of the execution of any power granted in this Agreement or for the enforcement of any other legal, equitable or other remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee, the Note Insurer or the Noteholders.

SECTION 10.18 RIGHTS OF NOTEHOLDERS TO DIRECT TRUSTEE.

The Controlling Party shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; provided however, that subject to Section 10.01, the Trustee shall have the right to decline to follow any such direction if the Trustee being advised by counsel determines that the action so directed may not lawfully be taken, or if the Trustee in good faith shall, by a Responsible Officer of the Trustee, determine that the proceedings so directed would be illegal or subject it to personal liability or be unduly prejudicial to the rights of the Note Insurer or Noteholders not parties to such direction; provided, further, however, that nothing in this Agreement shall impair the right of the Trustee to take any action deemed proper by the Trustee and which is not inconsistent with such direction by the Noteholders.

SECTION 10.19 CONFIDENTIAL INFORMATION.

The Trustee acknowledges that, in the course of meeting its respective duties and obligations under this Agreement, it may obtain Proprietary Information relating to the Servicer or the Issuer. Such Proprietary Information may include, but is not limited to, non-public trade secrets, know how, invention techniques, processes, programs, schematics, source documents, data, and financial information. The Trustee shall at all times, both during the term of this Agreement and for a period of three (3) years after its termination, keep in trust and confidence all such Proprietary Information, and shall not use such Proprietary Information other than in the course of its duties under this Agreement, nor shall the Trustee disclose any such Proprietary Information without the written consent of the Servicer or the Issuer unless legally required to disclose such information. The Trustee further agrees to immediately return all Proprietary Information (including copies thereof) in its possession, custody, or control upon termination of this Agreement for any reason.

The Trustee shall not disclose, advertise or publish the existence or the terms or conditions of this Agreement without prior written consent of the Servicer or the Issuer. Notwithstanding the foregoing, this Section 10.19 shall not prohibit disclosure of information that is required to be disclosed by the Trustee pursuant to federal or state laws or regulation. Notwithstanding any provision of this Agreement to the contrary, this Section 10.19 shall not prohibit disclosure of information that is required in a judicial, administrative or governmental proceeding to disclose any Proprietary Information, nor shall it prohibit disclosure of information that is required in the event of a Servicer Default. In particular the Trustee agrees that it shall not, without the prior consent of the Servicer or the Issuer, disclose the existence of this Agreement or any of the terms herein to any Person other than counsel to the Trustee or an employee or director of the Trustee with a need to know in order to implement this Agreement and only if such employee or director or counsel agrees to maintain the confidentiality of this Agreement. The parties hereto agree that the Servicer and/or the Issuer shall have the right to

enforce these nondisclosure provisions by an action for specific performance filed in any court of competent jurisdiction in the State of Kansas or Arizona.

ARTICLE XI
REDEMPTION

SECTION 11.01 REDEMPTION AT THE OPTION OF THE ISSUER; ELECTION TO REDEEM.

The Issuer shall have the option to redeem the Notes in full on any Payment Date on or after the Payment Date on which the Note Balance is less than 10% of the Original Note Balance. The election of the Issuer to redeem the Notes pursuant to this Section shall be evidenced by delivery to the Trustee no later than the last Business Day of the month preceding the month in which the Payment Date as of which such redemption will be effected occurs of an Officer's Certificate of the Issuer stating the Issuer's intention to redeem the Notes and specifying the Redemption Amount therefor. No prepayment premium or penalty is payable with respect to any such redemption.

SECTION 11.02 DEPOSIT OF REDEMPTION AMOUNT.

In the case of any redemption pursuant to Section 11.01, the Issuer shall, on or before the Remittance Date preceding the Payment Date on which such redemption is to be effected, deposit in the Note Payment Account pursuant to Section 4.03 an amount equal to the Redemption Amount and shall thereafter succeed to all interests in and to the Trust Estate subject to Section 2.11. The Redemption Amount shall be paid as provided in Section 4.04(b).

SECTION 11.03 NOTICE OF REDEMPTION BY THE TRUSTEE.

Upon receipt of notice from the Issuer of its election to redeem the Notes pursuant to Section 11.01 and deposit by the Issuer of the Redemption Amount pursuant to Section 11.02, the Trustee shall provide notice of redemption of the Notes by first class mail, postage prepaid, mailed no later than the Business Day following the date on which such deposit was made, to the Note Insurer at its address herein and to each Noteholder at such Noteholder's address as listed in the Note Register. Notice of redemption of Notes shall be given by the Trustee in the name and at the expense of the Issuer, as applicable.

SECTION 11.04 SURRENDERING OF NOTES.

Each Noteholder shall surrender its Note within fourteen (14) days after receipt of the final payment due in connection therewith. Each Noteholder, by its acceptance of the final payment with respect to its Note, will be deemed to have relinquished any further right to receive payments under this Agreement and any interest in the Trust Estate. Each Noteholder shall indemnify and hold harmless the Issuer, the Trustee, the Note Insurer and any other Person against whom a claim is asserted in connection with such Noteholder's failure to tender the Note to the Trustees for cancellation.

ARTICLE XII
MISCELLANEOUS PROVISIONS

SECTION 12.01 AMENDMENT.

(a) This Agreement may be amended by the Issuer, the Servicer and the Trustee, without the consent of the Note Insurer or any of the Noteholders, to cure any ambiguity, to correct or supplement any provision in this Agreement which may be inconsistent with any other provision of this Agreement, to add, change or eliminate any other provision of this Agreement with respect to matters or questions arising under this Agreement that shall not be inconsistent with the provisions of this Agreement or to add or provide for any credit enhancement (other than the Policy) provided that any such action shall not, as evidenced by an Officer's Certificate of the Issuer delivered to the Trustee and the Note Insurer by the Issuer, adversely affect in any material respect the interests of the Note Insurer or the Noteholders, provided further, that any such action shall not, as evidenced by an Officer's Certificate of the Issuer delivered to the Trustee and the Note Insurer by the Issuer, adversely affect in any material respect the interests of the Note Insurer or the Noteholders.

(b) This Agreement may also be amended from time to time by the Issuer, the Servicer and the Trustee, and the Note Insurer, with the consent of Noteholders evidencing not less than 66-2/3% of the Voting Interests (which consent of any Noteholder given pursuant to this Section or pursuant to any other provision of this Agreement shall be conclusive and binding on such Noteholder and on all future holders of such Note and of any Note issued upon the transfer thereof or in exchange thereof or in lieu thereof whether or not notation of such consent is made upon the Note), for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement, or of modifying in any manner the rights of such Noteholders; provided, however, that no such amendment shall (i) except as otherwise provided in Section 12.01(a), reduce in any manner the amount of, or delay the timing of, any payments that shall be required to be made on any Note or deposits of amounts to be so paid or the Required Reserve Amount of the Reserve Account without the consent of each Noteholder (provided that an amendment of the terms of a Servicer Default shall not be deemed to be within the scope of this clause (i)); (ii) change the definition or the manner of calculating the interest accrued on the Notes without the consent of each Noteholder; (iii) reduce the aforesaid percentage of the Voting Interest required to consent to any such amendment, without the consent of each Noteholder; or (iv) adversely affect the rating of the Notes by the Rating Agency without the consent of Noteholders evidencing not less than 66-2/3% of the Voting Interests (but excluding for purposes of such calculation and action all Notes held by the Issuer, the Servicer or any of their affiliates).

(c) Prior to the execution of any amendment or consent thereto pursuant to this Section 12.01, the Trustee shall furnish written notification of the substance of such amendment or consent to the Rating Agency and the Placement Agent.

(d) Promptly after the execution of any amendment or consent thereto pursuant to Section 12.01(b), the Trustee shall furnish written notification of the substance of such amendment or consent to each Noteholder. It shall not be necessary for the consent of Noteholders pursuant to Section 12.01(b) to approve the particular form of any proposed amendment or consent, but it

shall be sufficient if such consent shall approve the substance thereof. The manner of obtaining such consents and of evidencing the authorization by Noteholders of the execution thereof shall be subject to such reasonable requirements as the Trustee may prescribe.

(e) Prior to the execution of any amendment to this Agreement, the Trustee shall be entitled to receive and rely upon an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Agreement. The Trustee may, but shall not be obligated to, enter into any such amendment which affects the Trustee's own rights, duties or immunities under this Agreement or otherwise.

(f) There will be no change in the identity of the Servicer, the Backup Servicer or the Trustee without the prior written consent of the Controlling Party, subject to the rights of the Backup Servicer and the Trustee to resign in accordance with the provisions of this Agreement.

(g) This Agreement may be amended by the Issuer, the Servicer, the Trustee and the Note Insurer with the consent of the Noteholders to make any change required to minimize the possibility of classification of the Company as a "publicly traded partnership" within the meaning of Code Section 7704(b), assuming for purposes of the foregoing that the Trust were classified as a partnership for federal or state income tax purposes and not solely as a security device for such purposes. Further, this Agreement may be amended by the Issuer, the Servicer, the Trustee and the Note Insurer without the consent of the Noteholders to minimize the restrictions on transfers of the Notes described in Section 6.03(h) if the Issuer, in reliance upon an opinion of counsel delivered to the Trustee and the Note Insurer, determines that such amendment would not otherwise result in classification of the trust or render the Trust susceptible to classification as a "publicly traded partnership" within the meaning of Code Section 7704(b) assuming for purposes of the foregoing that the Trust were classified as a partnership for federal or state income tax purposes and not solely as a security device for such purposes.

SECTION 12.02 PROTECTION OF TITLE TO TRUST ESTATE.

(a) Either of the Issuer or the Servicer or both shall execute and file such financing statements and cause to be executed and filed such continuation and other statements, all in such manner and in such places as may be required by law fully to preserve, maintain and protect the interests of the Note Insurer, the Noteholders and the Trustee under this Agreement in the Receivables and in the proceeds thereof. Each of the Issuer and the Servicer shall deliver (or cause to be delivered) to the Trustee file-stamped copies of, or filing receipts for, any document filed as provided, above, as soon as available following such filing.

(b) Neither the Issuer nor the Servicer shall change its name, identity or organizational structure in any manner that would, could or might make any financing statement or continuation statement filed in accordance with paragraph (a) above seriously misleading within the meaning of Section 9-402(7) of the UCC, unless it shall have given the Trustee at least ten (10) days' prior written notice thereof and shall have filed within thirty (30) days after such change appropriate amendments to all such previously filed financing statements or continuation statements.

(c) Each of the Issuer and the Servicer shall give the Trustee at least ten (10) days' prior written notice of any relocation of its principal executive office if, as a result of such relocation, the applicable provisions of the UCC would require the filing of any amendment of any previously filed financing statement or continuation statement or of any new financing statement, and shall within thirty (30) days after such relocation file any such amendment or new financing statement. The Servicer shall at all times maintain each office from which it services Receivables and its principal executive office within the United States.

(d) The Servicer shall maintain accounts and records as to each Receivable accurately and in sufficient detail to permit (i) the reader thereof to know at any time the status of such Receivable, including payments and recoveries made and payments owing (and the nature of each, if applicable) and (ii) reconciliation between payments or recoveries on (or with respect to) each Receivable and the amounts from time to time deposited in the Accounts (or any of them) in respect of such Receivables.

(e) The Servicer shall maintain its computer records so that, from and after the time of transfer, assignment and conveyance under this Agreement of the Receivables to the Trustee, the Servicer's master computer records (including any back-up archives) that refer to any Receivables indicate clearly the interest of the Trustee in such Receivables and that the Receivable is held by the Trustee on behalf of the Note Insurer and the Noteholders. Indication of the Trustee's interest in a Receivable shall be deleted from or modified on the Servicer's computer records when, and only when, the Receivable has been paid in full, acquired or assigned pursuant to this Agreement.

(f) If at any time Issuer or Servicer propose to assign, convey, grant a security interest in, or otherwise transfer any interest in defaulted consumer receivables to any prospective purchaser, lender or other transferee, the Servicer shall give to such prospective acquirer, lender or other transferee computer tapes, records or print-outs (including any restored from back-up archives) that, if they refer in any manner whatsoever to any Receivable, indicate clearly that such Receivable has been transferred, assigned and conveyed and is owned by the Trustee unless such Receivable has been paid in full, acquired or assigned pursuant to this Agreement.

(g) The Servicer shall permit the Trustee and its agents, upon not less than two Business Days' prior written notice and during normal business hours, to inspect, audit and make copies of and abstracts from the Servicer's records regarding any Receivables then or previously included in the Trust Estate. Nothing in this Section shall impair the obligation of the Servicer to observe any applicable law prohibiting disclosure of information regarding the Obligors, and the failure of the Servicer to provide access as provided in this Section as a result of such obligation shall not constitute a breach of this Section.

(h) Upon request, the Servicer shall furnish to the Trustee and/or the Note Insurer, within five Business Days of such request, a list of all Receivables (by account number and name of Obligor) then held as part of the Trust Estate.

(i) The Servicer shall deliver to the Trustee, promptly after the execution and delivery of each amendment to any financing statement, an Opinion of Counsel stating that, in the opinion of such Counsel, either (i) all financing statements and continuation statements have been executed

and filed that are necessary fully to preserve and protect the interest of the Trustee in the Receivables, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (ii) no such action is necessary to preserve and protect such interest.

SECTION 12.03 LIMITATION OF RIGHTS OF NOTEHOLDERS.

(a) The death or incapacity of any Noteholder shall not operate to terminate this Agreement or the Trust Estate, nor entitle its legal representatives or heirs to claim an accounting or to take any action or commence any proceeding in any court for a partition or winding up of the Trust Estate, nor otherwise affect the rights, obligations and liabilities of the parties to this Agreement or any of them.

(b) No Noteholder shall have any right to vote (except as expressly provided in this Agreement) or in any manner otherwise control the operation and management of the Trust Estate, or the obligations of the parties to this Agreement, nor shall anything set forth in this Agreement, or contained in the terms of the Notes, be construed so as to constitute the Noteholders from time to time as partners or members of an association; nor shall any Noteholder be under any liability to any third person by reason of any action pursuant to any provision of this Agreement.

(c) No Noteholder shall have any right by virtue or by availing itself of any provisions of this Agreement to institute any suit, action, or proceeding in equity or at law upon or under or with respect to this Agreement, unless such Noteholder previously shall have given to the Trustee a written notice of default and of the continuance thereof and have obtained the consent of the Note Insurer to the institution of such action, suit or proceeding (to the extent that there shall be no Insurer Default in effect at such time), as hereinbefore provided, and unless Noteholders evidencing not less than 25% of the Voting Interests shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee under this Agreement and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee, for 30 days after its receipt of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action suit, or proceeding and during such 30-day period, no request or waiver inconsistent with such written request has been given to the Trustee pursuant to this Section or Section 10.04; it being understood and intended, and being expressly covenanted by each Noteholder with every other Noteholder and the Trustee, that no one or more Noteholders shall have any right in any manner whatever by virtue or by availing itself or themselves of any provisions of this Agreement to affect, disturb, or prejudice the rights of the other Noteholders, or to obtain or seek to obtain priority over or preference to any other Noteholder, other than as provided in this Agreement, or to enforce any right under this Agreement, except in the manner provided in this Agreement and for the equal, ratable, and common benefit of all Noteholders. For the protection and enforcement of the provisions of this Section, each and every Noteholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

SECTION 12.04 GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York and the obligations, rights and remedies of the parties under this Agreement shall be determined in accordance with such laws.

SECTION 12.05 NOTICES.

All demand, notices and communications under this Agreement shall be in writing, and either personally delivered, mailed by certified mail, return receipt requested, or sent by facsimile transmission, and shall be deemed to have been duly given upon receipt (i) in the case of the Issuer or the Servicer, to the agent for service as specified in Section 2.10 of this Agreement, or at such other address as shall be designated by the Issuer or the Servicer in a written notice to the Trustee; (ii) in the case of the Trustee, at the Corporate Trust Office; (iii) in the case of the Rating Agency at 25 Broadway, New York, New York 1004, and (iv) in the case of the Note Insurer, at 335 Madison Avenue, 25th Floor, New York, New York 10017 (Fax: (212) 682-5377). Any notice required or permitted to be mailed to a Noteholder shall be given by first class mail, postage prepaid, at the address of such Noteholder as shown in the Note Register. Any notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Noteholder shall receive such notice.

SECTION 12.06 SEVERABILITY OF PROVISIONS; COUNTERPARTS.

(a) If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid or unenforceable in any jurisdiction, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement or the Notes, or the rights of the Noteholders.

(b) This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed to be an original, and all of which shall constitute but one and the same instrument.

SECTION 12.07 ASSIGNMENT.

Notwithstanding anything to the contrary contained in this Agreement, except as provided in Sections 7.04 and 8.03 and as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the Issuer or the Servicer without the prior written consent of the Note Insurer and Noteholders evidencing not less than 66-2/3% of the Voting Interests.

SECTION 12.08 NO PETITION.

Each of the Servicer and the Trustee and the Note Insurer covenants and agrees that prior to the date which is one year and one day after the termination of this Agreement, it will not institute against, or join any other Person in instituting against, the Issuer any bankruptcy, reorganization arrangement, insolvency or liquidation proceeding or other proceedings under any federal or state bankruptcy or similar law. Notwithstanding the foregoing, nothing herein shall be deemed to prohibit the Trustee from filing proofs of claim or otherwise participating in any such proceeding instituted by another person. This Section 12.08 shall survive the termination of this Agreement or the termination of the Servicer or the Trustee, as the case may be, under this Agreement.

SECTION 12.09 NOTEHOLDER DIRECTION.

Notwithstanding anything to the contrary contained in this Agreement, provided the Trustee has sent out notices to Noteholders in accordance with this Agreement, the Trustee may act as directed by a majority of the outstanding Noteholders (but only to the extent the Noteholders are entitled under this Agreement to so direct the Trustee with respect to such action) responding in writing to the request contained in such notice; provided, however, that Noteholders representing at least 66-2/3% of the outstanding principal balance of the Notes as of the time such notice is sent to Noteholders must have responded to such notice from the Trustee. In addition, the Trustee shall not have any liability to any Noteholder with respect to any action taken pursuant to such notice if the Noteholder does not respond to such notice within the time period set forth in such Notice.

SECTION 12.10 NO SUBSTANTIVE REVIEW OF COMPLIANCE DOCUMENTS.

Other than as specifically set forth in this Agreement, any reports, information or other documents provided to the Trustee are for purposes only of enabling the sending party to comply with its document delivery requirements hereunder and the Trustee's receipt of any such information shall not constitute constructive or actual notice of any information contained therein or determinable from any information contained therein, including the Issuer's or the Servicer's compliance with any of its covenants, representations or warranties hereunder.

SECTION 12.11

The Servicer shall, to the extent practicable and in an effort to reduce the likelihood of classification of the Trust as "publicly traded partnership" (within the meaning of Code Section 7704(b)), assuming that the Trust were classified as a partnership for federal or state income tax purposes and not solely as a security device for such purposes, take all steps necessary to prevent the trading of Notes on an "established securities market" (within the meaning of United States Treasury Regulations Section 1.7704-1(b)) or other trading of Notes that is comparable, economically, to trading on an "established securities market."

* * * *

signatures appear on next page

IN WITNESS WHEREOF, the parties have caused this Indenture and Servicing Agreement to be duly executed by their respective officers as of the day and year first above written.

MIDLAND RECEIVABLES 98-1 CORPORATION, as Issuer

By: /s/ Ronald W. Bretches

Name: Ronald W. Bretches
Title: Treasurer

MIDLAND CREDIT MANAGEMENT, INC., as Servicer

By: /s/ Ronald W. Bretches

Name: Ronald W. Bretches
Title: Senior Vice President

NORWEST BANK MINNESOTA,
NATIONAL ASSOCIATION,
not in its individual capacity, but
solely as Trustee and as Backup Servicer

By: /s/ Bruce Wandersee

Name: Bruce Wandersee
Title: Assistant Vice President

ASSET GUARANTY INSURANCE COMPANY

By: /s/ Scott L. Mangan

Name: Scott L. Mangan
Title: Vice President

RECEIVABLES CONTRIBUTION AGREEMENT

MIDLAND CREDIT MANAGEMENT, INC.
(SELLER)

MIDLAND RECEIVABLES 98-1 CORPORATION
(ISSUER)

DATED AS OF DECEMBER 1, 1998

MIDLAND RECEIVABLES-BACKED NOTES, SERIES 1998-1

RECEIVABLES CONTRIBUTION AGREEMENT

This RECEIVABLES CONTRIBUTION AGREEMENT (this "Agreement") is made as of December 1, 1998, by and among MIDLAND CREDIT MANAGEMENT, INC., a Kansas corporation (the "Seller"), and MIDLAND RECEIVABLES 98-1 CORPORATION, a Delaware Corporation (the "Issuer").

W I T N E S S E T H:

WHEREAS, the Issuer is a limited purpose finance subsidiary of the Seller;

WHEREAS, the Issuer, Midland Credit Management, Inc., as servicer (the "Servicer"), Norwest Bank Minnesota, National Association, as trustee (the "Trustee") and Asset Guaranty Insurance Company as Note Insurer ("Note Insurer") propose to enter into an Indenture and Servicing Agreement (the "Indenture and Servicing Agreement") dated as of December 1, 1998 which will create the Midland Credit Management Receivables-Backed Notes, Series 1998-1 (the "Notes");

WHEREAS, the Notes to be issued by the Issuer pursuant to the Indenture and Servicing Agreement will be collateralized by certain Receivables and related property and certain monies in respect thereof; and

WHEREAS, as of the date hereof, the Seller is the sole stockholder of the Issuer and, in consideration of the transfer and sale by Seller of the Receivables and related property to Issuer upon the terms and subject to the conditions set forth in this Agreement, Issuer has agreed to pay to Seller the sum of \$34,000,000, such amount being referred to herein as the "Issuer Purchase Price") with the difference, if any, between (i) the value of the Receivables and the related property, and (ii) the Issuer Purchase Price, being a capital contribution by the Seller to the Issuer.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION 1. DEFINITIONS. This Agreement is entered into in connection with the terms and conditions of the Indenture and Servicing Agreement, and each of the terms and conditions of the Indenture and Servicing Agreement are hereby incorporated by reference. Any capitalized term used herein and not otherwise defined herein shall have the meaning given to it in the Indenture and Servicing Agreement.

SECTION 2. TRANSFER AND ASSIGNMENT OF RECEIVABLES.

(a) Subject to the terms and conditions of this Agreement, the Seller hereby sells and delivers to the Issuer, and the Issuer hereby purchases from Seller, without recourse (except to the extent expressly provided herein), all of Seller's right, title and interest in,

to and under the Receivables identified on the Schedule Receivables. The Seller may from time to time transfer to the Issuer and the Issuer shall acquire from the Seller additional Substitute Receivables identified in additional Schedules of Receivables delivered hereunder pursuant to Section 4 hereof. Each Schedule of Receivables is incorporated by this reference into this Agreement and the Indenture and Servicing Agreement.

(b) Subject to the terms and conditions contained herein, the Seller hereby assigns and transfers to the Issuer, and the Issuer hereby accepts, all of the Seller's right, title and interest in, to and under the following described property and interests in property (the "Contributed Assets"):

(i) the Receivables identified on the Schedules of Receivables which includes a listing of accounts and all monies due thereon or paid thereunder or in respect thereof on and after the Closing Date;

(ii) all right, title and interest of the Seller in, to and under each Asset Sale Agreement, and all related documents, instruments and agreements pursuant to which the Seller acquired, or acquired an interest in, any of the Receivables from an Originating Institution;

(iii) all books, records and documents relating to the Receivables in any medium including without limitation paper, tapes, disks and other electronic media; and

(iv) all proceeds, products, rents and profits of any of the foregoing and all other amounts payable in respect of the foregoing, including, without limitation, proceeds of insurance policies insuring any of the foregoing or any indemnity or warranty payable by reason of loss or damage to or otherwise in respect of any of the foregoing.

(c) In consideration of the sale, transfer and conveyance of the Contributed Assets by the Seller to the Issuer, the Issuer shall on the Closing Date, pay to Seller an amount equal to the Issuer Purchase Price.

(d) It is the intention of the Seller that the transfer and assignment contemplated by this Agreement shall constitute an absolute sale of the Contributed Assets from the Seller to the Issuer and that the Contributed Assets shall not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. The Seller agrees to execute and file all filings (including filings under the UCC) necessary in any jurisdiction to provide third parties with notice of the sale of the Contributed Assets pursuant to this Agreement and to perfect such sale under the UCC.

(e) Although the parties hereto intend that the transfer and assignment contemplated by this Agreement be a sale, in the event such transfer and assignment is deemed to be other than a sale, the parties intend that (i) all filings described in the

foregoing paragraph shall give the Issuer a first priority perfected security interest in, to and under the Contributed Assets, and other property conveyed hereunder and all proceeds of any of the foregoing and (ii) this Agreement shall be deemed to be the grant of a security interest from the Seller to the Issuer in the Contributed Assets and the Issuer shall have all rights, powers and privileges of a secured party under the UCC. In furtherance of the foregoing intent, the Seller hereby grants to the Issuer a security interest in the Contributed Assets to secure the obligations of the Seller to the Issuer under all Transaction Documents.

(f) In connection with the foregoing conveyance, the Seller shall ensure that, from and after the time of sale of the Receivables to the Issuer under this Agreement, the master computer records (including any back-up archives) maintained by or on behalf of the Seller that refer to any Receivable indicate clearly the interest of the Issuer in such Receivable and that the Receivable is owned by the Issuer. Indication of the Issuer's ownership of a Receivable shall be deleted from or modified on such computer records when, and only when, the Receivable has been paid in full, repurchased or assigned by the Issuer.

(g) The Seller agrees that all Contributed Assets transferred, assigned and delivered to the Issuer hereunder shall comply with all the representations and warranties set forth in this Agreement and all other Transaction Documents.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF SELLER.

The Seller hereby makes the following representations and warranties on which the Issuer is relying in accepting the Receivables and executing this Agreement. The representations shall speak as of the execution and delivery of this Agreement, and shall survive the transfer, assignment and conveyance of the Receivables to the Issuer and are as follows:

(a) Organization and Good Standing. The Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Kansas with corporate power and authority to own its properties and to conduct its business as such properties shall be currently owned and such business is presently conducted, and had at all relevant times, and shall now have, power, authority and legal right to acquire, own, hold, transfer, assign and convey the Receivables.

(b) Due Qualification. The Seller is duly qualified to do business as a foreign corporation in good standing, and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business shall require such qualifications, licenses or approvals and as to which the failure to obtain such licenses or approvals would have a material and adverse impact upon the value or collectability of the Receivables.

(c) Power and Authority. The Seller has all requisite corporate power and authority to own the Receivables, to execute and deliver this Agreement and any and all other instruments and documents necessary to consummate the transactions contemplated hereby (the "Seller's Related Documents") and to perform each of its obligations under this Agreement and under the Seller's Related Documents, and to consummate the

transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each of the Seller's Related Documents by the Seller, the performance by the Seller of its obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby have each been duly authorized by the Board of Directors of the Seller and no further corporate actions are required to be taken by the Seller in connection therewith.

(d) Valid Transfer; Binding Obligation. Upon the execution and delivery of this Agreement and the Schedule of Receivables by each of the parties hereto, this Agreement shall evidence a valid transfer, assignment and conveyance of the Receivables, which is enforceable against creditors of and purchasers from the Seller, and will constitute the legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or similar laws and by equitable principles.

(e) No Violation. Neither the execution, delivery and performance of this Agreement by the Seller nor the consummation by the Seller of the transactions contemplated hereby nor the fulfillment of or compliance with the terms and conditions of this Agreement (i) materially conflicts with or results in a material breach of any terms, conditions or provisions of the articles of incorporation or bylaws of the Seller or any indenture, agreement or other instrument to which the Seller or any of its subsidiaries is a party or by which it is bound, (ii) constitutes a material default (whether with notice or lapse of time or both), or results in the creation or imposition of any material lien, charge or encumbrance upon any of the property or assets of the Seller, under the terms of any of the foregoing or (iii) violates any statute, ordinance or law or any rule, regulation, order, writ, injunction or decree of any court or of any public, governmental or regulatory body, agency or authority applicable to the Seller.

(f) Litigation; Judicial Proceedings. There are no judicial or administrative actions, proceedings or investigations pending or, to the Seller's knowledge, threatened by or against the Seller with respect to the transactions contemplated hereby, at law or in equity or before or by any federal, state, municipal, foreign or other governmental department, commission, board, agency, instrumentality or authority.

(g) All Consents Obtained. All approvals, authorizations, consents, orders or other actions of any persons or of any governmental body or official required in connection with the execution and delivery by the Seller of this Agreement and the Transaction Documents to which the Seller is a party, the performance by the Seller of the transactions contemplated by this Agreement and the fulfillment by the Seller of the terms hereof and thereof, have been obtained.

(h) Not an Investment Company. The Seller is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act, and none of the execution, delivery or performance of obligations under this Agreement or any of the Seller's Related Documents, or the consummation of any of the transactions contemplated thereby (including, without limitation, the contribution of the Contributed Assets hereunder) will violate any

provision of the Investment Company Act, or any rule, regulation or order issued by the Securities and Exchange Commission thereunder.

(i) All Tax Returns True, Correct and Timely Filed. All material tax returns required to be filed by the Seller in any jurisdiction have in fact been filed and all taxes, assessments, fees and other governmental charges upon the Seller or upon any of its properties, income or franchises shown to be due and payable on such returns have been paid. To the best of the Seller's knowledge all such tax returns were true and correct in all material respects and the Seller knows of no proposed material additional tax assessment against it nor of any basis therefor. The provisions for taxes on the books of the Seller and each subsidiary are in accordance with generally accepted accounting principles.

(j) No Restrictions on Seller Affecting Its Business. The Seller is not a party to any contract or agreement, or subject to any charter or other corporate restriction which materially and adversely affects its business.

(k) Perfection of Security Interest. All filings and recordings as may be necessary to perfect the interest of the Issuer in the Receivables have been accomplished and are in full force and effect. The Seller will from time to time, at its own expense, execute and file such additional financing statements (including continuation statements) as may be necessary to ensure that at any time, the interest of the Issuer in all of the Receivables is fully protected.

(l) All Taxes, Fees and Charges Relating to Transaction and Transaction Documents Paid. Any taxes, fees and other governmental charges in connection with the execution and delivery of the Agreement and the transactions contemplated hereby have been or will be paid by the Seller at or prior to the Closing Date.

(m) Location of Chief Executive Office and Records. The principal place of business and chief executive office of the Seller, and the office where the Seller maintains all of its records, is located at 500 West First Street, Hutchinson, Kansas 67504; provided that, at any time after the Closing Date, upon 30 days' prior written notice to each of the Issuer, the Note Insurer and the Trustee, the Seller may relocate its principal place of business and chief executive office, and/or the office where it maintains all of its records, to another location within the United States to the extent that the Seller shall have taken all actions necessary or reasonably requested by the Issuer, the Trustee or the Note Insurer to amend its existing financing statements and continuation statements, and file additional financing statements and to take any other steps reasonably requested by the Issuer, the Trustee or the Note Insurer to further perfect or evidence the rights, claims or security interests of any of the Issuer or any assignee or beneficiary of Issuer's rights under the Agreement, including the Trustee and the Note Insurer .

(n) Ownership of the Issuer. One hundred percent (100%) of the stock of the Issuer is directly owned (both beneficially and of record) by the Seller. Such shares of stock are validly issued, fully paid and nonassessable and no one other than the Seller has any rights to acquire stock of the Issuer.

(o) Solvency. The Seller, both prior to and after giving effect to each contribution of Receivables identified in a Schedule of Receivables on the Closing Date (or on any Funding Date thereafter, as the case may be) (i) is not "insolvent" (as such term is defined in Section 101(32)(A) of the Bankruptcy Code), (ii) is able to pay its debts as they become due, and (iii) does not have unreasonably small capital for the business in which it is engaged or for any business or transaction in which it is about to engage.

(p) Reporting and Accounting Treatment. For reporting and accounting purposes, and in its books of account and records, the Seller will treat the sale of Receivables pursuant to this Agreement as an absolute assignment of the Seller's full right, title and ownership interest in each such Receivable and the Seller has not in any other manner accounted for or treated the transactions.

(q) Receivables.

(i) Each Receivable is payable in United States dollars and has been purchased by the Seller from the related Originating Institution under an Asset Sale Agreement between the Seller and the applicable Originating Institution, in accordance with the Customary Procedures of the Seller.

(ii) The information set forth in the Schedule of Receivables shall be true and correct in all material respects as of the Cut-Off Date and in the event the Seller owns Consumer Accounts other than the Receivables, no selection procedures adverse to the Issuer shall have been utilized in selecting the Receivables from the Consumer Accounts of the Seller.

(iii) None of the Receivables shall be due from the United States or any state, or from any agency, department or instrumentality of the United States or any state or local government.

(iv) None of the Receivables shall be due from any employee of the Seller or any of its affiliates, or predecessors.

(v) It is the intention of the Seller that the transfer and assignment herein contemplated, taken as a whole, constitute a sale of the Receivables from the Seller to the Issuer and that the Receivables shall not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. No Receivable has been sold, transferred, assigned or pledged by the Seller to any Person other than the Issuer. Immediately prior to the transfer and assignment herein contemplated, the Seller had good and marketable title to each Receivable, free and clear of all Liens and rights of others (except such claims or liens that will be discharged upon such sale); immediately upon the transfer and assignment thereof, the Issuer shall have good and marketable title to each Receivable, free and clear of all Liens and rights of others; and the transfer and assignment herein contemplated, to the extent necessary, has been perfected under the UCC.

(vi) As of the Closing Date, the Seller has not taken any action that, or failed to take any action the omission of which, would materially impair the rights of the Issuer with respect to any Receivable.

(vii) As of the Closing Date, no Receivable has been identified by the Seller or reported to the Seller by the related Originating Institution as having resulted from fraud perpetrated by the Obligor with respect to the related account.

(viii) All filings (including UCC filings) necessary in any jurisdiction to provide third parties with notice of the transfer and assignment herein contemplated, to perfect the transfer of the Receivables hereunder and to provide Issuer with an interest in the Receivables that is prior to any other interest held by any other person (except the Trustee on behalf of the Noteholders) shall have been made.

(ix) No Receivable is secured by "real property" or "fixtures" or evidenced by an "instrument" under and as defined in the UCC.

(x) As of the Closing Date, each Receivable File is kept at the location identified for such purpose in the Indenture and Servicing Agreement.

SECTION 4. REPURCHASE OF RECEIVABLES UPON BREACH.

If, as a result of a breach of any of the representations and warranties made by the Seller to the Issuer hereunder, the Issuer breaches similar representations and warranties made by it under the Indenture and Servicing Agreement and thereby becomes obligated under the Indenture and Servicing Agreement to accept retransfer of any Receivables, in addition to any other rights or remedies that the Issuer may have against the Seller as a result of such breach, the Seller shall be obligated to (i) repurchase the Receivables retransferred to the Issuer for an amount equal to the amount the Issuer is required to deposit under the Indenture and Servicing Agreement in connection with such retransfer or (ii) accept retransfer of any such Receivables in exchange for the sale, transfer and conveyance hereunder, pursuant to a Schedule of Receivables, of Receivables of equal or greater value from the Originating Institution (the "Substitute Receivables") of the affected Receivables, if and to the extent that the Seller has the right to demand, or is obligated to accept such substitution, pursuant to the terms of the applicable Asset Sale Agreement.

SECTION 5. TERMINATION.

This Agreement (a) may not be terminated prior to the termination of the Indenture and Servicing Agreement and (b) may be terminated at any time thereafter by either party upon written notice to the other party.

SECTION 6. GENERAL COVENANTS OF SELLER.

The Seller covenants and agrees that from the Closing Date until the termination of the Indenture and Servicing Agreement:

(a) No Change in Name or Chief Executive Office or Location of Records. The Seller covenants that it shall not change its name, and shall maintain its principal place of business and chief executive office, and the office where it maintains all of its records, at 500 West First Street, Hutchinson, Kansas 67504; provided that, at any time after the Closing Date, upon 30 days' prior written notice to each of the Issuer, the Note Insurer and the Trustee, the Seller may change its name and/or relocate its principal place of business and chief executive office, and/or the office where it maintains all of its records, to another location within the United States to the extent that the Seller shall have taken all actions necessary or reasonably requested by the Issuer, the Trustee or the Note Insurer to amend its existing financing statements and continuation statements, and file additional financing statements and to take any other steps reasonably requested by the Issuer, the Trustee or the Note Insurer to further perfect or evidence the rights, claims or security interests of any of the Issuer, the Trustee or the Note Insurer under any of the Transaction Documents.

(b) Separate Identity. The Seller hereby covenants and agrees to take all actions required to maintain the Issuer's status as a separate legal entity. Without limiting the foregoing, the Seller shall:

(i) cause the Issuer to conduct all of its business, and make all communications to third parties (including all invoices (if any), letter, checks and other instruments) solely in its own name (and not as a division of any other Person), and require that its employees, if any, when conducting its business identify themselves as employees of the Issuer:

(ii) cause the Issuer to compensate all employees, consultants and agents directly or indirectly through reimbursement of the Seller, from the Issuer's bank accounts, for services provided to the Issuer by such employees, consultants and agents and, to the extent any employee, consultant or agent of the Issuer is also an employee, consultant or agent of the Seller, allocate the compensation of such employee, consultant or agent between the Issuer and the Seller on a basis which reflects the respective services rendered to the Issuer and the Seller;

(iii) cause the Issuer to (A) pay its own incidental administrative costs and expenses from its own funds and (B) allocate all other shared overhead expenses (including, without limitation, telephone and other utility charges, the services of shared employees, consultants and agents, and reasonable legal and auditing expenses) which are not reflected in the Servicing Fee, and other items of cost and expense shared between the Issuer and the Seller, on the basis of actual use to the extent practicable, and to the extent such allocation is not practicable, on a basis reasonably related to actual use or the value of services rendered;

(iv) cause the Issuer to at all times have at least two Independent Directors, as provided in the Issuer's Certificate of Incorporation;

(v) cause the Issuer to maintain its books and records separate from those of any Affiliate;

(vi) cause the Issuer to prepare its financial statements separately from those of its Affiliates and ensure that any consolidated financial statement have notes to the effect that the Issuer is a separate entity whose creditors have a claim on its assets prior to those assets becoming available to its equity holders and therefore to any creditors, as the case may be;

(vii) cause the Issuer to not commingle its funds or other assets with those of any of its Affiliates (other than in respect of items of payment or funds which may be commingled until deposit into the Collection Account in accordance with this Agreement), and not to hold its assets in any manner that would create an appearance that such assets belong to any such Affiliate, not maintain bank accounts or other depository accounts to which any such Affiliate is an account party, into which any such Affiliate makes deposits or from which any such Affiliate has the power to make withdrawals, and not act as an agent or representative of any of its Affiliates in any capacity;

(viii) not permit any of its Affiliates to pay the Issuer's operating expenses;

(ix) not permit the Issuer to guarantee any obligation of any of its Affiliates, have any of its obligations guaranteed by any such Affiliate (either directly or by seeking credit based on the assets of such Affiliate), or otherwise hold itself out as responsible for the debts of any Affiliate;

(x) cause the Issuer to maintain at all times stationery separate from that of any Affiliate and have all its officers and employees conduct all of its business solely in its own name;

(xi) hold regular meetings of its Board of Directors in accordance with the provisions of its bylaws and otherwise take such actions as are necessary on its part to ensure that all corporate procedures required by its Articles of Incorporation and bylaws are duly and validly taken;

(xii) cause the Issuer to respond to any inquires with respect to ownership of a Receivable by stating that it is the owner of such contributed Receivable, and, if requested to do so, that the Trustee has been granted a security interest in such Receivable; and

(xiii) cause the Issuer to take such other actions as are necessary on its part to ensure that the facts and assumptions set forth in the non-consolidation opinion delivered by the Issuer's counsel remain true and correct at all times.

(c) No Liens, Etc. Against Receivables and Trust Property. The Seller hereby covenants and agrees not to create or suffer to exist (by operation of law or otherwise),

any Lien upon or with respect to, any Receivables or the Trust Estate, or any interest in either thereof, or upon or with respect to any Account, except for the Lien created by the Indenture and Servicing Agreement. The Seller shall immediately notify the Trustee of the existence of any Lien on any Receivables or the Trust Estate, and the Seller shall defend the right, title and interest of each of the Issuer and the Trustee in, to and under the Receivables and Trust Estate, against all claims of third parties.

SECTION 7. MISCELLANEOUS.

(a) This Agreement may not be amended except by an instrument in writing signed by the Seller and the Issuer. In addition, so long as the Notes are outstanding, this Agreement may not be amended without the prior written consent of (i) Noteholders holding a majority of the outstanding principal on the Notes unless the Seller and the Issuer deliver to the Trustee written evidence from the Rating Agency that such Rating Agency has reviewed such proposed amendment and that the amendment of this Agreement will not result in a reduction or withdrawal of its rating on the Notes and (ii) the Note Insurer.

(b) The covenants, agreements, rights and obligations contained in this Agreement shall be binding upon the successors and assigns of the Seller and shall inure to the benefit of the successors and assigns of the Issuer, and all persons claiming by, through or under the Issuer.

(c) Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other Jurisdiction.

(d) This Agreement shall be governed by and construed in accordance with the laws of the State of Kansas.

(e) This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart. Any counterpart hereof signed by a party against whom enforcement of this Agreement is sought shall be admissible into evidence as an original hereof to prove the contents hereof.

(f) The Seller covenants and agrees that prior to the date which is one year and one day after the termination of the Indenture and Servicing Agreement, it will not institute against, or join any other Person in instituting against, the Issuer any bankruptcy, reorganization arrangement, insolvency or liquidation proceeding or other proceedings under any federal or state bankruptcy or similar law. This Section 7(f) shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Receivables Contribution Agreement to be duly executed as of the date first above written.

MIDLAND CREDIT
MANAGEMENT, INC.

By: /s/ Ronald W. Bretches

Name: Ronald W. Bretches
Title: Senior Vice President

MIDLAND RECEIVABLES 98-1 CORPORATION

By: /s/ Ronald W. Bretches

Name: Ronald W. Bretches
Title: Treasurer

THIS EXHIBIT CONTAINS CONFIDENTIAL INFORMATION WHICH HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST UNDER RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED. THE CONFIDENTIAL INFORMATION ON PAGES 7, 8, 18 AND 19 HAS BEEN REPLACED WITH ASTERISKS.

EXHIBIT 10.3

[EXECUTION VERSION]

INSURANCE AND REIMBURSEMENT AGREEMENT

THIS INSURANCE AND REIMBURSEMENT AGREEMENT (the "Insurance Agreement") is made as of December 1, 1998 among Asset Guaranty Insurance Company, a stock insurance company incorporated in the State of New York, as note insurer ("AGIC"), Midland Receivables 98-1 Corporation, as issuer (the "Issuer"), Midland Credit Management, Inc., individually ("Midland") and as servicer, together with its successors and assigns in such capacity, including without limitation the backup servicer and any successor servicer appointed pursuant to the Indenture (as defined below) (the "Servicer"), and Norwest Bank Minnesota, National Association (individually "Norwest"), as trustee (together with its successors and assigns, in such capacity, the "Trustee") and as backup servicer (in such capacity, the "Backup Servicer").

PRELIMINARY STATEMENTS

The Issuer is the issuer of the Midland Receivables-Backed Notes, Series 1998-1 (the "Notes") for which a security interest in collateral consisting of all of the Issuer's right, title and interest in, to and under a pool of receivables, including, among other types of receivables, consumer loan receivables generated on credit card accounts, and installment accounts and certain other assets and rights (the "Trust Estate") has been granted to the Trustee for the benefit of the holders of the Notes and AGIC. Such receivables and related assets were assigned to the Issuer pursuant to a Receivables Contribution Agreement, dated as of December 1, 1998 between Midland, as seller and the Issuer, as purchaser (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Receivables Contribution Agreement") and the Schedule of Receivables (as defined below).

The Issuer has granted the security interest in the Trust Estate to secure repayment of the Notes (and other related amounts) to the Trustee for the benefit of the holders of the Notes and AGIC pursuant to the Indenture and Servicing Agreement, dated as of December 1, 1998, among the Issuer, the Servicer, AGIC and Norwest, as Trustee and as Backup Servicer (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Indenture"); and

The Notes have been sold to the "Purchasers" parties to that certain Note Purchase Agreement, dated as of December 1, 1998, among such Purchasers and the Issuer (as the same may be amended, restated, supplemented and otherwise modified from time to time, the "Purchase Agreement"); and

AGIC is authorized to transact a financial guaranty insurance business in the State of New York and has agreed, subject to the terms and conditions of this Insurance Agreement, to issue to the Trustee, for the benefit of the holders of the Notes, a financial guaranty insurance policy substantially in the form of Exhibit A hereto (the "Policy"); and

The parties hereto, among other things, desire to specify the conditions precedent to the issuance by AGIC of the Policy, the obligation to make payments in respect of premiums, reimbursement obligations and other amounts relating to the Policy, and to perform certain other obligations of the Issuer, the Servicer, the Backup Servicer and Midland to AGIC in respect of the issuance of the Policy, and to provide for certain other matters related thereto.

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained, AGIC, the Issuer, the Servicer, Midland, the Trustee and the Backup Servicer agree as follows:

ARTICLE I DEFINITIONS

Section 1.01 General Definitions. The terms defined in this Article I shall have the meanings provided herein for all purposes of this Insurance Agreement, unless the context clearly requires otherwise, in both singular and plural form, as appropriate. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

"Affiliate" means, as to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" or "controlled" have meanings correlative to the foregoing.

"AGIC" has the meaning assigned to such term in the Preliminary Statements above.

"AGIC Information" has the meaning given to such term under the Indemnification Agreement.

"Backup Servicer" has the meaning assigned to such term in the Preliminary Statements above.

"Closing Date" means December 30, 1998.

"GAAP" means generally accepted accounting principles in effect from time to time in the United States of America.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Indemnification Agreement" means the Indemnification Agreement, dated as of December 1, 1998, among AGIC, the Issuer, the Placement Agent and Midland.

"Indenture" has the meaning assigned to such term in the Preliminary Statements above.

"Insurance Agreement" has the meaning assigned to such term in the Preliminary Statements above.

"Issuer" has the meaning assigned to such term in the Preliminary Statements above.

"Midland" has the meaning assigned to such term in the Preliminary Statements above.

"Notes" has the meaning assigned to such term in the Preliminary Statements above.

"Person" means an individual, a partnership, a corporation, a limited liability company, a business trust, a joint stock company, a trust, an unincorporated association, a joint venture, a Governmental Authority or other entity of whatever nature.

"Placement Agent" means Rothschild Inc.

"Placement Agent Agreement" means the Placement Agent Agreement dated as of December 18, 1998, among the Issuer, Midland and the Placement Agent.

"Placement Agent Information" means the information relating to the Placement Agent in the Private Placement Memorandum.

"Policy" has the meaning assigned to such term in the Preliminary Statements above.

"Premium" means the premium payable by the Issuer pursuant to the Premium Letter.

"Premium Letter" means the letter agreement between AGIC and the Issuer, dated as of the Closing Date, setting forth the payment arrangement for the premiums in respect of the Policy, and certain other fees, related expenses and other related matters.

"Premium Rate" has the meaning assigned to such term in the Premium Letter.

"Prime Rate" means the fluctuating rate of interest as published from time to time in the New York, New York edition of The Wall Street Journal, under the caption "Money Rates" as the "prime rate", the "Prime Rate" to change when and as such published prime rate changes.

"Private Placement Memorandum" means the final Private Placement Memorandum dated December 30, 1998, relating to the offering of the Notes.

"Purchase Agreement" has the meaning assigned to such term in the Preliminary Statements above.

"Purchaser" has the meaning assigned to such term in the Preliminary Statements above.

"Rating Agency" means Standard & Poor's Rating Services, a division of McGraw-Hill Companies, Inc.

"Receivables Contribution Agreement" has the meaning assigned to such term in the Preliminary Statements above.

"Schedule of Receivables" means the schedule of receivables delivered to the Trustee by the Issuer in connection with the Indenture.

"Servicer" has the meaning assigned to such term in the Preliminary Statements above.

"Trust Estate" has the meaning assigned to such term in the Preliminary Statements above.

"Trustee" has the meaning assigned to such term in the Preliminary Statements above.

Section 1.02. Generic Terms. All words used herein shall be construed to be of such gender or number as the circumstances require. The words "herein," "hereby," "hereof," "hereto," "hereinbefore" and "hereinafter," and words of similar import, refer to this Insurance Agreement in its entirety and not to any particular paragraph, clause or other subdivision, unless otherwise specified.

ARTICLE II THE POLICY AND REIMBURSEMENT

Section 2.01. Policy. AGIC agrees, subject to the satisfaction of the conditions hereinafter set forth on or prior to the Closing Date, to issue the Policy on the Closing Date.

Section 2.02. Conditions Precedent. The obligation of AGIC to issue the Policy is subject to the satisfaction of the following conditions on or prior to the Closing Date:

(a) The following documents shall have been duly authorized, executed and delivered by each of the parties thereto (other than AGIC) and shall be in full force and effect and in form and substance satisfactory to AGIC, in the exercise of AGIC's sole discretion, and an executed counterpart of each thereof shall have been delivered to AGIC:

- (i) this Insurance Agreement;
- (ii) the Indenture, including the Schedule of Receivables;
- (iii) the Purchase Agreement;
- (iv) the Receivables Contribution Agreement, including the Schedule of Receivables;
- (v) the Placement Agent Agreement;
- (vi) the Indemnification Agreement; and
- (vii) the Premium Letter

(items (i) through (vii) being, collectively, the "Transaction Documents").

(b) AGIC shall have received:

(i) copies certified by the Secretary or an Assistant Secretary of each of the Issuer and Midland, dated the Closing Date, of its certificate of incorporation and by-laws and the resolutions of its Board of Directors, as the case may be, or a duly authorized committee thereof authorizing its execution and delivery of the Transaction Documents and of all documents evidencing other corporate or company action and governmental approvals, if any, that are necessary for the consummation of the transactions contemplated in such documents;

(ii) a certificate, dated the Closing Date, of the secretary or an assistant secretary of each of the Issuer, the Trustee, the Backup Servicer and Midland certifying the names and true signatures of its officers authorized to sign such Transaction Documents to which it is a party;

(iii) a certificate, dated the Closing Date, of a Responsible Officer of each of the Issuer and Midland certifying to the effect of the representation and warranty set forth in Section 3.01(e) hereof;

(iv) each of the opinions, letters and certificates described in the closing checklist attached hereto as Exhibit B (other than any such opinion, letter or certificate required to be issued or delivered by AGIC or an agent or employee thereof), in each case (1) dated the Closing Date, (2) in full force and effect at the time of delivery thereof, (3) in form and substance satisfactory to AGIC in the exercise of its sole discretion, and (4) covering such matters as AGIC shall require in the exercise of its sole discretion;

(v) evidence that one or more UCC financing statements covering the security interest of the Trustee created by or pursuant to the Indenture in the Trust Estate and the other property and rights which the Trustee is granted in the Indenture and the proceeds thereof has been executed by the Issuer in favor of the Trustee, and has been duly filed in such place or places which, in the opinion of counsel for the Issuer, Midland and AGIC, are necessary or desirable to perfect such interest;

(vi) evidence that one or more UCC financing statements covering the ownership interest of the Issuer in the Receivables and the other related assets assigned pursuant to the Receivables Contribution Agreement has been executed by Midland in favor of the Issuer, and assigned to the Trustee, and has been duly filed in such place or places which, in the opinion of counsel for the Issuer, Midland and AGIC, are necessary or desirable to perfect such interest;

(vii) evidence that each of the Collection Account, the Reserve Account, and the Note Payment Account have been established in accordance with the terms and conditions of the Indenture;

(viii) certified copies of documents, certificates, instruments, approvals or executed copies thereof that relate to the transactions as contemplated by the Transaction Documents as AGIC may reasonably request; and

(ix) a specimen Note.

(c) (i) No statute, rule, regulation or order shall have been enacted, entered or deemed applicable by any government or governmental or administrative agency or court which would make the transactions contemplated by the Transaction Documents illegal or otherwise prevent the consummation thereof, (ii) no material omission or change of fact shall have occurred or come to the attention of any of Midland, the Issuer, the Trustee, the Placement Agent or AGIC that would cause information or documents heretofore supplied to AGIC to be untrue or misleading, (iii) no other material change or omission shall have occurred or come to the attention of any of Midland, the Issuer, the Trustee, the Placement Agent or AGIC that would entitle the Placement Agent to decline to place the Notes, and (iv) no material adverse change shall have occurred in the security for the Notes since the date of the Purchase Agreement.

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

(d) No suit, action or other proceeding, investigation, or injunction or final judgment relating thereto, shall be threatened or pending before any court or governmental agency in which it is sought to restrain or prohibit or obtain damages or other relief in connection with the consummation of the Transactions, and no investigation that might result in any such suit, action or proceeding shall be pending or threatened.

(e) AGIC shall have received an executed copy of all legal opinions, certificates, accountant's reports and other documents required to be furnished by the Issuer, the Servicer, the Backup Servicer, the Trustee and Midland pursuant to any of the Transaction Documents or pursuant to the requirements of the Rating Agency (if any). Such documents shall be in form and substance satisfactory to AGIC in the exercise of its sole discretion and each such legal opinion or certificate shall be addressed to AGIC, or accompanied by appropriate reliance letters to AGIC.

(f) There shall be on deposit in the Reserve Account a sum of not less than [*] in immediately available funds.

(g) Simultaneously with the issuance of the Policy, the Notes shall have been duly executed and authenticated and delivered to the relevant Purchaser pursuant to the Purchase Agreement.

(h) All fees and expenses payable hereunder or pursuant to the Premium Letter to AGIC on or prior to the Closing Date shall have been paid in full by Midland or the Issuer.

Section 2.03. Premium Letter. AGIC shall be entitled to receive the Premium payable under the Premium Letter on each Payment Date, and the timely payment or other performance of all other obligations set forth in the Premium Letter, in each case in accordance with the terms and conditions of the Premium Letter.

Section 2.04. Reimbursement Obligations. (a) In consideration of the issuance of the Policy by AGIC, AGIC shall be entitled to reimbursement by the Issuer from the Trust Estate, pursuant to the terms hereof and the Indenture, for any payment made under the Policy, which reimbursement shall be due and payable to AGIC on the date that any amount is to be paid pursuant to a Notice for Payment (as defined in the Policy). Such reimbursement shall be made in accordance with the terms hereof and of the Indenture, in an amount equal to the sum of all amounts paid or previously paid that remain unpaid under the Policy, together with interest on any and all amounts remaining unpaid (to the extent permitted by law, if in respect of any unpaid amounts representing interest) from the date such amounts became due until paid in full (after as well as before judgment), at a rate of interest equal to *

(b) Anything in Section 2.04(a) to the contrary notwithstanding, AGIC shall be entitled to reimbursement (to the extent such reimbursement and related interest has not

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

previously been paid by payment to AGIC from the Trust Estate) from (i) the Issuer, for payments made under the Policy arising as a result of the Issuer's failure to make any payment or deposit with respect to a Receivable required to be made pursuant to either of Sections 2.05 or 7.02 of the Indenture, together with interest on any and all such amounts remaining unpaid (to the extent permitted by law, if in respect of any unpaid amounts representing interest) from the date such amounts became due until paid in full (after as well as before judgment), at a rate of interest equal to [*], and (ii) the Servicer, for payments made under the Policy arising as a result of the Servicer's failure to make any deposit, including without limitation, a deposit required to be made pursuant to Section 3.04 of the Indenture, together with interest on any and all such amounts remaining unpaid (to the extent permitted by law, if in respect of any unpaid amounts representing interest) from the date such amounts became due until paid in full (after as well as before judgment), at a rate of interest equal to [*]

(c) Interest payable to AGIC under this Insurance Agreement shall be calculated on the basis of a 360-day year for the actual number of days elapsed and with respect to amounts payable pursuant to Sections 2.03 or 2.04(a) or (b) shall be payable in accordance with the Indenture, or to the extent payable pursuant to any other section herein, on demand.

Section 2.05. Assignment and Other Rights upon Payments under the Policy. (a) In consideration of the issuance of the Policy by AGIC, in the case of any payment made by or on behalf of AGIC under the Policy, in addition to and not by way of limitation of, any of the rights and remedies of AGIC hereunder or under the Indenture with respect to such payment, each of the Issuer and the Servicer hereby acknowledges and consents to the assignment by the Trustee, on behalf of the Noteholders, to AGIC in accordance with the terms of the relevant Notice for Payment (as such term is defined in the Policy):

(i) the rights of the Noteholders with respect to the Notes and the Trust Estate, to the extent of any such payment under the Policy; and

(ii) the rights of the Trustee and each Noteholder in the conduct of any Insolvency Proceeding relating to any Preference Event, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(b) The rights and remedies of AGIC described in clause (a) above are in addition to, and not in limitation of, rights of subrogation and other rights and remedies otherwise available to AGIC in respect of payments under the Policy. The Trustee shall take such action and deliver such instruments as may be reasonably requested or required by AGIC to effectuate the purpose or provisions of this Section 2.05.

Section 2.06. Subrogation; Further Assurances. (a) The interests, rights and remedies of AGIC described in Article II above are in addition to, and not in lieu of, AGIC's equitable

rights of subrogation, and AGIC reserves all of such rights. Each of the Issuer and the Servicer agrees to take, or cause to be taken, all actions deemed desirable by AGIC to preserve, enforce, perfect or maintain the perfection in AGIC's favor of such interests, rights and remedies and such equitable rights of subrogation.

(b) For the avoidance of doubt, the parties hereto acknowledge and agree that the receipt of any payment under the Policy shall not constitute (x) a reduction of any unpaid amounts of principal or interest of Notes outstanding under the Indenture or (y) otherwise discharge any other obligations whatsoever of the Issuer or the Servicer under the Indenture.

(c) Each of the Issuer and the Servicer agrees to promptly and duly take, execute, acknowledge and deliver such further acts, documents, instruments and assurances as AGIC may from time to time reasonably request to more effectively evidence any rights to assignment or subrogation under this Article II, and to protect and perfect all of AGIC's other rights as against the Issuer and the Servicer, as the case may be.

ARTICLE III REPRESENTATIONS AND WARRANTIES

Section 3.01. Representations and Warranties of the Issuer, the Servicer and Midland. Each of the Issuer and Midland both in its individual capacity and as Servicer, represents and warrants to AGIC, severally and not jointly, as of the Closing Date that:

(a) It has the power and authority to execute and deliver each of the Transaction Documents and all other documents and agreements contemplated hereby and thereby to which it is a party, as well as to carry out the terms hereof and thereof.

(b) It has taken all necessary action, including but not limited to all requisite corporate action, to authorize the execution, delivery and performance of the Transaction Documents and all other documents and agreements contemplated hereby and thereby to which it is a party. When executed and delivered by it, each of the Transaction Documents to which it is a party will constitute its legal, valid and binding obligation enforceable in accordance with its terms subject, as to enforcement, to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect affecting the enforcement of creditors rights in general, and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity) and, except to the extent that rights to indemnification and contribution may be unenforceable as against public policy.

(c) All authorizations, licenses, permits, certificates, franchises, consents, approvals and undertakings which are required to be obtained by it under any applicable law (including, without limitation, state securities or "blue sky" laws) which are material to (i) the conduct of its

business, (ii) the ownership, use, operation or maintenance of its properties, (iii) the execution, delivery and performance by it of its obligations to AGIC and the Noteholders under or in connection with the Transaction Documents and (iv) the distribution of the Notes, and the issuance of the Policy have been received, and all such authorizations, licenses, permits, certificates, franchises, consents, approvals and undertakings are in full force and effect.

(d) Its execution, issuance, delivery of, and performance of its obligations under the Transaction Documents and any and all instruments or documents required to be executed or delivered pursuant to or in connection herewith or therewith were and are within its corporate powers and will not violate any provision of any law, regulation, decree or governmental authorization applicable to it, or its certificate of incorporation or by-laws, and will not violate or cause a default under any material provision of any material contract, agreement, mortgage, indenture or other undertaking to which it is a party or which is binding upon it or any of its property or assets, and will not result in the imposition or creation of any lien, charge, or encumbrance upon any of its properties or assets pursuant to the provisions of any such contract, agreement, mortgage, indenture or undertaking, other than as specifically set forth in any of the Transaction Documents.

(e) Its execution and delivery of the Transaction Documents and the consummation of the transactions contemplated by such agreements were not made (i) in contemplation of its insolvency, (ii) with the intent to hinder, delay or defraud the Issuer, the Servicer, Midland or any creditor of the Issuer, the Servicer or Midland or (iii) after the commission of any act of insolvency by the Issuer, the Servicer or Midland or (iv) without fair consideration. It is not possessed of assets or capital unreasonably small in value in relation to and after giving effect to Midland's transfer under the Receivables Contribution Agreement to the Issuer and the Issuer's grant of a security interest in the Trust Estate and other assets to the Trustee under the Indenture and the consummation of the other transactions contemplated by the aforementioned agreements. It is not insolvent at the time of, and will not be rendered insolvent by virtue of, such transfers and transactions. By consummating the transactions contemplated by the aforementioned agreements, it does not intend to, and does not believe that it will, incur debts beyond its ability to pay such debts as they become due.

(f) There are no legal, governmental or regulatory proceedings or investigations pending to which it is a party or of which any of its property is the subject, which if determined adversely to any of them would individually or in the aggregate have a material adverse effect on its performance of the Transaction Documents or the consummation of the transactions contemplated hereunder or thereunder; and to the best of its knowledge, no such proceedings or investigations are threatened or contemplated by Governmental Authorities or threatened or contemplated by others.

(g) Each of the representations and warranties, as applicable, made by it in each of the Transaction Documents are true and correct in all material respects as of the date made or deemed made.

(h) Each of the Issuer, the Servicer and Midland, severally and not jointly, represents and warrants that, as of the Closing Date, neither the Private Placement Memorandum nor any amendment thereof or supplement thereto (other than the AGIC Information and the Placement Agent Information) contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

ARTICLE IV COVENANTS

Section 4.01. Covenants of Midland individually and as Servicer. Midland, individually and as Servicer hereby covenants and agrees that during the term of this Insurance Agreement:

(a) It shall not terminate (except in accordance with the terms thereof), amend, waive or otherwise modify the provisions of the Transaction Documents or any term or provision thereof, or the performance of any of the terms of any of the foregoing.

(b) It shall furnish to AGIC a copy of each material certificate, report, statement, notice or other written communication furnished by or on behalf of it, to any of the Noteholders, the Trustee or the Rating Agency concurrently therewith, and furnish to AGIC promptly after receipt thereof, a copy of each notice, demand or other communication received by it from any of the Noteholders, the Trustee or the Rating Agency, in each case with respect to any of the Notes or the Transaction Documents.

(c) It shall not fail to own 100% of the issued and outstanding shares of capital stock of the Issuer.

(d) It shall comply with each of the covenants, as applicable, made by it in each of the Transaction Documents.

Section 4.02. Affirmative Covenants of the Issuer. The Issuer hereby covenants and agrees that during the term of this Insurance Agreement:

(a) It will furnish to AGIC the following financial information regarding the Issuer:

(i) as soon as available, but in any event within 90 days after the end of each fiscal year, a copy of its balance sheets as at the end of such year and the related statements of income and retained earnings and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on by Ernst & Young or other independent certified public accountants of nationally recognized standing;

(ii) as soon as available, but in any event not later than 45 days after the end of each quarterly period of each of its fiscal years, a copy of its unaudited balance sheet as at the end of such quarter and the related unaudited statements of income and retained earnings and of cash flows for such period and the portion of the fiscal year through the end of such period, setting forth in each case in comparative form the figures for the previous year, certified by an authorized officer of the Servicer as being fairly stated in all respects when considered in relation to its financial statements (subject to normal year-end audit adjustments); and

(iii) From time to time, such other financial data relating to the Receivables as AGIC shall reasonably request;

all such financial statements to be complete and correct in all material respects and to be prepared in detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods.

(b) It shall include in any offering document for the Notes only information concerning AGIC that is supplied or consented to in writing by AGIC expressly for inclusion therein.

(c) It shall provide to AGIC such other information as AGIC may reasonably require.

(d) It shall comply with each of the covenants made by it in each of the Transaction Documents.

Section 4.03. Negative Covenants of the Issuer. The Issuer hereby covenants and agrees that during the term of this Insurance Agreement:

(a) It shall not engage at any time in any business or business activity other than such activities expressly set forth in its certificate of incorporation delivered to AGIC on or prior to the Closing Date.

(b) It shall not consent to amend its certificate of incorporation or by-laws without the prior written consent of AGIC.

(c) It shall not, without the prior written consent of AGIC, consolidate with or merge into any other entity or convey, transfer or lease its properties and assets substantially as an entirety to any entity, or permit any entity to merge into the Issuer or convey, transfer or lease its properties and assets substantially as an entirety to the Issuer;

(d) It shall not:

(i) Fail to do all things necessary to maintain its existence separate and apart from Midland and any other Person, including, without limitation, holding regular meetings of its shareholders and Board of Directors and maintaining appropriate company books and records (including a current minute book);

(ii) Suffer any limitation on the authority of its own officers and directors to conduct its business and affairs in accordance with their independent business judgment or authorize or suffer any Person other than its own officers and directors to act on its behalf with respect to matters (other than matters customarily delegated to others under powers of attorney) for which a corporation's own officers and directors would customarily be responsible;

(iii) Fail to (A) maintain or cause to be maintained by an agent of the Issuer under the Issuer's control physical possession of all its books and records, (B) maintain capitalization reasonably adequate for the conduct of its business, (C) account for and manage all its liabilities separately from those of any other Person, including payment by it of all payroll, administrative expenses and taxes, if any, from its own assets, (D) segregate and identify separately all of its assets from those of any other Person as provided in the Indenture, (E) to the extent any such payments are made, pay its employees, officers and agents for services performed for the Issuer or (F) maintain a separately identifiable office space (which space may be located in the office building of Midland or an Affiliate);

(iv) Except as may be provided in the Indenture (or similar agreements relating to other securitizations pursuant to which the Issuer has similar rights and obligations to those set forth in the Transaction Documents) commingle its funds with those of Midland or any Affiliate thereof or use its funds for other than the Issuer's uses; or

(v) Fail to adhere to each of the factual assumptions concerning entity separateness made by Snell & Wilmer L.L.P., counsel for the Issuer in its legal opinion concerning non-consolidation delivered under Section 2.02(b)(iv) hereunder;

(e) It shall not include in any offering document for the Notes any information concerning AGIC other than information that is supplied or consented to in writing by AGIC expressly for inclusion therein.

ARTICLE V
FURTHER AGREEMENTS

Section 5.01. Obligations Absolute. The obligations of the Issuer, the Servicer and Midland pursuant to this Insurance Agreement are absolute and unconditional and will be paid or performed strictly in accordance with the respective terms hereof, irrespective of:

(a) any lack of validity or enforceability of, or any amendment or other modifications of, or waiver with respect to, the Indenture, the Policy or the Indemnification Agreement;

(b) any amendment or waiver of, or consent to departure from the Indenture, the Policy or the Indemnification Agreement;

(c) the existence of any claim, set off, defense or other rights it may have at any time against the Trustee, any beneficiary or any transferee of the Policy (or any persons or entities for whom the Trustee, any such beneficiary or any such transferee may be acting), AGIC or any other person or entity whether in connection with the Policy, the Transaction Documents or any unrelated transactions;

(d) any statement or any other document presented under the Policy (including any Notice for Payment) proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(e) the inaccuracy or alleged inaccuracy of any Monthly Servicer Report or Notice for Payment upon which any drawing under the Policy is based;

(f) payment by AGIC under the Policy against presentation of a draft or certificate which does not comply with the terms of the relevant Policy, provided that such payment shall not have constituted gross negligence or willful misconduct of AGIC;

(g) the bankruptcy or insolvency of AGIC, the Issuer, any other party or the Trust Estate;

(h) any default or alleged default of AGIC under the Policy (other than any payment default by AGIC under the Policy);

(i) any defense based upon the failure of the Issuer or the Trust Estate to receive all or part of the proceeds of the sale of the Notes or of the Servicer to receive any or all of the servicing fee or other compensation required under the Indenture or otherwise, or any nonapplication or misapplication of the proceeds of any drawing upon the Policy; and

(j) any other circumstance or happening whatsoever, provided that the same shall not have constituted gross negligence or willful misconduct of AGIC.

Section 5.02. Reinsurance. AGIC shall have the right to give participation in its rights under this Insurance Agreement and to enter into contracts of reinsurance with respect to the Policy, provided that AGIC agrees that any such disposition will not alter or affect in any way whatsoever AGIC's direct obligations hereunder and under the Policy, and provided further that any reinsurer or participant will not have any rights against the Trust Estate, the Issuer, the Servicer, Midland, any Noteholders, or the Trustee and that the Trust Estate, the Issuer, the Servicer, Midland, the Noteholders, or the Trustee shall have no obligation to have any communication or relationship whatsoever with any reinsurer or participate in order to enforce the obligations of AGIC hereunder and under the Policy. None of the Issuer, the Servicer or Midland may assign its obligations under this Insurance Agreement without the prior written consent of AGIC, such consent not to be unreasonably withheld.

Section 5.03. Liability of AGIC. Each of the Issuer, the Servicer and Midland agree that neither AGIC, nor any of its officers, directors or employees shall be liable or responsible for (except to the extent of its own gross negligence or willful misconduct): (a) the use which may be made of the Policy by or for any acts or omissions of another Person in connection therewith or (b) the validity, sufficiency, accuracy or genuineness of any documents delivered to AGIC, or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged. In furtherance and not in limitation of the foregoing, AGIC may accept documents that appear on their face to be in order, without responsibility for further investigation.

Section 5.04. Successor Servicer. Any Successor Servicer, including the Backup Servicer, by accepting its appointment pursuant to the Indenture, (a) shall agree to be bound by the terms, covenants and conditions contained herein applicable to the Servicer and subject to the duties and obligations of the Servicer hereunder (other than the covenants set forth in Sections 4.01(a) and (c)), (b) as of the date of its acceptance, shall be deemed to have made with respect to itself the representations and warranties made by the Servicer in this Insurance Agreement to the extent applicable (other than the representations and warranties set forth in Sections 3.01(c)(iv), (e) and (h)), and (c) shall agree to indemnify and hold harmless AGIC from and against any and all claims, damages, losses, liabilities, costs or expenses whatsoever which AGIC may incur (or which may be claimed against AGIC) by reason of the negligence or willful misconduct of the Successor Servicer in exercising its powers and carrying out its obligations as Servicer under the Indenture. No such appointment shall make the successor Servicer responsible with respect to any liabilities of the outgoing Servicer incurred prior to such appointment or for any acts, omissions or misrepresentations of such outgoing Servicer.

Section 5.05. Fees and Expenses. (a) The Issuer agrees to pay all reasonable costs and expenses (including, without limitation, reasonable fees and expenses of legal counsel and accountants) incurred by AGIC in connection with the negotiation, preparation, execution and

delivery of the Private Placement Memorandum, the Transaction Documents and all other documents, instruments and agreements delivered with respect thereto, [and all Rating Agency fees incurred by AGIC in connection with the initial issuance of the Notes], in all cases in accordance with the terms of, and subject to the limitations set forth in, the Premium Letter. AGIC's attorney's fees and expenses incurred in connection with the negotiation, preparation, execution and delivery of the Private Placement Memorandum, the Transaction Documents and all other documents, instruments and agreements delivered with respect thereto shall be payable (i) on the Closing Date upon the presentation of an invoice for any such fees, costs and expenses and (ii) at any time thereafter, promptly upon presentation of an invoice for any such fees, costs and expenses.

(b) Midland agrees to pay all reasonable costs and expenses (including, without limitation, reasonable fees and expenses of legal counsel and accountants) incurred by AGIC in connection with the amendment, modification, waiver or any similar action and/or the enforcement against the Issuer, the Servicer or Midland, as the case may be, of AGIC's rights against any of them under this Insurance Agreement, the Policy, the Indenture, the Indemnification Agreement or any of the other Transaction Documents.

ARTICLE VI REMEDIES

Section 6.01. Remedies. Upon the occurrence of an Event of Default or a Servicer Default under the Indenture, AGIC shall have the rights and remedies available to the "Note Insurer" under the Indenture.

ARTICLE VII MISCELLANEOUS PROVISIONS

Section 7.01. Amendments, Etc. No amendment or waiver of any provision of this Insurance Agreement, nor consent to any departure therefrom, shall in any event be effective unless in writing and signed by all of the parties hereto, with written notice thereof to the Rating Agency; provided that any waiver so granted shall extend only to the specific event of occurrence so waived and not to any other similar event or occurrence which occurs subsequent to the date of such waiver.

Section 7.02. Notices. Except to the extent otherwise expressly provided herein, all notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (and if sent by mail, certified or registered, return receipt requested) or facsimile transmission and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or three (3) Business Days after being deposited in the mail, postage prepaid, or, in the case of facsimile transmission, when sent, addressed as follows

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or to such other address or facsimile number as set forth in a written notice delivered by a party to each other party hereto:

If to Midland or the Servicer:

Midland Credit Management, Inc.
500 W. 1st, Box 576
Hutchinson, Kansas 67504-0576
Attention: Frank Chandler, President
Telephone: (316) 663-1236
Facsimile: (316) 665-0140
With a copy to:
Snell & Wilmer L.L.P.
One Arizona Center
Phoenix, Arizona 85004
Attention: Timothy W. Moser
Telephone: (602)382-6208
Facsimile: (602)388-6070

If to the Issuer:

Midland Receivables 98-1 Corporation
76 Willowbrook
Hutchinson, Kansas 67502
Attention: Frank Chandler, President
Telephone: (316) 665-0830
Facsimile: (____) _____

With a copy to:
Snell & Wilmer L.L.P.
One Arizona Center
Phoenix, Arizona 85004
Attention: Timothy W. Moser
Telephone: (602)382-6208
Facsimile: (602)388-6070

If to AGIC:

Asset Guaranty Insurance Company
335 Madison Avenue
New York, NY 10017

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

Attention: Manager, Asset-Backed Surveillance
Telephone: (212) 983-5859
Facsimile: (212) 682-5377

If to the Backup Servicer:

Norwest Bank Minnesota, National Association
Sixth Street and Marquette Avenue,
Minneapolis, Minnesota 55479-0070
Attention: Corporate Trust Services/Asset-Backed Administration
Telephone: (612) 667-1117
Facsimile: (612) 667-3539

Section 7.03. No Waiver; Remedies and Severability. No failure on the part of AGIC to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. The parties further agree that the holding by any court of competent jurisdiction that any remedy pursued by AGIC hereunder is unavailable or unenforceable shall not affect in any way the ability of AGIC to pursue any other remedy available to it. In the event any provision of this Insurance Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, the parties hereto agree that such holding shall not invalidate or render unenforceable any other provision hereof.

Section 7.04. Payments. (a) All payments to AGIC hereunder shall be made in lawful currency of the United States and in immediately available funds and except for payments required to be made pursuant to Sections 2.04 hereof, shall be made prior to 2:00 p.m. (New York City time) on the date such payment is due by wire transfer to:

Chase Manhattan Bank
ABA#: [*]
ACCOUNT #: [*]
Credit: Asset Guaranty Insurance Company

or to such other office or account as AGIC may direct. Payments received by AGIC after 2:00 p.m. (New York City time) shall be deemed to have been received on the next succeeding Business Day, and such extension of time shall be included in computing interest, commissions or fees, if any, in connection with such payment.

(b) Whenever any payment under this Insurance Agreement shall be stated to be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

Day, and such extension of time shall in such cases be included in computing interest, commissions or fees, if any, in connection with such payment.

(c) Unless otherwise specified herein, AGIC shall be entitled to interest on all amounts owed to AGIC under this Insurance Agreement, together with interest on any and all amounts remaining unpaid (to the extent permitted by law, if in respect of any unpaid amounts representing interest) from the date such amounts become due until paid in full (after as well as before judgment), at a rate of interest equal to [*]

SECTION 7.05. GOVERNING LAW AND JURY TRIAL WAIVER. THIS INSURANCE AGREEMENT SHALL BE CONSTRUED, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED, IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS INSURANCE AGREEMENT, THE POLICY OR ANY TRANSACTION CONTEMPLATED HEREBY, THEREBY OR BY THE INDENTURE AND FOR ANY COUNTERCLAIM THEREIN.

Section 7.06. Counterparts. This Insurance Agreement may be executed in counterparts by the parties hereto, and each such counterpart shall be considered an original and all such counterparts shall constitute one and the same instrument.

Section 7.07. Paragraph Headings, Etc. The headings of paragraphs contained in this Insurance Agreement are provided for convenience only. They form in no part of this Insurance Agreement and shall not affect its construction or interpretation.

Section 7.08. No Petition. None of Midland, the Servicer, the Backup Servicer or AGIC will institute against, or join any other Person in instituting against, the Issuer or the Trust Estate any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or other proceeding under any federal or state bankruptcy or similar law, for one year and one day after satisfaction of all of the Issuer's payment obligations under the Notes, the Premium Letter and the Reimbursement Obligations. The provisions of this Section 7.08 shall survive the termination of this Insurance Agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this Insurance Agreement, all as of the day and year first above mentioned.

ASSET GUARANTY INSURANCE COMPANY

By: /s/ SCOTT MANGAN

Name: SCOTT MANGAN
Title: VICE PRESIDENT

MIDLAND RECEIVABLES 98-1 CORPORATION

By: /s/ RONALD W. BRETCHES

Name: RONALD W. BRETCHES
Title: TREASURER

MIDLAND CREDIT MANAGEMENT, INC.,
individually and as Servicer

By: /s/ RONALD W. BRETCHES

Name: RONALD W. BRETCHES
Title: SR. VICE PRESIDENT

NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, not in
its individual capacity, but solely as Trustee and as
Backup Servicer

By: /s/ BRIAN C. WANDERSEE

Name: BRIAN C. WANDERSEE
Title: ASSISTANT VICE PRESIDENT

THIS EXHIBIT CONTAINS CONFIDENTIAL INFORMATION WHICH HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST UNDER RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED. THE CONFIDENTIAL INFORMATION ON PAGES 1, 2, 3, 5, 6, 7, 11, 16, 18, 23, 24, 25, 26, 38, 40, 54, 55, 76, 82 AND 95 HAS BEEN REPLACED WITH ASTERISKS.

EXHIBIT 10.4

INDENTURE AND SERVICING AGREEMENT

MIDLAND FUNDING 98-A CORPORATION,
as Issuer

and

NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION,
AS TRUSTEE AND BACKUP SERVICER

and

MIDLAND CREDIT MANAGEMENT, INC.,
AS SERVICER

and

ASSET GUARANTY INSURANCE COMPANY
as Note Insurer

Dated as of March 31, 1999

FLOATING RATE MIDLAND RECEIVABLES-BACKED VARIABLE FUNDING NOTES, SERIES 1999-A

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This Indenture and Servicing Agreement, dated as of March 31, 1999 (the "Agreement") is executed by and among Midland Funding 98-A Corporation, as issuer (the "Issuer"), Norwest Bank Minnesota, National Association, as trustee (in such capacity, the "Trustee"), and as backup servicer (in such capacity, the "Backup Servicer"), Midland Credit Management, Inc., as servicer (the "Servicer") and Asset Guaranty Insurance Company, as note insurer (the "Note Insurer").

In consideration of the mutual agreements herein contained, each party agrees as follows for the benefit of the other parties and the Noteholders to the extent provided herein:

ARTICLE I.
DEFINITIONS

SECTION 1.01 DEFINITIONS.

Except as otherwise provided in this Agreement, whenever used herein, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

"Accounts" means the Collection Account, the Reserve Account and the Note Payment Account.

"Accredited Investor" shall have the meaning assigned to such term in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act.

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"Additional Servicing Fee" means the amount, calculated in accordance with Section 9.03, which is payable to the Successor Servicer and which exceeds the amount of the Servicing Fee.

"Adverse Claim" means a lien, security interest, charge, encumbrance or other right or claim of any Person.

"Affiliate" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the term "controlling" and "controlled" have meanings correlative to the foregoing.

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"Agency Placement" means, with respect to any Receivable, the placement of such Receivable with a collection agency or similar entity for the purpose of collection thereof.

"Agreement" means this Indenture and Servicing Agreement, relating to Floating Rate Midland Receivables-Backed Variable Funding Notes, Series 1998-A dated as of March 31, 1999 among Midland Funding 98-A Corporation, as Issuer, Norwest Bank Minnesota, National Association, as Trustee and Backup Servicer, Midland Credit Management, Inc., as Servicer, and Asset Guaranty Insurance Company, as Note Insurer, as the same may be amended or supplemented from time to time.

"Applicants" shall have the meaning specified in Section 6.06.

"Asset Sale Agreement" means each agreement entered into between Midland Credit Management, Inc. and each Originating Institution in connection with the purchase of the Receivables therein from such Originating Institution.

"Available Funds" means, with respect to any Payment Date and the immediately preceding Determination Date, the sum of (i) the Net Proceeds with respect to each Receivable received in the Collection Account during the Collection Period then most recently concluded, plus (ii) all other available funds on deposit in the Collection Account (other than Net Proceeds of Receivables) as of the opening of business of the Trustee on such Determination Date.

"Backup Servicer" means Norwest Bank Minnesota, National Association and any successor in interest.

"Backup Servicing Fee" means the fee payable to the Backup Servicer on each Payment Date for services rendered pursuant to this Agreement, which shall be equal to the greater of [*] per month or an amount per month equal to [*] per annum times the average daily Note Balance during the preceding Collection Period.

"Benefit Plan" means with respect to any Person any employee benefit plan as defined in Section 3(3) of ERISA in respect of which the Person or any ERISA Affiliate of such Person is, or at any time during the immediately preceding six years was, an "employer" as defined in Section 3(5) of ERISA.

"Business Day" means any day other than a Saturday, a Sunday, or a day on which banking institutions in the State of Kansas, the State of Minnesota or the State of New York are required or authorized by law, regulation, executive order or governmental decree to be closed.

"Bylaws" means the bylaws of Issuer.

"Certificate of Incorporation" means the Certificate of Incorporation of the Issuer.

"Charged-Off Balance" means, with respect to each Receivable, the original charged-off balance as required to be set forth in the related Schedule of Receivables.

"Closing Date" means March 31, 1999.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collection Account" means the segregated account or accounts, each of which shall be an Eligible Account, established and maintained pursuant to Section 4.01 and entitled "Norwest Bank Minnesota, National Association, as Trustee for Floating Rate Midland Receivables-Backed Variable Funding Notes, Series 1999-A Collection Account."

"Collection Period" means, with respect to any Remittance Date, Determination Date or Payment Date, the period beginning on the first day of the calendar month immediately preceding the month in which such Remittance Date, Determination Date or Payment Date occurs and ending on the last day of such calendar month; provided, however, that the initial Collection Period begins on the Closing Date.

"Consumer Account" means any consumer bank or retail credit card account.

"Controlling Party" means, at any time during which an Insurer Default shall be in effect, the Noteholders with Voting Interests of at least 51% of all outstanding Voting Interests and, at all other times, the Note Insurer.

"Corporate Trust Office" means the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office at the date of execution of this Agreement is located at Sixth Street and Marquette Avenue, Minneapolis, Minnesota 55479-0070, Attention: Corporate Trust Services/Asset-Backed Administration.

"Customary Procedures" means the customary practices, policies, standards and procedures of the Servicer relating to the acquisition and collection of comparable defaulted consumer receivables that it services for itself or others, in each case as in effect on the Closing Date (which include backup servicing files, disaster recovery plans and enforcement of rights under Asset Sale Agreements), as the same may be modified by the Servicer from time to time thereafter with, in each case of a material change thereto, prompt notice to the Note Insurer.

"Determination Date" means, with respect to any Payment Date, the second Business Day immediately preceding such Payment Date.

"Eligible Account" means (A) a segregated account or accounts maintained with an institution the deposits of which are insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the FDIC, the unsecured and uncollateralized debt obligations of which shall be rated "AA" or better by the Required Rating Agencies then providing a long term debt rating for such institution and in the highest available short term rating category by the Required Rating Agencies then providing a short term debt rating for such institution, and that is (i) a federal savings and loan association duly organized, validly existing and in good standing under the federal banking laws, (ii) a banking or savings and loan association duly organized, validly existing and in good standing under the applicable laws of any state, (iii) a national banking association duly organized, validly existing and in good standing under the federal banking laws, or (iv) a principal subsidiary of a bank holding company, or (B) a segregated trust account (which shall be a "special deposit account") maintained in the trust department of a

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federal or state chartered depository institution or trust company, having capital and surplus of not less than \$50,000,000, acting in its fiduciary capacity. Any Eligible Accounts maintained with the Trustee shall conform to the preceding clause (B). Any Account maintained at an institution other than the Trustee must be subject to an agreement with such institution among Servicer, Issuer and Trustee which must be satisfactory to Note Insurer in form and substance.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means with respect to any Person (a) any corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as such Person; (b) a trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the Code) with such Person, or (c) a member of the same affiliated service group (within the meaning of Section 414(m) of the Code) as such Person, any corporation described in clause (a) above or any trade or business described in clause (b) above.

"Estimated Remaining Collections" means, as of any date of determination, for any Pool then subject to this Agreement, or the aggregate amount of all Pools then subject to this Agreement, as applicable, the Servicer's most recent estimate prior to such date of the remaining amount to be collected over the remaining estimated life of the applicable Pool or Pools, in accordance with its standard valuation process for groups of Consumer Accounts. Unless otherwise agreed to by the Controlling Party and the Servicer, the most recent estimate of the Estimated Remaining Collections of any Pool at any time of determination in accordance with Servicer's standard valuation process shall be the remainder of the Estimated Remaining Collections for such Pool in effect on the date on which such Pool is acquired by the Issuer minus the aggregate amount of collections on Receivables of such Pool received in the Collection Account on or prior to such date of determination.

"Event of Default" shall have the meaning specified in Section 9.08.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Facility Fee" means, for each Collection Period during but not after the Funding Period, an amount equal to (i) the Maximum Facility Amount minus the average daily Note Balance during the Collection Period, times (ii) [*] per annum, times (iii) one-twelfth; provided, that the amount of the Facility Fee shall be prorated for the Collection Period in which the Closing Date occurs and in which the Funding Period ends by multiplying (i) the aforesaid amount times (ii) a fraction, the numerator of which is the number of days in such Collection Period either from and including the Closing Date or to and including the last day of the Funding Period, and the denominator of which is the number of days in such month.

"FDIC" means the Federal Deposit Insurance Corporation, and its successors.

"Final Payment Date" shall mean the earlier of (i) the Payment Date occurring five (5) years after the end of the Funding Period or (ii) the Payment

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Date which follows the Payment Date on which all proceeds of a sale of the Trust Estate pursuant to Section 9.24(c) were distributed.

"FNMA" means the Federal National Mortgage Association, and its successors.

"Funding" means an advance by the Noteholders to the Issuer pursuant to Article VI.

[*]

"Funding Date" means any Business Day during the Funding Period on which the Issuer obtains a Funding in accordance with the terms of this Agreement.

"Funding Date Minimum Amount" means \$500,000.

"Funding Period" means the period of time which begins on the Closing Date and which terminates upon the earlier to occur of (i) the Scheduled Termination Date, and (ii) the occurrence of a Funding Termination Event.

"Funding Termination Event" means any of the following conditions or events:

- (a) the occurrence and continuation of any Event of Default;
- (b) the occurrence and continuation of any Servicer Default;

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(f) the redemption of the Notes in full pursuant to Section 11.01.

"GAAP" means generally accepted accounting principles that are (i) consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, as in effect from time to time, and (ii) consistently applied with past financial statements of the Servicer and its subsidiaries; provided that a certified public accountant would, insofar as the use of such accounting principles is pertinent, be in a position to deliver an unqualified opinion (other than a qualification regarding changes in generally accepted accounting principles) as to financial statements in which such principles have been properly applied.

"Holder" shall have the meaning specified in Section 6.13.

"Index Rate" means the rate of interest per annum appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) on the Reset Date for a term of one week; provided, however, if more than one rate is specified on Telerate Page 3750, the applicable rate shall be the arithmetic mean of all such rates. If, for any reason, such rate is not available, the term "Index Rate" shall mean the rate of interest per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) on the Reset Date for a term of one week; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates.

"Initial Note Balance" means the Funding Amount on the first Funding Date.

"Insolvency Event" means, with respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or the filing of a petition against such Person in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, which case remains unstayed and undismissed within 30 days of such filing, or the appointing of a receiver, liquidator, assignee, custodian, trustee, sequestrator or

similar official for such Person or for any substantial part of its property, or the ordering of the winding-up or liquidation of such Person's business; or (b) the commencement by such Person of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due or the admission by such Person of its inability to pay its debts generally as they become due.

"Insolvency Proceeding" means any proceeding of the sort described in the definition of Insolvency Event.

"Insurance Agreement" means the Insurance and Reimbursement Agreement between the Servicer, the Issuer and Asset Guaranty Insurance Company, dated as of the Closing Date.

"Insurer Default" means the occurrence of any of the following:

(i) the Note Insurer shall fail to pay when, as and in the amounts required, any amount payable under the Policy and such failure continues unremedied for two Business Days; (ii) the Superintendent of Insurance of the State of New York (or any Person succeeding to the duties of such Superintendent) (for the purpose of this paragraph (b), the "Superintendent") shall apply for an order (A) pursuant to Section 7402 of the New York Insurance Law (or any successor provision thereto), directing him to rehabilitate the Note Insurer, (B) pursuant to Section 7404 of the New York Insurance Law (or any successor provision thereto), directing him to liquidate the business of the Note Insurer or (C) pursuant to Section 7416 of the New York Insurance Law (or any successor provision thereto), dissolving the corporate existence of the Note Insurer and such application shall not be dismissed or withdrawn during a period of 60 consecutive days or a court of competent jurisdiction enters an order granting the relief sought; (iii) the Superintendent shall determine that the Note Insurer is insolvent within the meaning of Section 1309 of the New York Insurance Law or any successor section; (iv) the Note Insurer shall commence a voluntary case or other proceeding seeking rehabilitation, liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors; (v) an involuntary case or other proceeding shall be commenced against the Note Insurer seeking rehabilitation, liquidation, reorganization or other relief with respect to it or its debts under a bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such case or proceeding is not dismissed or otherwise terminated within a period of 60 consecutive days or a court of competent jurisdiction enters an order granting the relief sought in such case or proceeding.

"Interest Carryover Shortfall" means, with respect to any Payment Date, the excess, if any, of (i) the Interest Distributable Amount for such Payment Date and all prior Payment Dates, over (ii) the amount of interest, if any, actually paid to Noteholders on such Payment Date and all prior Payment Dates.

"Interest Distributable Amount" means, with respect to any Payment Date, the sum of the amounts for each Note Rate Period during the preceding Interest Distribution Period equal to the product of (i) the applicable Note Rate and (ii) the daily Note Balance during each Note Rate Period, to the extent unpaid on such Payment Date.

"Interest Distribution Period" means, with respect to any Payment Date, the period of time from the Closing Date to the first Determination Date, and thereafter from each Determination Date to the next Determination Date.

"Investment Company Act" means the Investment Company Act of 1940, as amended.

"Issuer" means Midland Funding 98-A Corporation, in its capacity as issuer of the Notes pursuant to this Agreement, and each successor thereto (in the same capacity) pursuant to Section 7.04.

"Lien" means any security interest, lien, charge, pledge, equity or encumbrance of any kind.

"London Banking Day" means any day on which dealings in deposits in Dollars are transacted in the London interbank market.

"Major Card" means a credit card with one of the following brand names: Visa, Master Card, Discover Card, Optima, and American Express, or any other brand name approved in writing by the Controlling Party.

"Maximum Facility Amount" means \$20,000,000 or such greater amount not to exceed \$35,000,000 to which the Maximum Facility Amount may have been increased pursuant to Section 6.03.

"Maximum Principal Amount" means the maximum principal amount of each Note as set forth in such Note.

"Minimum Repayment Amount" means the minimum amount which must be prepaid if Issuer makes a prepayment pursuant to Section 11.05 on any Prepayment Date, which shall be an amount equal to the sum of (i) the amount by which the Note Balance exceeds the Remaining Funding Amount plus (ii) all accrued and unpaid Note Insurer Obligations, whether or not then due and payable, and any accrued interest thereon.

"Monthly Servicer Report" means an Officer's Certificate of the Servicer completed and executed pursuant to Section 3.06, substantially in the form attached hereto as Exhibit A.

"Nationally Recognized Statistical Rating Agency" means Duff & Phelps Credit Rating Co., Fitch IBCA, Inc., Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, or any successor thereto.

"Net Collections" means, with respect to a Receivable, all monies representing collected available funds, net of checks returned for insufficient funds, received or otherwise recovered from or for the account of the related Obligor on such Receivable other than in connection with a Sale thereof. Third-Party Fees incurred in connection with collecting a Receivable will be deducted from collections on such Receivable by such third parties or by the Servicer on their behalf and will not constitute Net Collections.

"Net Proceeds" means, with respect to a Receivable, all monies representing collected available funds, net of checks returned for insufficient funds, received or otherwise recovered from or for the account of the related Obligor on such Receivable including, without limitation in connection with a Sale thereof. Third-Party Fees incurred in connection with collecting a Receivable will be deducted from collections on such Receivable by such third parties or by the Servicer on their behalf and will not constitute Net Proceeds.

"Note" means one of the variable rate Floating Rate Midland Receivables-Backed Variable Funding Notes, Series 1999-A executed by the Issuer and authenticated by the Trustee in substantially the form attached hereto as Exhibit C.

"Note Balance" shall initially equal, on the first Funding Date, the Initial Note Balance and, as of any subsequent date of determination, shall equal the Initial Note Balance plus any subsequent Funding Amounts less all amounts paid to Noteholders and applied in reduction of the Note Balance pursuant to Section 4.04(b)(ix)(A) or (B); pursuant to Section 4.04(b)(x); pursuant to Section 4.04(b)(xi)(A) through (D), inclusive; or pursuant to Section 11.07.

"Note Insurer" means Asset Guaranty Insurance Company.

"Note Insurer Obligations" means all amounts from time to time payable to the Note Insurer hereunder, under the Premium Letter or under the Insurance Agreement, whether constituting principal or interest, whether fixed or contingent, and howsoever arising (including, without limitation, all Reimbursement Obligations, and any and all such interest, premiums, fees and other obligations that accrue after the commencement of an Insolvency Proceeding relating to the Issuer or the Servicer, in each such case whether or not allowed as a claim in such Insolvency Proceeding).

"Note Insurer Premium" means the premium payable to the Note Insurer in respect of the Policy, in an amount equal to the greater of (x) the product of (i) one-twelfth of a per annum rate equal to the Premium Rate and (ii) the average daily Note Balance during the preceding Collection Period, and (y) the fixed minimum amount set forth for all premium payments in the Premium Letter.

"Note Payment Account" means the segregated account or accounts, each of which shall be an Eligible Account, established and maintained pursuant to Section 4.01 and entitled

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"Norwest Bank Minnesota, National Association, as Trustee for Floating Rate Midland Receivables-Backed Variable Funding Notes, Series 1999-A, Note Payment Account."

"Note Rate" means for any day (i) the sum of (A) [*] basis points [*] plus (B) the Index Rate (rounded upwards, if necessary, to the nearest 1/100 of 1%) (ii) divided by 365.

"Note Rate Period" means the period of time from the first Funding Date to the following Thursday, and thereafter each Note Rate Period shall run from the following Friday to the following Thursday, provided however, that if Thursday is not a Business Day, the Note Rate Period shall end on the next preceding day that is a Business Day.

"Note Register" means the register maintained pursuant to Section 6.04.

"Note Registrar" means the Trustee unless a successor thereto is appointed pursuant to Section 6.03. The Note Registrar initially designates its offices at Sixth Street and Marquette Avenue, Minneapolis, Minnesota 55479-0070 as its offices for purposes of Section 6.09.

"Noteholder" means the Person in whose name a Note is registered in the Note Register, except that, solely for the purposes of giving certain consents, waivers, requests or demands pursuant to this Agreement the interests evidenced by any Note registered in the name of, or in the name of a Person or entity holding for the benefit of, the Issuer, the Servicer or any Person actually known to a Responsible Officer of the Trustee to be controlling, controlled by or under common control with the Issuer or the Servicer, shall not be taken into account in determining whether the requisite percentage necessary to effect any such consent, waiver, request or demand shall have been obtained.

"Obligor" on a Receivable means any Person who owes or may be liable for payments under such Receivable.

"Officer's Certificate" means a certificate signed by a Responsible Officer of the Issuer or the Servicer, as the case may be, and delivered to the Trustee and Note Insurer.

"Opinion of Counsel" means a written opinion of counsel, who may be an employee of or outside counsel to the Person responsible for providing such opinion, and which opinion shall be reasonably acceptable to the Trustee, the Note Insurer and the other recipients thereof.

"Originating Institution" means any Person from which the Seller has acquired any Receivables and their successors and assigns.

"Originator" means the Person, whether banking institution or merchant, that originated a Receivable.

"Other Cards" means any credit card other than a Major Card.

"Payment Date" means the fifteenth day of each calendar month or, if such day is not a Business Day, the next succeeding Business Day, commencing May 17, 1999.

"PBGC" shall mean the Pension Benefit Guaranty Corporation and any Person succeeding to the functions thereof.

"Permitted Investments" means, at any time, any one or more of the following obligations and securities:

(i) obligations of, and obligations fully guaranteed as to timely payment of principal and interest by, the United States or any agency thereof, provided such obligations are backed by the full faith and credit of the United States;

(ii) general obligations of, or obligations guaranteed by, FNMA or any state of the United States or the District of Columbia, which are then rated the highest available credit rating for such obligations by the Required Rating Agencies then providing such a rating;

(iii) demand deposits, time deposits, or certificates of deposit of any depository institution or trust company (including the Trustee) organized under the laws of the United States or of any state thereof, the District of Columbia (or any branch of a foreign bank licensed under the laws of the United States of America or any State thereof) and subject to supervision and examination by banking authorities of one or more of such jurisdictions, provided that the short-term unsecured debt obligations of such depository institution or trust company are then rated the highest available credit rating for such obligations by the Required Rating Agencies then providing such a rating;

(iv) repurchase obligations held by the Trustee that are acceptable to the Trustee with respect to any security described in clauses (i) or (ii) hereof or any other security issued or guaranteed by any other agency or instrumentality of the United States, in either case entered into with a federal agency or a depository institution or trust company (acting as principal) described in clause (iii) above, provided that the party agreeing to repurchase such obligations shall have the highest available short-term debt rating from the Required Rating Agencies then providing such a rating; and

(v) freely redeemable shares in money market funds (including such funds for which the Trustee or an Affiliate of the Trustee serves as an investment advisor, administrator, shareholder servicing agent and/or custodian or subcustodian) which invest solely in the types of instruments and obligations described in clauses (i) through (iv) above, so long as such funds are then rated in the highest available rating category for money market funds by the Required Rating Agencies then providing such a rating and notwithstanding that (i) the Trustee or an Affiliate of the Trustee may charge and collect fees and expenses from such funds for services rendered, (ii) the Trustee charges and collects fees and expenses for services rendered pursuant to this Agreement and (iii) services performed for such funds and pursuant to this Agreement may converge at any time. Each of the Issuer and the Servicer hereby specifically authorizes the Trustee or an Affiliate of the Trustee to charge and collect all fees and expenses from such funds for services rendered to such funds, in addition to any fees and expenses the Trustee may charge and collect for services rendered pursuant to this Agreement;

(vi) commercial paper having, at the time of the investment or contractual commitment to invest therein, the highest available credit rating for such obligations by the Required Rating Agencies then providing such a rating;

(vii) bankers' acceptances (with a maturity of one month or less) issued by any depository institution or trust company referred to in clause (iii) above;

(viii) money market mutual funds that can be liquidated on a single day's notice and which are registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act and have the highest available credit rating for such obligations by the Required Rating Agencies then providing such a rating;

(ix) any other investment grade investment as may be acceptable to the Required Rating Agencies and the Controlling Party, as evidenced by a writing to that effect;

provided that each of the foregoing investments above shall mature no later than the Business Day prior to the Payment Date immediately following the date of purchase thereof (other than in the case of the investment of monies in instruments of which the entity at which the related Account is located is the obligor, which may mature on the related Payment Date), and shall be required to be held to such maturity; and provided further that each of the Permitted Investments may be purchased by the Trustee through an Affiliate of the Trustee.

Permitted Investments are only those which are acquired by the Trustee in its name and in its capacity as Trustee, and with respect to which (a) the Trustee has noted its interest therein on its books and records, and (b) the Trustee has purchased such investments for value without notice of any adverse claim thereto (and, if such investments are securities or other financial assets or interests therein, within the meaning of Section 8-102 of the UCC, without acting in collusion with a securities intermediary in violating such securities intermediary's obligations to entitlement holders in such assets, under Section 8-504 of the UCC, to maintain a sufficient quantity of such assets in favor of such entitlement holders), and (c) either (i) such investments are in the possession of the Trustee, or (ii) such investments, (A) if certificated securities and in bearer form, have been delivered to the Trustee, or in registered form, have been delivered to the Trustee and either registered by the issuer in the name of the Trustee or endorsed by effective endorsement to the Trustee or in blank; (B) if uncertificated securities, the ownership of which has been registered to the Trustee on the books of the issuer thereof (or another person, other than a securities intermediary, either becomes the registered owner of the uncertified security on behalf of the Trustee or, having previously become the registered owner, acknowledges that it holds for the Trustee); or (C) if securities entitlements (within the meaning of Section 8-102 of the UCC) representing interests in securities or other financial assets (or interests therein) held by a securities intermediary (within the meaning of said Section 8-102), a securities intermediary indicates by book entry that a security or other financial asset has been credited to the Trustee's securities account with such securities intermediary. No Permitted Investment may be purchased at a premium.

"Person" means any legal person, including any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Placement Agent" means Rothschild Inc.

"Policy" means the Financial Guaranty Insurance Policy issued pursuant to the Insurance Agreement.

"Pool" means a particular group of Receivables purchased by Seller and contributed by Seller to Issuer, which must constitute all of the Receivables purchased under a particular Asset Sale Agreement owned by the Seller at the time of such contribution.

"Premium Letter" means the letter agreement between the Note Insurer and the Issuer, dated as of the Closing Date.

"Premium Rate" has the meaning assigned to such term in the Premium Letter.

"Prepaid Receivables" means the Receivables designated by Issuer under Section 11.05 or 11.06 to be released upon payment of the Prepayment Amount, and all of the property and rights in property described in Section 2.01(b) which are related to such Receivables.

"Prepayment Amount" means, (a) with respect to a partial prepayment pursuant to Section 11.05, an amount equal to at least the Minimum Repayment Amount and (b) with respect to a prepayment in full pursuant to Section 11.06, an amount equal to the sum of (i) the Note Balance as of the date the Issuer elects to prepay the Notes in full, (ii) all accrued and unpaid interest on the Notes through the date of which such prepayment will occur, and (iii) all accrued and outstanding Note Insurer Obligations, whether or not then due and payable.

"Prepayment Date" means a Business Day on which a Prepayment Amount is paid.

"Principal Distributable Amount" means, with respect to any Payment Date, an amount equal to the remaining Available Funds as provided in Section 4.04(b)(xi).

"Proprietary Information" shall have the meaning specified in Section 10.19.

"Purchase Agreement" means each Purchase and Funding Agreement signed by a Noteholder.

"Purchase Price" means the amount paid by Seller to purchase a Pool or portion thereof.

"Purchaser" means Midland Funding 98-A Corporation, in its capacity as transferee of the Receivables under the Receivables Contribution Agreement.

"Qualified Institutional Buyer" has the meaning assigned to such term in Rule 144A under the Securities Act.

"Rating Agency" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"Receivable" means any receivable generated under or in connection with a Consumer Account identified in a Schedule of Receivables delivered by Seller to Issuer in connection with the Receivables Contribution Agreement.

"Receivable File" means the documents described in Section 2.02 pertaining to a particular Receivable.

"Receivables Contribution Agreement" means the Receivables Contribution Agreement, dated as of the Closing Date, between the Seller and the Purchaser.

"Record Date" means, with respect to each Payment Date, the last Business Day of the Collection Period immediately preceding such Payment Date. Any amount stated "as of a Record Date" or "on a Record Date" shall give effect to all applications of collections, and all payments to any party under this Agreement or to the related Obligor, as the case may be, in each case as determined as of the opening of business of the Note Registrar on the related Record Date.

"Redemption Amount" means, with respect to a redemption of the Notes by the Issuer pursuant to Section 11.01, an amount equal to the sum of (i) the Note Balance as of the date the Issuer elects to redeem the Notes, (ii) all accrued and unpaid interest on the Notes through the end of the Collection Period immediately preceding the Payment Date as of which such redemption will occur, and (iii) all accrued and outstanding Note Insurer Obligations, whether or not then due and payable.

"Reimbursement Obligations" means the sum of (i) each payment made under the Policy and (ii) interest on any payment made under the Policy from the date of the payment until the date the Note Insurer is repaid, in full and in cash, at an annual rate equal to the "Prime Rate" (as hereinafter defined) plus 100 basis points (calculated on the basis of the actual number of days elapsed in a 360 day year). The term "Prime Rate" means the interest rate published in the "Money Rates" column in The Wall Street Journal and referred to therein as the "Prime Rate;" any change in such Prime Rate shall correspondingly change the interest rate as of the date of any such change.

"Release Payment" means, with respect to any Removed Receivable in respect of which a payment is required to be made by the Issuer or the Servicer under this Agreement and as of the Remittance Date on which the "Release Payment" must be made, the excess, if any, of (i) the product of the original Funding Amount loaned with respect to the Pool containing such Removed Receivable and a fraction, the numerator of which is the Charged-Off Balance of such Receivable and the denominator of which is the Charged-Off Balance of all the Receivables in such Pool over (ii) the product of the aggregate amount of all Net Proceeds on and after such Funding Date with respect to such Removed Receivable, and a factor equal to .70; in each case determined as of such Remittance Date.

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"Remaining Funding Amount" means on any Prepayment Date, the Funding Amount with respect to all Remaining Receivables on such Prepayment Date minus the Remaining Receivables Collected Amount.

"Remaining Receivables" means with to any Prepayment Date, all Receivables that are not Prepaid Receivables.

[*]

"Remittance Date" means, with respect to any Payment Date, the third Business Day next preceding such Payment Date.

"Removed Receivable" means a Receivable which the Servicer is obligated to acquire pursuant to Section 3.04, or which the Issuer is obligated to make a payment in respect of, pursuant to Section 2.05 or 7.02, or in the event the Issuer has elected to make a redemption pursuant to Section 11.01, all of the Receivables.

"Required Rating Agencies" means with respect to any debtor or indebtedness the Rating Agency and one other Nationally Recognized Statistical Rating Agency; provided that none of the other such Nationally Recognized Statistical Rating Agencies has given a lower rating to the relevant debtor or indebtedness than the Rating Agency and such other Nationally Recognized Statistical Rating Agency (in which case, for the avoidance of doubt, such other nationally recognized statistical rating agency giving the lower rating shall be one of the "Required Rating Agencies").

"Required Reserve Amount" means the amount required to be deposited in the Reserve Account on the Closing Date and thereafter maintained in the Reserve Account for so long as the Notes are outstanding, such amount being equal to the greater of (a) three percent (3%) of the Note Balance and (b) one percent (1%) of the Maximum Facility Amount.

"Reserve Account" means the segregated account or accounts, each of which shall be an Eligible Account, established and maintained pursuant to Section 4.01 and entitled "Norwest

Bank Minnesota, National Association, as Trustee for Floating Rate Midland Receivables-Backed Variable Funding Notes, Series 1999-A, Reserve Account."

"Reserve Fund Reimbursement Amount" means, with respect to any Payment Date, the excess of the Required Reserve Amount over the amount then on deposit in the Reserve Account.

"Reset Date" means (i) with respect to first Note Rate Period, the second Business Day preceding the first Funding Date, and (ii) thereafter, two (2) Business Days prior to the commencement of the Note Rate Period; provided, however, that if such date is not a Business Day, the Reset Date shall be the next preceding day that is a Business Day.

"Responsible Officer" means,

(i) when used with respect to the Trustee, any officer within the Corporate Trust Office of the Trustee, including any vice president, assistant vice president, assistant treasurer, assistant secretary or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with such particular subject, and

(ii) when used with respect to the Issuer or the Servicer, the president or the chief financial officer of the Issuer or the Servicer, as the case may be.

"Sale" means any sale of any portion of the Trust Estate.

"Schedule of Receivables" means each Schedule of Receivables to the Receivables Contribution Agreement, delivered to the Trustee by the Issuer in connection with the Receivables Contribution Agreement.

"Scheduled Termination Date" means the 24th Payment Date after the Closing Date.

"Securities Act" means the Securities Act of 1933, as amended.

"Seller" means Midland Credit Management, Inc., in its capacity as transferor of the Receivables under the Receivables Contribution Agreement.

"Servicer" means Midland Credit Management, Inc., in its capacity as servicer of the Receivables pursuant to this Agreement, and each successor thereto (in the same capacity) appointed pursuant to Section 9.03.

"Servicer Default" shall have the meaning specified in Section 9.01.

"Servicer's Remittance Date Certificate" means an Officer's Certificate of the Servicer completed and executed pursuant to Section 3.06 and delivered to the Trustee, in each case specifying Removed Receivables in respect of which the making of a Release Payment is required hereunder, prepared by the Servicer as of the opening of business of the Trustee on each applicable Remittance Date.

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"Servicing Fee" means the fee payable to the Servicer on each Payment Date, calculated pursuant to Section 3.05, for services rendered during the related Collection Period, which shall be, for each Pool, and for any Payment Date, equal to the sum of [*] The term "Servicing Fee" shall also mean the additional amounts payable to a Successor Servicer for servicing pursuant to Section 9.03, but only to the extent such amounts do not exceed the amount calculated in accordance with the preceding sentence; all amounts in excess thereof are herein called the "Additional Servicing Fee".

"Subservicers" shall have the meaning specified in Section 9.07.

"Successor Servicer" means any entity appointed as a successor to the Servicer pursuant to Section 9.03.

"Third-Party Fees" means, with respect to a Receivable and any Collection Period, the amount of any fees or compensation paid or owed to unrelated third-parties (generally, contingency fee lawyers) retained or otherwise engaged by the Servicer under fee or compensation arrangements that are contingent upon, and determined by reference to, amounts recovered in respect of the related Receivable.

"Transaction Documents" means, collectively, this Agreement, the Receivables Contribution Agreement, each Schedule of Receivables, the Notes, the Policy, the Insurance Agreement, the Premium Letter, each Purchase Agreement, and each of the other documents, instruments and agreements entered into in connection with any of the foregoing or the transactions contemplated thereby.

"Transfer" shall have the meaning specified in Section 6.03(g). It is expressly provided that the term "Transfer" in the context of the Notes includes, without limitation, any distribution of the Notes by (i) a corporation to its shareholders, (ii) a partnership to its partners, (iii) a limited liability company to its members, (iv) a trust to its beneficiaries or (v) any other business entity to the owners of the beneficial interests in such entity.

"Transferee Certificate" means a certificate in the form of Exhibit D-2 or D-3.

"Transition Fees" shall have the meaning specified in Section 9.02.

"Trust" means the trust created by this Agreement.

"Trust Estate" or "Floating Rate Midland Receivables-Backed Variable Funding Notes, Series 1999-A Trust Estate" means the trust estate established under this Agreement for, the benefit of the Noteholders and the Note Insurer, which consists of the property described in Section 2.01 (b).

"Trust Property" means the property, or interests in property, constituting the Trust Estate from time to time.

"Trustee" means Norwest Bank Minnesota, National Association, and any successor trustee appointed pursuant to Section 10.11.

"Trustee Fee" means the fee payable to the Trustee on each Payment Date for services rendered under this Agreement, which shall be equal to the greater of \$250 per month or an amount per month equal to one-twelfth of three and one-half basis points (0.035%) per annum times the average daily Note Balance during the preceding Collection Period.

"Trustee's Certificate" means a certificate completed and executed by a Responsible Officer of the Trustee pursuant to Section 10.02 or 10.03, substantially in the form attached hereto as Exhibit B.

"UCC" means the Uniform Commercial Code as in effect in the State of Kansas.

"United States" means the United States of America.

"Voting Interests" means the aggregate voting power evidenced by the Notes, corresponding to the outstanding Note Balance of the Notes held by individual Noteholders; provided, however, that where the Voting Interests are relevant in determining whether the vote of the requisite percentage of Noteholders necessary to effect any consent, waiver, request or demand shall have been obtained, the Voting Interests shall be deemed to be reduced by the amount equal to the Voting Interests (without giving effect to this provision) represented by the interests evidenced by any Note registered in the name of, or in the name of a Person or entity holding for the benefit of, the Issuer, the Servicer or any Person actually known to a Responsible Officer of the Trustee to be an Affiliate of either or both of the Issuer and the Servicer.

SECTION 1.02 INTERPRETATION.

Unless otherwise indicated in this Agreement:

(a) reference to and the definition of any document (including this Agreement) shall be deemed a reference to such document as it may be amended or modified from time to time;

(b) all references to an "Article," "Section," "Schedule" or "Exhibit" are to an Article or Section hereof or to a Schedule or an Exhibit attached hereto;

(c) defined terms in the singular shall include the plural and vice versa and the masculine, feminine or neuter gender shall include all genders;

(d) the words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement;

(e) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding";

(f) periods of days referred to in this Agreement shall be counted in calendar days unless Business Days are expressly prescribed and references in this Agreement to months and years shall be to calendar months and calendar years unless otherwise specified;

(g) accounting terms not otherwise defined herein and accounting terms partly defined herein to the extent not defined, shall have the respective meanings given to them under GAAP; and

(h) the headings in this Agreement are for the purpose of reference only and do not limit or affect its meaning.

ARTICLE II.

CREATION OF TRUST ESTATE; CUSTODY OF RECEIVABLE FILES; REPRESENTATIONS REGARDING RECEIVABLES; DISCHARGE

SECTION 2.01 CREATION OF TRUST ESTATE.

(a) Upon the execution of this Agreement by the parties hereto, there is hereby created for the benefit of the Noteholders and the Note Insurer the Floating Rate Midland Receivables-Backed Variable Funding Notes, Series 1999-A Trust Estate. The Issuer, pursuant to the mutually agreed upon terms contained in this Agreement, hereby grants a security interest to the Trustee on behalf of the Noteholders and the Note Insurer, in all of its right, title and interest in and to the Trust Estate, including, without limitation, Receivables and any proceeds related thereto, and such other items as shall be specified in this Agreement.

(b) In consideration of the Trustee's delivery to the Issuer of authenticated Notes, in authorized denominations, in an aggregate amount equal to the Maximum Facility Amount, the Issuer does hereby grant a security interest to the Trustee, in trust for the benefit of the Noteholders and the Note Insurer, in the following property and rights in property, whether now owned or existing or hereafter acquired or arising, whether tangible or intangible, and wheresoever located:

(i) all right, title and interest of the Issuer in and to the Receivables and all monies due thereon or paid thereunder or in respect thereof (including, without limitation, any fees and charges paid by Obligors and any proceeds of any Sales) on and after each Funding Date (including any Release Payments made with respect to Removed Receivables for which a payment is made by the Issuer pursuant to Section 2.05 or 7.02 or Removed Receivables acquired by the Servicer pursuant to Section 3.04), net of any Third-Party Fees;

(ii) the rights of the Issuer as Purchaser under each Receivables Contribution Agreement, including, without limitation, to enforce the obligations of the Seller thereunder;

(iii) the Collection Account, the Note Payment Account and the Reserve Account, and all monies, "securities," "instruments," "accounts" "general intangibles," "chattel paper," "financial assets," "investment property" (the terms in quotations are defined in the UCC) and other property on deposit or credited to the Collection Account, the Note Payment Account, and the Reserve Account from time to time (whether or not constituting or derived from payments, collections or recoveries received, made or realized in respect of the Receivables);

(iv) all right, title and interest of the Issuer as assignee of the purchaser in, to and under each Asset Sale Agreement, and all related documents, instruments and agreements pursuant to which the Seller acquired, or acquired an interest in, any of the Receivables from an Originating Institution;

(v) all payments due under the Policy;

(vi) all books, records and documents relating to the Receivables in any medium, including without limitation paper, tapes, disks and other electronic media;

(vii) all other monies, securities, reserves and other property now or at any time in the possession of the Trustee or its bailee, agent or custodian and relating to any of the foregoing; and

(viii) all proceeds, products, rents and profits of any of the foregoing and all other amounts payable in respect of the foregoing; including, without limitation, proceeds of insurance policies insuring any of the foregoing or any indemnity or warranty payable by reason of loss or damage to or otherwise in respect of any of the foregoing.

(c) The parties hereto intend that the security interest granted under this Agreement shall give the Trustee on behalf of the Noteholders and the Note Insurer a first priority perfected security interest in, to and under the Receivables, and all other property described in this Section 2.01 as a part of the Trust Estate and all proceeds of any of the foregoing in order to secure the Note Insurer Obligations and the obligations of the Issuer to the Trustee, the Noteholders and the Note Insurer under the Notes, this Agreement, the Purchase Agreement, the Insurance Agreement and all of the other Transaction Documents. The Trustee on behalf of the Noteholders and the Note Insurer shall have all the rights, powers and privileges of a secured party under the UCC. The Issuer agrees to execute and file all filings (including filings under the UCC) and take all other actions reasonably necessary in any jurisdiction to provide third parties with notice of the security interest granted pursuant to this Agreement and to perfect such security interest under the UCC.

(d) The Issuer shall ensure that from and after the time of the grant of the security interest in the Trust Estate, the master computer records (including any back-up archives) maintained by or on behalf of the Issuer that refer to any Receivable indicate clearly the interest of the Trustee in such Receivable and that the Receivable is subject to a security interest in favor of the

Trustee. Indication of the interest of the Trustee in a Receivable shall be deleted from or modified on such computer records when, and only when, the Receivable has been paid in full or has been acquired, assigned or released pursuant to this Agreement.

SECTION 2.02 CUSTODY OF RECEIVABLE FILES.

In order to assure uniform quality in servicing the Receivables and to reduce administrative costs, the Trustee on behalf of the Noteholders and the Note Insurer, upon the execution and delivery of this Agreement, revocably appoints the Servicer, and the Servicer accepts such appointment, to act as the agent of the Trustee as custodian of the following documents to each Receivable:

(i) the related Asset Sale Agreement;

(ii) any other documents received from or made available by the related Originating Institution in respect of such Receivable;

(iii) a copy of the marked computer records indicating the interest of the Trustee on behalf of the Noteholders and the Note Insurer, as evidenced by the Schedule of Receivables; and

(iv) any and all other documents that the Issuer or the Servicer, as the case may be, shall keep on file, in accordance with its customary procedures, relating to such Receivable or the related Obligor.

SECTION 2.03 ACCEPTANCE BY TRUSTEE.

The Trustee hereby acknowledges its acceptance, on behalf of the Noteholders and the Note Insurer, pursuant to this Agreement, of the security interest in and to the Receivables and the other Trust Property granted by the Issuer pursuant to this Agreement, and declares and shall declare from and after the date hereof that the Trustee, on behalf of the Noteholders and the Note Insurer, holds and shall hold such Trust Property, pursuant to the trusts set forth in this Agreement.

SECTION 2.04 REPRESENTATIONS AND WARRANTIES OF ISSUER AS TO THE RECEIVABLES.

The Issuer does hereby make the following representations and warranties as of each Funding Date and each Prepayment Date except and to the extent otherwise specifically provided in clause 2.04(1), on which (i) the Trustee is relying in accepting the Receivables and the other Trust Property which become a part of the Trust Estate as of such Funding Date or permitting the release of any Prepaid Receivable as of such Prepayment Date, as the case may be; (ii) the Noteholders are relying in purchasing the Notes and making Fundings; (iii) the Note Insurer is relying in issuing the Policy; and (iv) the Rating Agency is relying in providing its rating of the Notes. Except as specifically provided below, (i) in the case of the following representations and warranties made on a Funding Date, such representations and warranties shall be deemed made with respect to all Receivables then subject to this Agreement after giving effect to any addition of Receivables on such Funding Date and (ii) in the case of the following representations and

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warranties made on a Prepayment Date, such representations and warranties shall be deemed made with respect to all Remaining Receivables and Pools thereof.

(a) Characteristics of Receivables. Each such Receivable is payable in United States dollars, has been purchased by Midland Credit Management, Inc. from the related Originating Institution under an Asset Sale Agreement with such Originating Institution in accordance with the Customary Procedures of Midland Credit Management, Inc. and has been subsequently transferred, assigned and conveyed by the Seller to the Issuer pursuant to the Receivables Contribution Agreement. [*]

(b) Schedule of Receivables. The information set forth in the Schedule of Receivables is true and correct in all material respects as of such Funding Date.

(c) No Government Obligors. None of such Receivables are due from the United States or any state or local government, or from any agency, department or instrumentality of the United States or any state or local government.

(d) Employee Obligors. None of the Receivables are due from any employee of the Seller, the Issuer or any of their respective Affiliates.

(e) Good Title. No such Receivable has been transferred, assigned, conveyed or pledged by the Issuer to any Person other than the Trustee. The Issuer has good and marketable title to each Receivable, free and clear of all Liens and rights of others; the Trustee on behalf of the Noteholders and the Note Insurer has a first priority perfected security interest in, each Receivable, free and clear of all Liens and rights of others; and such security interest has been perfected under the UCC and any other applicable law.

(f) No Impairment of Rights. As of such Funding Date, the Issuer has not taken any action that, or failed to take any action the omission of which, would impair the rights of the Trustee or the Noteholders or the Note Insurer with respect to any such Receivable; provided, however, that the writing down of any Receivable balance in accordance with Customary Procedures shall not be deemed an impairment of the rights of any of the Trustee, the Noteholders or the Note Insurer.

(g) No Fraudulent Use. As of such Funding Date, no such Receivable has been identified by the Issuer or reported to the Issuer by the related Originating Institution as having resulted from fraud perpetrated by any Person with respect to the related account.

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(h) All Filings Made. All filings (including UCC filings) necessary in any jurisdiction to provide third parties with notice of the transfer and assignment herein contemplated, and to give the Trustee on behalf of the Noteholders and the Note Insurer a first priority perfected security interest in such Receivables shall have been made.

(i) UCC Status. No Receivable is secured by "real property" or "fixtures" or evidenced by an "instrument" under and as defined in the UCC.

(j) Location of Receivable Files. As of such Funding Date, each Receivable File is kept by the Servicer at its offices at 500 West First Street, Hutchinson, Kansas 67504, or such other address permitted pursuant to Section 2.06(b).

(k) Pool Status. Each such Receivable is part of a Pool which satisfies each of the requirements set forth in Section 2.04(1), provided that such Pools are aggregated with all other Pools to the extent set forth therein.

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SECTION 2.05 REACQUISITION FOR RECEIVABLES UPON BREACH.

Upon discovery by the Issuer or the Servicer or upon the actual knowledge of a Responsible Officer of the Trustee of a breach of any of the representations and warranties of the Issuer set forth in Section 2.04, the party discovering such breach shall give prompt written notice to the others. If, as a result of such breach, any Receivable is rendered uncollectible or the Trustee's rights in, to or under such Receivable or the proceeds thereof are materially impaired or such proceeds are not available for any reason to the Trustee free and clear of any Lien, then (i) the Issuer shall repay a portion of the Note Balance equal to the Release Payment related to such Receivable or (ii) if the Seller has the right to demand, or is obligated to accept, substitution of Receivables of equal or greater value from the Originating Institution (the "Substitute Receivables") of the affected Receivables upon such a breach under the applicable Asset Sale Agreement, and the Seller has contributed (or simultaneously with the removal of the Receivables affected by such breach, will contribute) such Substitute Receivables to the Issuer pursuant to the Receivables Contribution Agreement, the Issuer shall cause such Substitute Receivables to become subject to the lien of this Indenture; and, in each case, if necessary, the Issuer shall enforce the obligation of the Seller under the Receivables Contribution Agreement to reacquire such Receivable from the Issuer, unless such breach shall have been cured within 30 days after the earlier to occur of the discovery of such breach by the Issuer or receipt of written notice of such breach by the Issuer, such that the relevant representation and warranty shall be true and correct in all material respects as if made on such day, and the Issuer shall have delivered to the Trustee, the Note Insurer and each Noteholder an Officer's Certificate describing the nature of such breach and the manner in which the relevant representation and warranty became true and correct. This repayment or substitution obligation shall pertain to all representations and warranties of the Issuer contained in Section 2.04, whether or not the Issuer has knowledge of the breach at the time of the breach or at the time the representations and

warranties were made. The Issuer will be obligated to make the repayment or substitution related to the Receivable as set forth above on the Remittance Date following the date on which such repayment or substitution obligation arises. In consideration of the release of any such Receivable, on the Remittance Date immediately following the date on which such repayment obligation arises, the Issuer shall remit the Release Payment of such Receivable to the Collection Account in the manner specified in Section 4.03 or shall cause Substitute Receivables to become subject to the lien hereof.

Upon any such repayment or substitution, the Trustee on behalf of the Noteholders and the Note Insurer shall, without further action, be deemed to release its security interest in, to and under the Removed Receivable so released, all monies due or to become due with respect thereto after the aforementioned Remittance Date and all proceeds thereof. The Trustee shall execute such documents and instruments of release and take such other actions as shall be reasonably requested by the Issuer to effect the security interest release pursuant to this Section. The sole remedies of the Trustee, the Noteholders and the Note Insurer with respect to a breach of the Issuer's representations and warranties pursuant to Section 2.04 shall be to require the Issuer to make repayment for the related Receivable or cause Substitute Receivables to become subject to the lien hereof pursuant to this Section and to enforce the Issuer's obligation hereunder to enforce the obligation of the Seller under the Receivables Contribution Agreement to reacquire such Receivable from the Issuer. The Trustee shall have no duty to conduct any affirmative investigation as to the occurrence of any condition requiring the repayment for any Receivable pursuant to this Section, except as otherwise provided in Section 10.02.

SECTION 2.06 DUTIES OF SERVICER AS CUSTODIAN

(a) Safekeeping. The Servicer, in its capacity as custodian, shall hold the Receivable Files in its possession from time to time on behalf of the Trustee for the use and benefit of the Note Insurer and all present and future Noteholders, and maintain such accurate and complete accounts, records and computer systems pertaining to each Receivable File as shall enable the Trustee to comply with this Agreement. In performing its duties as custodian, the Servicer shall act with reasonable care, using that degree of skill and attention that it exercises with respect to the receivable files of comparable defaulted receivables that the Servicer services for itself or others. The Servicer shall conduct, or cause to be conducted, periodic examinations of the files of receivables owned or serviced by it, which shall include the Receivable Files held by it under this Agreement, and of the related accounts, records and computer systems, in such a manner as shall enable the Trustee to verify the accuracy of the Servicer's record keeping; provided however that the Trustee shall be under no obligation to verify the accuracy of the Servicer's record-keeping unless requested to do so in writing by the Note Insurer, the Noteholders with Voting Interest in excess of 50% or the Rating Agency. Any such written request shall specify in detail the procedures to be employed by the Trustee. The Servicer shall promptly report to the Trustee any failure on its part to hold the Receivable Files and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure.

(b) Maintenance of and Access to Records. The Servicer shall maintain each Receivable File at its offices at 500 West First Street, Hutchinson, Kansas 67504, or at such other office as

shall be specified to the Trustee and the Note Insurer by 30 days' prior written notice, provided that the Servicer shall have taken all actions necessary or reasonably requested by the Trustee or the Note Insurer to amend any existing financing statements and continuation statements, and file additional financing statements and any other steps reasonably requested by the Trustee or the Note Insurer to further perfect or evidence the rights, claims or security interests of any of the Trustee or the Note Insurer under any of the Transaction Documents. The Servicer shall make available to the Trustee, the Note Insurer and the Noteholders or their duly authorized representatives, attorneys or auditors the Receivable Files and the accounts, records and computer systems maintained by the Servicer with respect thereto upon not less than two Business Days' prior written notice for examination during normal business hours; provided, however, that the Noteholders will only be entitled to the access provided in this subclause (b) in the event of a Servicer Default.

(c) Release of Documents. Upon written instruction from the Trustee, the Servicer shall release any document in the Receivable Files to the Trustee or its agent or designee, as the case may be, at such place or places as the Trustee may designate, as soon as practicable. Nothing in this Section shall impair the obligation of the Servicer to observe any applicable law prohibiting disclosure of information regarding the Obligors, which obligation shall be evidenced by an Opinion of Counsel to such effect, and the failure of the Servicer to provide access as provided in this Section as a result of such obligation shall not constitute a breach of this Section. The Servicer shall not be responsible for any loss occasioned by the failure of the Trustee to return any document or any delay in doing so.

SECTION 2.07 INSTRUCTIONS; AUTHORITY TO ACT.

The Servicer shall be deemed to have received proper instructions with respect to the Receivable Files upon its receipt of written instructions signed by a Responsible Officer of the Trustee. A certified copy of a bylaw or of a resolution of the board of directors of the Trustee shall constitute conclusive evidence of the authority of any such Responsible Officer to act and shall be considered in full force and effect until receipt by the Servicer of written notice to the contrary given by the Trustee.

SECTION 2.08 INDEMNIFICATION OF CUSTODIAN.

The Servicer, as custodian of the Receivable Files, shall indemnify the Trustee for any and all liabilities, obligations, losses, compensatory damages, payments, costs or expenses of any kind whatsoever (including reasonable attorney's fees and expenses incurred in connection with defending against any such claim) that may be imposed on, incurred or asserted against the Trustee as the result of any improper act or omission in any way relating to the maintenance and custody of the Receivable Files by the Servicer, as custodian; provided, however, that the Servicer shall not be liable for any portion of any such amount resulting from the willful misfeasance, bad faith or gross negligence of the Trustee.

\ SECTION 2.09 EFFECTIVE PERIOD AND TERMINATION.

The Servicer's appointment as custodian of the Receivable Files shall become effective as of the Closing Date and shall continue in full force and effect so long as it is the Servicer under this Agreement. If the Servicer shall resign as Servicer pursuant to Section 8.05 or if all of the rights and obligations of the Servicer have been terminated pursuant to Section 9.02, the appointment of the Servicer as custodian of the Receivable Files shall immediately terminate. As soon as practicable after any termination of such appointment, the Servicer shall deliver the Receivable Files to the Trustee or its agent at such place or places as the Trustee may reasonably designate.

SECTION 2.10 AGENT FOR SERVICE.

The agent for service for the Issuer shall be its President whose address is 6115 North Lorraine, Hutchinson, Kansas 67502, and the agent for service for the Servicer shall be its President whose address is 500 West First Street, Hutchinson, Kansas 67504.

SECTION 2.11 SATISFACTION AND DISCHARGE OF INDENTURE.

Whenever the following conditions shall have been satisfied:

(a) an amount sufficient to pay and discharge the outstanding Note Balance, plus accrued and unpaid interest on the Notes, has been paid to the Noteholders;

(b) the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer;

(c) the Issuer has paid or caused to be paid all Note Insurer Obligations then outstanding to the Note Insurer;

(d) the obligation of the Note Insurer under the Policy shall have been terminated; and

(e) the Issuer has delivered to the Trustee an Officers' Certificate of the Issuer and an Opinion of Counsel each stating that all conditions precedent herein provided for the satisfaction and discharge of this Agreement with respect to the Notes and the Policy have been complied with;

then this Agreement and the lien, rights and interests created hereby shall cease to be of further effect with respect to the Notes, and the Trustee shall, at the expense of the Issuer, (i) execute and deliver all such instruments as may be necessary to acknowledge the satisfaction and discharge of this Agreement with respect to the Notes, (ii) pay, or assign or transfer and deliver, to the Issuer, all cash, securities and other property held by it as part of the Trust Estate or other assets remaining after satisfaction of the conditions specified in clauses (a), (b) and (c) above, and (iii) arrange for the cancellation, surrender and termination of the Policy pursuant to the terms thereof and of the Insurance Agreement.

Notwithstanding the satisfaction and discharge of this Agreement with respect to the Notes, the obligations of the Issuer to the Trustee under Section 10.07, the obligations of the Trustee to the Issuer, the Servicer and to the Noteholders and the Note Insurer under Section 4.04, the obligations of the Trustee to the Noteholders and the Note Insurer under Section 4.07, and rights to receive payments of principal of and interest on the Notes, and payment of Note Insurer Obligations, and the rights, privileges and immunities of the Trustee under Article X, shall survive.

SECTION 2.12 APPLICATION OF TRUST MONEY.

All money deposited with the Trustee pursuant to Sections 4.02 and 4.03 shall be held in trust and applied by it, in accordance with the provisions of the Notes, the Insurance Agreement and this Agreement, to the payment to the Persons entitled thereto, of the principal, interest, fees, costs and expenses for whose payment such money has been deposited with the Trustee.

ARTICLE III. ADMINISTRATION AND SERVICING OF RECEIVABLES

SECTION 3.01 DUTIES OF SERVICER.

The Servicer, as agent for the Trustee, shall manage, service, administer and make collections on and in respect of the Receivables with reasonable care, using that degree of skill and attention that the Servicer exercises with respect to all comparable defaulted consumer receivables that it services for itself or others (whether or not the Servicer shall then be servicing comparable defaulted consumer receivables for itself or others). The Servicer's duties shall include collecting and posting all payments, responding to inquiries of Obligor or by federal, state or local government authorities with respect to the Receivables, investigating delinquencies, implementation of payment plans, sending payment information to Obligor, reporting tax information to Obligor in accordance with its customary practices, accounting for collections, publishing monthly and annual statements to the Trustee with respect to payments, generating federal income tax information and performing the other duties specified herein. In performing the above-referenced services, the Servicer shall perform in accordance with Customary Procedures and shall have full power and authority, acting alone, to do any and all things in connection with such managing, servicing, administration and collection that it may deem necessary or desirable.

Without limiting the generality of the foregoing, the Servicer shall be authorized and empowered by the Trustee to execute and deliver, on behalf of itself, the Trustee, the Noteholders, the Note Insurer, or any of them, any and all instruments of satisfaction or cancellation, or of partial or full release or discharge and all other comparable instruments, with respect to the Receivables. To the extent not prohibited by applicable law, the Servicer is hereby authorized to commence, in its own name or in the name of the Issuer or the Trustee, a legal proceeding to enforce a Receivable or to commence or participate in a legal proceeding (including without limitation a bankruptcy proceeding) relating to or involving a Receivable. If the Servicer commences or participates in such a legal proceeding in its own name, the Trustee

and the Issuer shall thereupon be deemed to have automatically assigned, solely for the purpose of collection on behalf of the party retaining an interest in such Receivable, such Receivable and the other property conveyed as part of the Trust Estate pursuant to Section 2.01 with respect to such Receivable to the Servicer for purposes of commencing or participating in any such proceeding as a party or claimant, and the Servicer is authorized and empowered by the Trustee and the Issuer to execute and deliver in the Servicer's name any notices, demands, claims, complaints, responses, affidavits or other documents or instruments in connection with any such proceeding (to the fullest extent permitted by applicable law). If in any enforcement suit or legal proceeding it shall be held that the Servicer may not enforce a Receivable on the grounds that it shall not be a real party in interest or a holder entitled to enforce such Receivable, the Trustee on behalf of the Noteholders and the Note Insurer shall, at the Servicer's expense and written direction, take reasonable steps to enforce such Receivable. To the extent an assignment is prohibited, prior consent by the Trustee is hereby given to Servicer authorizing the forwarding of Receivables to legal counsel (selected by Servicer) for the purpose of commencing legal proceedings on behalf of the Issuer or the Trustee. It being understood by Servicer that nothing contained herein will permit or allow Servicer to control or interfere with the relationship between counsel, Issuer or the Trustee, but Servicer is hereby authorized on behalf of the Issuer or the Trustee to receive and convey information and instructions in order to facilitate and coordinate the collection of forwarded Receivables. The Servicer shall deposit or cause to be deposited into the Collection Account, within one Business Day of its receipt thereof, all Net Proceeds realized in connection with any such action pursuant to Section 4.02. The Trustee and the Issuer shall furnish the Servicer with any powers of attorney and other documents and take any other steps which the Servicer may deem reasonably necessary or appropriate to enable the Servicer to carry out its servicing and administrative duties under this Agreement.

SECTION 3.02 COLLECTION OF RECEIVABLE PAYMENTS.

The Servicer shall make reasonable efforts to collect all payments due and payable in connection with the Receivables, and shall at all times follow the Customary Procedures in so doing. The Servicer shall be authorized to write down the balance of any Receivable in accordance with the Customary Procedures without the prior consent of the Trustee; provided however, that such write-down will not affect the rights of the Noteholders or the Note Insurer to any amounts thereafter collected with respect to such Receivable. The Servicer may, in accordance with the Customary Procedures, waive any charges or fees that otherwise may be collected in the ordinary course of servicing the Receivables.

SECTION 3.03 COVENANTS OF SERVICER.

The Servicer hereby makes the following covenants with respect to each Receivable on which the Trustee is relying in accepting the Receivables in trust and authenticating the Notes:

(a) Fulfillment of Obligations. The Servicer shall duly fulfill all obligations on its part to be fulfilled pursuant to this Indenture under or in connection with the Receivables, shall perform such obligations in accordance with the Customary Procedures, and shall maintain in effect all licenses and qualifications required in order to service the Receivables and shall comply in all

respects with all other requirements of law in connection with servicing the Receivables, the failure to comply with which would have a material adverse effect on the rights or interests of the Noteholders or the Note Insurer.

(b) No Rescission or Cancellation. The Servicer shall not permit any rescission or cancellation of the Receivables except as ordered by a court of competent jurisdiction or other governmental authority; provided, however, that the writing down of the Receivables balance in accordance with Customary Procedures shall not be deemed a rescission or cancellation of such Receivables.

(c) No Impairment. The Servicer shall not take or fail to take any action in breach of this Indenture that would impair the rights of the Trustee, the Trust Estate, the Noteholders or the Note Insurer with respect to the Receivables; provided, however, that the writing down of the Receivables balance in accordance with Customary Procedures shall not be deemed an impairment of the rights of the Trustee, the Noteholders or the Note Insurer. The Servicer shall not engage in any pattern of conduct under which it intentionally elects (i) to write down a Receivables balance from an Obligor rather than writing down amounts due from the same Obligor which are not a part of the Receivables or (ii) to apply a payment received from an Obligor to a Consumer Account which is not a Receivable rather than to a Receivable (unless expressly instructed to do so by the Obligor), if the Servicer has actual knowledge that such write-downs or payment applications discriminate against the Noteholders, or with knowledge that the effect of such intentional election is to discriminate against the Noteholders.

(d) No Instruments. Except in connection with its enforcement or collection of the Receivables, the Servicer shall take no action to cause any Receivables to be evidenced by any instruments (as defined in the UCC) and if any Receivable is so evidenced (whether or not in connection with such enforcement or collection), it shall be assigned to the Servicer as provided in Section 3.04.

SECTION 3.04 REPURCHASE IN RESPECT OF RECEIVABLES UPON BREACH AND OTHER EVENTS.

Upon discovery by the Issuer or the Servicer or upon the actual knowledge of a Responsible Officer of the Trustee of a breach of any of the covenants of the Servicer set forth in Section 3.03 that materially and adversely affects the rights or interests of the Noteholders or the Note Insurer, the party discovering such breach shall give prompt written notice to the others. If, as a result of such breach, any Receivables are rendered uncollectible or the Trustee's rights in, to or under such Receivables or the proceeds thereof are materially impaired or such proceeds are not available for any reason to the Trustee free and clear of any Lien, the Servicer shall acquire from the Issuer such Receivables, unless such breach shall have been cured within thirty (30) days after the earlier to occur of the discovery of such breach by the Servicer or receipt of written notice of such breach by the Servicer, such that the relevant covenant shall be true and correct in all material respects as if made on such day, and the Servicer shall have delivered to the Trustee a certificate of a Responsible Officer of the Servicer describing the nature of such breach and the manner in which the relevant covenant became true and correct. The Servicer will be obligated to accept the assignment of such Receivables as set forth above on the Remittance Date

following the date on which such assignment obligation arises. In consideration of the acquisition of any such Receivables, on the Remittance Date immediately following the date on which such acquisition obligation arises, the Servicer shall remit the Release Payment of such Receivables to the Collection Account in the manner specified in Section 4.03. Upon any such acquisition, and the remitting of the Release Payment to the Collection Account, the Trustee on behalf of the Noteholders and the Note Insurer shall, without further action, be deemed to have released its security interest in, to and under such Removed Receivables, all monies due or to become due with respect thereto after the aforementioned Remittance Date and all proceeds thereof. The Trustee shall execute such documents and take such other actions as shall be reasonably requested by the Servicer to further evidence such release. The sole remedy of the Trustee, the Noteholders and the Note Insurer with respect to a breach pursuant to Section 3.03 shall be to require the Servicer to acquire the related Receivables pursuant to this Section, except as otherwise provided in Section 8.02, 9.01 or 9.08. The Trustee shall have no duty to conduct any affirmative investigation as to the occurrence of any condition requiring the acquisition of any Receivable pursuant to this Section except as otherwise provided in Section 10.02.

SECTION 3.05 SERVICING FEE; PAYMENT OF CERTAIN EXPENSES BY SERVICER.

As compensation for the performance of its obligations hereunder, the Servicer shall be entitled to receive on each Payment Date the Servicing Fee as provided in Section 4.04. Except to the extent otherwise provided herein, the Servicer shall be required to pay from its servicing compensation all expenses incurred in connection with servicing the Receivables including, without limitation, recovery and collection expenses related to the enforcement of the Receivables (other than those specified in the following proviso), payment of the fees and disbursements of the Rating Agency and independent accountants and all other fees and expenses that are not expressly stated in this Agreement to be payable by the Trustee, the Noteholders, the Note Insurer or the Issuer; provided, however, that the Servicer shall not be liable for any liabilities, costs or expenses of the Trustee, the Noteholders or the Note Insurer arising under any tax law, including without limitation any federal, state or local income or franchise taxes or any other tax imposed on or measured by income (or any interest or penalties with respect thereto or arising from a failure to comply therewith), except as otherwise expressly provided in this Agreement.

SECTION 3.06 MONTHLY SERVICER REPORT; SERVICER'S REMITTANCE DATE CERTIFICATE.

(a) On or before 11:00 a.m. New York, New York time on each Determination Date, the Servicer shall deliver to the Trustee and to the Note Insurer a Monthly Servicer Report executed by a Responsible Officer of the Servicer substantially in the form attached hereto as Exhibit A, including a CD-ROM or computer tape listing all Receivables subject to this Agreement at the end of such Collection Period (and setting forth such additional information as requested by the Trustee, the Note Insurer, the Rating Agency or any Noteholder from time to time, which information the Servicer is able to reasonably provide) containing all information necessary to make the payments required by Section 4.04 in respect of the Collection Period and Interest Distribution Period immediately preceding the date of such Monthly Servicer Report and all

information necessary for the Trustee to send statements to Noteholders and the Note Insurer pursuant to Section 4.07(a).

(b) On or before 11:00 a.m. New York, New York time on each Remittance Date on which the Issuer or the Servicer, as applicable, shall be obligated hereunder to acquire a Removed Receivable, the Servicer shall deliver to the Trustee and the Note Insurer a Servicer's Remittance Date Certificate identifying each such Removed Receivable acquired by reference to the related Obligor's account number (as specified in the Schedule of Receivables), and the amount of the Release Payment with respect thereto.

SECTION 3.07 ANNUAL STATEMENT AS TO COMPLIANCE; NOTICE OF DEFAULT.

(a) The Servicer shall deliver to the Note Insurer and the Trustee, on or before March 1 of each calendar year, beginning in March 2000, an Officer's Certificate executed by the chief financial officer of the Servicer, stating that (i) a review of the activities of the Servicer during the preceding 12-month period ended December 31 (or, in the case of the first such statement, from the Closing Date through December 31, 1999) and of its performance under this Agreement has been made under the supervision of the officer executing the Officer's Certificate, and (ii) to such officer's knowledge, based on such review, the Servicer has fulfilled all its obligations under this Agreement in all material respects throughout such period or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to such officer and the nature and status thereof.

(b) The Servicer shall deliver to the Note Insurer and the Trustee, promptly after having obtained knowledge thereof, but in no event later than three Business Days thereafter, an Officer's Certificate specifying the nature and status of any Servicer Default or Event of Default, or other occurrence which would have a material adverse effect on the rights or interests of the Note Insurer.

SECTION 3.08 PERIODIC ACCOUNTANTS REPORT.

The Servicer, at its own expense, shall cause Ernst & Young LLP or another firm of nationally recognized independent public accountants acceptable to the Note Insurer (who may also render other services to the Servicer or to the Issuer) to deliver to the Note Insurer and Trustee a report of agreed upon procedures acceptable to the Controlling Party with respect to the Servicer's accounting for matters regarding the Trust Estate including cash receipts, account posting and remittances to the Accounts during the preceding reporting period. The first reporting period is from the Closing Date through April 30, 1999, and each subsequent reporting period is each subsequent month thereafter through July 31, 1999, and thereafter the reporting period shall be each subsequent calendar quarter commencing September 30, 1999, unless any report is not reasonably acceptable to the Note Insurer then such shorter or longer time as the Note Insurer shall determine from time to time by written notice to the Servicer (with a copy to the Trustee). Each such report must be delivered within forty-five (45) days after the end of each reporting period. Such report shall also indicate that the firm is independent with respect to the Issuer and the Servicer within the meaning of the Code of Professional Ethics of the American Institute of Certified Public Accountants. In the event such independent public accountants

require the Trustee to agree to the procedures to be performed by such firm in any of the reports required to be prepared pursuant to this Section 3.08, the Servicer shall direct the Trustee in writing to so agree; it being understood and agreed that the Trustee will deliver such letter of agreement in conclusive reliance upon the direction of the Servicer, and the Trustee has not made any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

SECTION 3.09 QUARTERLY SERVICER'S COMPLIANCE REPORT.

The Servicer, at its own expense, shall cause Ernst & Young LLP or another firm of nationally recognized independent public accountants (who may also render other services to the Servicer or to the Issuer) to deliver to the Trustee and the Note Insurer, within thirty days after the end of each calendar quarter of each year, beginning with the calendar quarter ending in June of 1999, a report concerning the activities of the Servicer during the preceding calendar quarter to the effect that such accountants have performed agreed-upon procedures acceptable to the Controlling Party with respect to each of the Monthly Servicer Reports for the period under review. The report should specify the procedures performed on such Monthly Servicer Reports (which procedures should include recalculating all calculations contained in such Monthly Servicer Reports and taking other pertinent information from supporting schedules of the Servicer) and any exceptions, if any, shall be set forth therein. Such report shall also indicate that the firm is independent with respect to the Issuer and the Servicer within the meaning of the Code of Professional Ethics of the American Institute of Certified Public Accountants. In the event such independent public accountants require the Trustee to agree to the procedures to be performed by such firm in any of the reports required to be prepared pursuant to this Section 3.09, the Servicer shall direct the Trustee in writing to so agree; it being understood and agreed that the Trustee will deliver such letter of agreement in conclusive reliance upon the direction of the Servicer, and the Trustee has not made any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

SECTION 3.10 ACCESS TO CERTAIN DOCUMENTATION AND INFORMATION.

The Servicer shall provide the Note Insurer, the Trustee and the Noteholders with access to the documentation relating to the Receivables as provided in Section 2.06(b). In each case, access to documentation relating to the Receivables shall be afforded without charge but only upon reasonable request and during normal business hours at the offices of the Servicer. Nothing in this Section shall impair the obligation of the Servicer to observe any applicable law prohibiting disclosure of information regarding the Obligors, which obligation shall be evidenced by an Opinion of Counsel to such effect, and the failure of the Servicer to provide access as provided in this Section as a result of such obligation shall not constitute a breach of this Section.

SECTION 3.11 REPORTS TO NOTEHOLDERS, THE RATING AGENCY, THE NOTE INSURER AND THE PLACEMENT AGENT.

The Trustee shall provide to the Note Insurer, each Noteholder, the Rating Agency and the Placement Agent a copy of each (i) Servicer's Remittance Date Certificate, (ii) Monthly

Servicer Report, (iii) Officer's Certificate of annual statement as to compliance described in Section 3.07(a), (iv) Officer's Certificate with respect to Servicer Defaults and Events of Default, described in Section 3.07(b), (v) accountants' report described in Section 3.08, (vi) accountants' report described in Section 3.09, and (vii) Trustee's Certificate delivered pursuant to Section 10.02 or 10.03.

SECTION 3.12 TAX TREATMENT.

Notwithstanding anything to the contrary set forth herein, the Issuer has entered into this Agreement with the intention that for federal, state and local income and franchise tax purposes (i) the Notes, which are characterized as indebtedness at the time of their issuance, will qualify as indebtedness secured by the Receivables and (ii) neither the Trust nor the Trust Estate shall be treated as an association or publicly traded partnership taxable as a corporation. The Issuer, by entering into this Agreement, each Noteholder, by its acceptance of a Note and each purchaser of a beneficial interest therein, by accepting such beneficial interest, agree to treat such Notes as debt for federal, state and local income and franchise tax purposes. The Trustee shall treat the Trust Estate as a security device only, and shall not file tax returns or obtain an employer identification number on behalf of the Trust Estate. The provisions of this Agreement shall be construed in furtherance of the foregoing intended tax treatment.

Notwithstanding the foregoing, if the Trust is required to be recognized as a partnership for federal or state income tax purposes, including by reason of a determination by the Internal Revenue Service or any other taxing authority that the Trust constitutes a partnership for income tax purposes, the Issuer and the Noteholders agree that payments made to the Noteholders pursuant to Section 4.04(b)(iv) shall be treated as "guaranteed payments" (within the meaning of Section 707(c) of the Code) and all remaining taxable income or loss and any separably allocable items thereof shall be allocated to the Issuer.

ARTICLE IV. THE ACCOUNTS; PAYMENTS; STATEMENTS TO NOTEHOLDERS

SECTION 4.01 ACCOUNTS.

The Trustee shall establish and maintain, or cause to be established and maintained, the Collection Account, the Reserve Account and the Note Payment Account, each of which shall be an Eligible Account, for the benefit of the Noteholders and the Note Insurer. All amounts held in the Collection Account, the Reserve Account or the Note Payment Account shall, to the extent permitted by this Agreement and applicable laws, rules and regulations, be invested in Permitted Investments by the depository institution or trust company then maintaining such Account only upon written direction of the Issuer, provided, however, in the event the Issuer fails to provide such written direction to the Trustee, and until the Issuer provides such written direction, the Trustee shall invest in Permitted Investments satisfying the requirements of clause (iii) of the definition thereof. Investments held in Permitted Investments in the Accounts shall not be sold or disposed of prior to their maturity. Earnings on investment of funds in the Collection Account

and Reserve Account shall remain in such Accounts for disposition in accordance with this Agreement. Earnings on investment of funds in the Note Payment Account shall be remitted by the Trustee to the Collection Account promptly upon receipt thereof in the Note Payment Account. Any losses and investment expenses relating to any investment of funds in any of the Accounts shall be for the account of the Issuer, which shall deposit or cause to be deposited the amount of such loss (to the extent not offset by income from other investments of funds in the related Account) in the related Account immediately upon the realization of such loss. The taxpayer identification number associated with each of the Accounts shall be that of the Issuer and the Issuer will report for federal, state and local income tax purposes the income, if any, earned on funds in the relevant Account. The Issuer hereby acknowledges that all amounts on deposit in each Account (including investment earnings thereon) are held in trust by the Trustee for the benefit of the Noteholders and the Note Insurer, subject to any express rights of the Issuer set forth herein, and shall remain at all times during the term of this Agreement under the sole dominion and control of the Trustee. Payments from the Collection Account shall be made only on the Business Day prior to the Payment Date and only to the Note Payment Account.

SECTION 4.02 COLLECTIONS.

Each of the Servicer and the Issuer shall remit to the Collection Account all Net Proceeds it receives or otherwise obtains on the next Business Day after receipt thereof, by ACH transfer from the account into which payments from or on behalf of Obligors are initially deposited. Other than as specifically contemplated pursuant to Section 4.03, the Servicer shall not remit to the Collection Account, and shall take all reasonable actions to prevent other Persons from remitting to the Collection Account, amounts which do not constitute payments, collections or recoveries received, made or realized in respect of the Receivables, and the Trustee will return to Issuer any such amounts upon receiving written evidence reasonably satisfactory to the Trustee that such amounts are not a part of the Trust Estate.

SECTION 4.03 ADDITIONAL DEPOSITS.

(a) The following additional deposits shall be made to the Collection Account, as applicable: (i) the Issuer shall remit the aggregate Release Payments with respect to Removed Receivables for which a payment is to be made pursuant to Section 2.05 or 7.02; and (ii) the Servicer shall remit the aggregate Release Payments with respect to Removed Receivables for which a payment is to be made pursuant to Section 3.04.

(b) The following deposits shall be made to the Note Payment Account, as applicable: (i) the Issuer shall remit the Redemption Amount pursuant to Section 11.02; (ii) the Issuer shall remit such amounts as may be necessary to pay the Prepayment Amount pursuant to Section 11.07; (iii) the Note Insurer shall remit any required payment pursuant to the Policy; (iv) the Trustee shall transfer all Available Funds from the Collection Account to the Note Payment Account on the Business Day prior to each Payment Date.

(c) All deposits required to be made pursuant to this Section by the Issuer or the Servicer, as the case may be, may be made in the form of a single deposit. All deposits required to be

*Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

made by the Note Insurer, shall be made in immediately available funds, no later than the date and time required pursuant to the terms of the Policy.

SECTION 4.04 ALLOCATIONS AND PAYMENTS.

(a) On each Determination Date, the Servicer shall calculate (i) the amount of funds on deposit in each of the Accounts and the amount of Available Funds, and (ii) as applicable, the Trustee Fee, the Backup Servicing Fee, the Servicing Fee, the Additional Servicing Fee, the average daily Note Balance for the Collection Period, the Interest Distributable Amount, the Required Reserve Amount, the Reserve Fund Reimbursement Amount, the aggregate Principal Distributable Amount, the unpaid Note Balance before and after giving effect to any Principal Distributable Amount, the Prepayment Amount, the Release Payment, the Facility Fee, and the amount payable by the Note Insurer pursuant to the Policy, which amounts shall be set forth in the Monthly Servicer Report for the related Payment Date. The Servicer shall send the Monthly Servicer Report to the Trustee and the Note Insurer by 11:00 a.m. New York, New York time on each such Determination Date.

(b) On each Payment Date, the Trustee shall make the following payments from the applicable Accounts in the following order of priority and in the amounts set forth in the Monthly Servicer Report for such Payment Date; provided however, such payments shall be made only to the extent of funds then on deposit in the applicable Account, and provided further that payments from the Note Payment Account shall be made only on the Payment Date.

(i) to the Trustee (A) from Available Funds transferred from the Collection Account to the Note Payment Account, an amount equal to the sum of the Trustee Fee for such Payment Date, plus all accrued and unpaid Trustee Fees, if any, for prior Payment Dates, plus all reasonable out of pocket expenses (but only up to [*] during the term of this Agreement) to which the Trustee is entitled to payment (to the extent expressly set forth under this Agreement) provided that (B) if Available Funds transferred from the Collection Account to the Note Payment Account are insufficient to pay the amount described in clause (A) above, the Trustee will withdraw from the Reserve Account an amount equal to the lesser of the amount then on deposit in the Reserve Account and the amount of such shortfall for disbursement to the Trustee in reduction of such shortfall.

(ii) to the Servicer, from the Available Funds transferred from the Collection Account to the Note Payment Account, an amount equal to the sum of the Servicing Fee for the related Collection Period, plus all accrued and unpaid Servicing Fees, if any, for prior Collection Periods (plus an amount equal to any Transition Fees then owing to the Successor Servicer, if any);

(iii) to the Backup Servicer (A) from Available Funds transferred from the Collection Account to the Note Payment Account, the Backup Servicer Fee for such Payment Date, plus all accrued and unpaid Backup Servicer Fees, if any, for prior Payment Dates, plus all reasonable out of pocket expenses to which the Backup Servicer is entitled to payment (to the extent expressly set forth under this Agreement) provided that (B) if Available Funds transferred from the Collection Account to the Note Payment Account are insufficient to pay the amount

described in clause (A) above, the Trustee will withdraw from the Reserve Account an amount equal to the lesser of the amount then on deposit in the Reserve Account and the amount of such shortfall for disbursement to the Backup Servicer in reduction of such shortfall;

(iv) to the Noteholders, pro rata, based on their respective Note Balances (A) from Available Funds transferred from the Collection Account to the Note Payment Account, an amount equal to the sum of the Interest Distributable Amount for such Payment Date, plus any outstanding amount of Interest Carryover Shortfall, if any, for prior Payment Dates provided that (B) if Available Funds transferred from the Collection Account to the Note Payment Account, are insufficient to pay the amount described in clause (A) above, the Trustee will withdraw from the Reserve Account an amount equal to the lesser of the amount then on deposit in the Reserve Account and the amount of such interest shortfall for disbursement to the Noteholders in reduction of such shortfall, and provided further that (C) if the amount described in clause (A) above remains unpaid after the application of amounts withdrawn from the Reserve Account in accordance with clause (B) above, the Trustee will withdraw from the amount remitted by the Note Insurer to the Note Payment Account for disbursement to the Noteholders in reduction of such shortfall an amount equal to the lesser of the amount then on deposit in the Note Payment Account pursuant to a payment by the Note Insurer and the amount of such interest shortfall;

(v) for so long as no Insurer Default shall have occurred and be continuing, to the Note Insurer, (A) from Available Funds transferred from the Collection Account to the Note Payment Account the sum of (x) the Note Insurer Premium for such Payment Date, plus (y) all accrued but unpaid Note Insurer Premiums, if any, for prior Payment Dates plus (z) the aggregate amount of all other Note Insurer Obligations payable to the Note Insurer and outstanding on such Payment Date, provided that (B) if Available Funds transferred from the Collection Account to the Note Payment Account are insufficient to pay the amounts due the outstanding Note Insurer Obligations then payable, the Trustee will withdraw from the Reserve Account an amount equal to the lesser of the amount then on deposit in the Reserve Account and the amount of such shortfall, and remit such lesser amount to the Note Insurer in reduction of such shortfall;

(vi) to the Reserve Account, from Available Funds transferred from the Collection Account to the Note Payment Account, an amount equal to the lesser of remaining Available Funds and the Reserve Fund Reimbursement Amount for such Payment Date, if applicable;

(vii) to the Successor Servicer, from Available Funds transferred from the Collection Account to the Note Payment Account, an amount equal to (A) the Additional Servicing Fee for the related Collection Period, plus all accrued and unpaid Additional Servicing Fees, if any, for prior Collection Periods, provided that (B) if Available Funds transferred from the Collection Account to the Note Payment Account are insufficient to pay the amount described in clause (A) above, the Trustee will withdraw from the Reserve Account an amount equal to the lesser of the amount then on deposit in the Reserve Account and the amount of such shortfall for disbursement to the Successor Servicer in reduction of such shortfall;

(viii) to the Noteholders, pro rata, based on their respective Note Balances (or, at such time as the Note Balance is zero, based on the Maximum Principal Amount of their

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respective Notes) from Available Funds transferred from the Collection Accounts to the Note Payment Account, an amount equal to the Facility Fee for such Payment Date, plus any outstanding amount of Facility Fee, if any, for prior Payment Dates;

(ix) to the Noteholders, pro rata based on their respective Note Balances, if such Payment Date is a Payment Date on which the Issuer is effecting an optional prepayment pursuant to Section 11.05 or 11.06, (A) any remaining Available Funds transferred from the Collection Account to the Note Payment Account to the extent of the Prepayment Amount, and (B) if any portion of the Prepayment Amount is unpaid after payment of the amounts described in clause (A) above, the Trustee will disburse to the Noteholders for payment on the Prepayment Amount any amounts deposited in the Note Payment Account by the Issuer in respect of the Prepayment Amount pursuant to Section 11.07;

(x) to the Noteholders, pro rata based on their respective Note Balances, if such Payment Date is a Payment Date on which the Issuer is making or is required to make a Release Payment, any remaining Available Funds transferred from the Collection Account to the Note Payment Account to the extent of the required Release Payment;

(xi) to the Noteholders, pro-rata, based on their respective Note Balances (A) any remaining Available Funds transferred from the Collection Account to the Note Payment Account in reduction of the Note Balance of the Notes, until such Note Balance is reduced to zero, (B) if such Payment Date is the Payment Date on which the Issuer is effecting an optional redemption of the Notes pursuant to Section 11.01, and there is an outstanding Note Balance after payment of the amounts described in clause (A) above, the Trustee will disburse to the Noteholders for payment on the Note Balance any amounts deposited in the Note Payment Account by the Issuer in respect of the Redemption Amount pursuant to Section 11.02, (C) if such Payment Date is the Final Payment Date or the Payment Date on which the Issuer is effecting an optional redemption of the Notes pursuant to Section 11.01, and there is an outstanding Note Balance (after payment of the amounts described in clauses (A) and (B) above), the Trustee will withdraw from all remaining funds on deposit in the Collection Account and remit to the Note Payment Account, an amount equal to the lesser of the amount then on deposit in the Collection Account and the amount of the outstanding Note Balance and remit such lesser amount to the Noteholders in reduction of the outstanding Note Balance, (D) if on the Final Payment Date there is an outstanding Note Balance (after payment of the amounts described in clauses (A), (B) and (C) above), the Trustee will withdraw from the Reserve Account an amount equal to the lesser of the amount then on deposit in the Reserve Account and the amount of the outstanding Note Balance and remit such lesser amount to the Noteholders in reduction of the outstanding Note Balance, and (E) if on the Final Payment Date there is an outstanding Note Balance after all amounts have been withdrawn from the Reserve Account in accordance with clause (D) above, the Trustee will disburse to the Noteholders for payment on the Note Balance any amounts deposited in the Note Payment Account by the Note Insurer; and

(xii) remaining amounts in the following order of priority: (A) any of the Trustee's reasonable, out of pocket expenses to which the Trustee is entitled to payment (to the extent expressly set forth in this Agreement) which have exceeded [*] in the aggregate during the

term of this Agreement; then to (B) any amounts which would have been paid to the Note Insurer under subsection (b)(v) but for the occurrence and continuation of an Insurer Default; and then (C) to the Issuer.

If the Trust is required to be recognized as a partnership for federal or state income tax purposes, including by reason of a determination by the Internal Revenue Service or any other taxing authority that the Trust constitutes a partnership for income tax purposes, amounts withheld by the Trust in compliance with federal and state income tax laws, including without limitation, amounts withheld with respect to foreign persons in accordance with the Code (and the corresponding provisions of state and local law), shall be treated for all purposes of this Agreement as amounts actually paid to the relevant Noteholder. Additionally all other amounts withheld in accordance with the terms of the Code (and the corresponding provisions of state and local law) shall be treated for all purposes of this Agreement as amounts actually paid to the relevant Noteholder.

(c) The Servicer shall on each Payment Date instruct the Trustee to distribute to each Noteholder of record on the related Record Date by wire transfer of immediately available funds, the amount to be paid to such Noteholder in respect of the related Note on such Payment Date. The Servicer shall on each Payment Date instruct the Trustee to distribute to the Note Insurer by wire transfer of immediately available funds, the amount to be paid to the Note Insurer on such Payment Date.

SECTION 4.05 RESERVE ACCOUNT.

(a) Pursuant to Section 4.01, the Trustee shall establish and maintain the Reserve Account which shall be an Eligible Account, for the benefit of the Noteholders and the Note Insurer. On or prior to the Closing Date and on or before the date of any increase in the Maximum Funding Amount pursuant to Section 6.03, the Issuer shall deposit an amount equal to the Required Reserve Amount into the Reserve Account. Thereafter, on each Payment Date, to the extent of funds then on deposit in the Note Payment Account an amount equal to the lesser of (x) Available Funds remaining on such Payment Date after required payments pursuant to Section 4.04(b)(i) through (v), and (y) the Reserve Fund Reimbursement Amount, shall be deposited into the Reserve Account.

(b) Consistent with the limited purposes for which the Reserve Account is to be established, (x) on each Payment Date, an amount equal to the aggregate of amounts described in Sections 4.04(b)(i)(B), 4.04(b)(iii)(B), 4.04(b)(iv)(B), 4.04(b)(v)(B) (if no Insurer Default has occurred and is continuing) and 4.04(b)(vii)(B) and 4.04(b)(xii)(D), if any, shall be withdrawn from the Reserve Account by the Trustee and remitted to the Trustee, the Backup Servicer, the Noteholders or the Note Insurer (as the case may be) for payment as described in those Sections, and (y) upon payment of all sums payable hereunder with respect to the Notes, any amounts then on deposit in the Reserve Account shall be remitted by the Trustee to the Note Insurer to the extent of any unpaid Note Insurer Obligations then outstanding, until all such Note Insurer Obligations are paid in full, and any remaining amounts then on deposit in the Reserve Account shall be released from the lien of the Trust Estate and paid to the Issuer.

(c) Amounts held in the Reserve Account shall be invested in Permitted Investments at the direction of the Issuer as provided in Section 4.01. Such investments shall not be sold or disposed of prior to their maturity.

(d) The Trustee shall pay to the Issuer on each Payment Date the amount by which the amount in the Reserve Account exceeds the Required Reserve Amount, after giving effect to all distributions required to be made from the Reserve Account or the Note Payment Account on such date.

SECTION 4.06 NOTE PAYMENT ACCOUNT

(a) Pursuant to Section 4.01, the Trustee shall establish and maintain the Note Payment Account which shall be an Eligible Account, for the benefit of the Noteholders and the Note Insurer. The Note Payment Account shall be funded to the extent that (w) the Issuer shall remit the Redemption Amount pursuant to Section 11.02, (x) the Issuer shall remit all or a portion of the Prepayment Amount pursuant to Section 11.07, (y) the Note Insurer shall remit any required payment pursuant to the Policy, or (z) the Trustee shall remit the Available Funds from the Collection Account pursuant to Section 4.03.

(b) On each Payment Date, an amount equal to the aggregate of amounts described in Section 4.04(b) shall be withdrawn from the Note Payment Account by the Trustee and remitted to the Noteholders and other persons or Accounts described therein for payment as described in that Section, and upon payments of all sums payable hereunder with respect to the Notes, any amounts then on deposit in the Note Payment Account shall be remitted by the Trustee to the Note Insurer to the extent of any unpaid Note Insurer Obligations then outstanding, until all such Note Insurer Obligations are paid in full, and any remaining amounts then on deposit in the Note Payment Account shall be released from the lien of the Trust Estate and paid to the Issuer.

(c) Amounts held in the Note Payment Account shall be invested in Permitted Investments at the direction of the Issuer as provided in Section 4.01. Such investments shall not be sold or disposed of prior to their maturity.

SECTION 4.07 STATEMENTS TO NOTEHOLDERS.

(a) On each Payment Date, the Trustee shall include with each payment to each Noteholder of record and the Note Insurer the Monthly Servicer Report furnished pursuant to Section 3.06, setting forth for the related Collection Period the information provided in Exhibit A.

(b) Within a reasonable period of time after the end of each calendar year, but not later than the latest date permitted by law, the Trustee shall mail a statement or statements prepared by the Servicer to the Note Insurer and each Person who at any time during such calendar year shall have been a Noteholder that provides the information that the Servicer actually knows is necessary under applicable law for the preparation of the income tax returns of such Noteholder.

SECTION 4.08 APPLICATION OF TRUST MONEY.

All money deposited with the Trustee pursuant to Sections 4.02 and 4.03 shall be held in trust and applied by the Trustee, in accordance with the provisions of the Notes, the Insurance Agreement and this Agreement to the payment to the Persons entitled thereto, of the principal, interest, fees, costs and expenses for whose payment such money has been deposited with the Trustee.

ARTICLE V.

THE POLICY

SECTION 5.01 THE POLICY.

The Servicer and the Issuer agree, simultaneously with the execution and delivery of this Agreement, to cause the Note Insurer to issue the Policy to the Trustee for the benefit of the Trust in accordance with the terms thereof and the Insurance Agreement.

SECTION 5.02 CLAIMS UNDER POLICY.

(a) If on any Determination Date the Servicer has reported to the Trustee in the Monthly Servicer Report that the Servicer has determined that (A) as of the opening of business of the Trustee on such Determination Date, the amount of Available Funds on deposit in the Collection Account, together with any amounts on deposit in the Reserve Account and the Note Payment Account, are insufficient to provide for the payment in full of the Interest Distributable Amount payable on the related Payment Date (after giving effect to each payment required to be made prior to such payment on such Payment Date pursuant to Section 4.04(b)), and/or (B) if such Payment Date is the Final Payment Date and the Note Balance has not been reduced to zero prior to such Determination Date, and all amounts then on deposit in the Collection Account, together with any amounts then on deposit in the Reserve Account and the Note Payment Account are insufficient to make a payment to the Noteholders reducing the Note Balance to zero (after giving effect to each payment required to be made prior to such payment on the Final Payment Date pursuant to Section 4.04(b)), then by 2:00 p.m., New York time on such Determination Date, the Trustee shall deliver to the Note Insurer and the Servicer a completed notice for payment in the form set forth as Exhibit A to the Policy (the "Notice for Payment"), and shall confirm delivery of such Notice for Payment, each as specified in the Policy. The Notice for Payment shall specify the amount of the Interest Deficiency Draw Amount and/or the Final Principal Deficiency Amount (as each such term is defined in the Policy) and shall constitute a claim pursuant to the Policy. Upon receipt of any payments on behalf of the Trust under the Policy, the Trustee shall deposit any Interest Deficiency Draw Amount and/or Principal Deficiency Draw Amount in the Note Payment Account. Such amounts shall be distributed pursuant to Section 4.04.

(b) The Trustee shall receive in the Note Payment Account, as attorney-in-fact of each Noteholder, any payment from the Note Insurer and disburse the same to each Noteholder, for

the purposes and in the respective amounts required in accordance with the provisions of Section 4.04.

(c) The Trustee shall keep complete and accurate records of the amount of payments received from the Note Insurer and the Note Insurer shall have the right to inspect such records at reasonable times upon one Business Day's prior notice to the Trustee. The statements the Trustee prepares in the normal course of business with respect to accounts similar in nature to the Note Payment Account shall fulfill the record requirements of this Section.

(d) If any of the payments guaranteed by the Policy are voided (a "Preference Event") pursuant to a final and non-appealable order under any applicable bankruptcy, insolvency, receivership or similar law in an Insolvency Proceeding and, as a result of such a Preference Event, the Trustee is required to return such voided payment, or any portion of such voided payment, made in respect of the Notes (an "Avoided Payment"), the Trustee shall furnish to the Note Insurer (x) a certified copy of a final order of a court exercising jurisdiction in such Insolvency Proceeding to the effect that the Trustee is required to return any such payment or portion thereof during the term of the Policy because such payment was voided under applicable law, with respect to which order the appeal period has expired without an appeal having been filed (the "Final Order"), (y) an assignment, in form reasonably satisfactory to the Note Insurer, irrevocably assigning to the Note Insurer all rights and claims of the Trustee relating to or arising under such Avoided Payment and (z) a Notice for Payment appropriately completed and executed by the Trustee. Such payment shall be disbursed to the receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Final Order and not to the Trustee directly. The Trustee is not permitted to make a claim on the Trust or on any Noteholder for payments made to Noteholders which are characterized as preference payments by any bankruptcy court having jurisdiction over any bankrupt Obligor unless ordered to do so by such bankruptcy court.

SECTION 5.03 SURRENDER OF POLICY.

The Trustee shall surrender the Policy to the Note Insurer for cancellation upon its expiration in accordance with the terms thereof.

SECTION 5.04 RIGHTS OF SUBROGATION AND ASSIGNMENT.

(a) The parties hereto agree that to the extent the Note Insurer makes any payment with respect to the Notes under the Policy, the Note Insurer shall become subrogated to the rights of the recipients of such payments to the extent of such payments (including, without limitation, to the fullest extent permitted by law, all rights of the Trustee and each Noteholder in the conduct of any related Insolvency Proceeding). In furtherance and not by way of limitation of the foregoing, and subject to and conditioned upon any payment with respect to the Notes by or on behalf of the Note Insurer, the Trustee shall assign, and the Noteholders, by reason of their acquisition and holding of the Notes, shall be deemed to have agreed to the assignment, to the Note Insurer, of all rights to the payment of interest or principal with respect to the Notes which are then due for payment, together with all other rights and remedies of the Trustee or the Noteholders with respect to the Notes (including, without limitation, all rights of the Trustee and each Noteholder in the conduct of any related Insolvency Proceeding), to the extent of all

payments made by the Note Insurer with respect to the Notes. The Trustee shall take all such actions and deliver all such instruments as may be reasonably requested or required by the Note Insurer to effectuate the purpose or provisions of the foregoing subrogation and/or assignment. For the avoidance of doubt, any payment made under the Policy in respect of interest or principal due under the Notes shall not reduce in any manner the amount of interest or principal (or the Note Balance) otherwise due hereunder or under the Notes.

(b) The foregoing rights of subrogation and assignment described in clause (a) above are in all cases in addition to, and not in limitation of, all equitable rights of subrogation and other rights and remedies otherwise available to the Note Insurer in respect of payments under the Policy, and the Note Insurer hereby specifically reserves all such rights and remedies.

ARTICLE VI.
THE NOTES AND FUNDINGS

SECTION 6.01 THE NOTES.

(a) The Notes shall be non-recourse obligations of the Issuer and the Trust Estate shall be the sole source of payments of principal thereof and interest thereon. Notwithstanding anything else to the contrary contained herein, the Notes shall not be considered a general obligation of the Issuer for any purpose.

(b) The Notes shall be issued on the Closing Date or such later date of issuance as may be specified pursuant to Section 6.03 and the Note Balance shall accrue interest at the Note Rate from and including the first Funding Date.

(c) The Notes shall be substantially in the form attached hereto as Exhibit C, and shall be issuable in minimum denominations of \$1,000,000 and integral multiples of \$1,000 in excess thereof. The Notes shall each be executed by the Issuer and authenticated by the Trustee by the manual or facsimile signature of a Responsible Officer of the Trustee. Notes bearing the manual or facsimile signatures of individuals who were, at the time when such signatures were affixed, authorized to sign on behalf of the Issuer or the Trustee shall be valid and binding obligations of the Issuer, notwithstanding that such individuals or any of them have ceased to be so authorized prior to the authentication and delivery of such Notes or did not hold such offices at the date of such Notes. The Notes shall be dated the date of their authentication.

(d) The Notes shall be issued only in a transaction (or transactions) that was not required to be registered under the Securities Act. For purposes of the preceding sentence, the term "Securities Act" shall mean the provisions thereof exclusive of Regulation S (17 CFR 230.901 through 230.904).

SECTION 6.02 AUTHENTICATION AND DELIVERY OF THE NOTES.

The Trustee shall cause to be authenticated and delivered to or upon the order of the Issuer, in consideration of the grant by the Issuer of a security interest in the Receivables and the other property included in the Trust Estate, simultaneously with the assignment, transfer and

conveyance to the Trustee of the Receivables and the constructive delivery to the Trustee on behalf of the Noteholders of the Receivable Files and the other components of the Trust Estate, the Notes duly authenticated by the Trustee, in authorized denominations equaling in the aggregate the Maximum Facility Amount. No Note shall be entitled to any benefit under this Agreement or be valid for any purpose, unless there appears thereon a certificate of authentication substantially in the form set forth in the form of such Note attached hereto as Exhibit C, executed by the Trustee by manual or facsimile signature, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered under this Agreement.

SECTION 6.03 INCREASE IN MAXIMUM PRINCIPAL AMOUNT OF NOTES; ISSUANCE OF ADDITIONAL NOTES; INCREASE IN MAXIMUM FACILITY AMOUNT.

(a) Existing Noteholder. Upon the request of the Seller at any time and from time to time, the initial Noteholder may, but shall have no obligation to, increase the Maximum Principal Amount of its Note to an amount which, when aggregated with the Maximum Principal Amounts of all other Notes outstanding, shall not exceed \$35,000,000. The Maximum Facility Amount shall be automatically increased by the amount of such increase in the Maximum Principal Amount of the initial Noteholder's Note. Any such increase shall be subject to the written consent of the Note Insurer, which consent shall not be unreasonably withheld. Each such increase shall be effected by delivery to the Trustee (i) of a written notice (a "Notice of Increase in Maximum Principal Amount"), executed by the Seller, the Servicer, the initial Noteholder and the Note Insurer, stating among other things, the amount to which the Maximum Principal Amount of the Note held by such Noteholder is being increased, the effective date thereof, which effective date shall be at least three Business Days after the delivery of such notice, and stating that the Trustee is authorized to exchange such Note for a new Note in such increased Maximum Principal Amount upon surrender of the existing Note in accordance with Section 6.04(c) and the deposit by the Seller of the Required Reserve Amount pursuant to Section 4.05.

(b) Additional Noteholders. The Seller shall have the right, at any time and from time to time, with the written consent of the Note Insurer (which consent shall not be unreasonably withheld), to increase the Maximum Facility Amount to an aggregate amount not to exceed \$35,000,000 and to cause Notes to be issued hereunder to additional Noteholders with an aggregate Maximum Principal Amount which, when aggregated with the Maximum Principal Amounts of all other Notes outstanding shall not exceed \$35,000,000. Each such increase shall be effected by delivery to the Trustee of a written notice (a "Notice of Addition of Noteholder"), executed by the Seller, the Servicer and the Note Insurer, stating among other things, the identity of the additional Noteholder or Noteholders, the amount to which the Maximum Facility Amount is to be increased, the Maximum Principal Amount of the Note or Notes to be issued to such additional Noteholder or Noteholders, the issuance date thereof, which issuance date shall be at least three Business Days after the delivery of such notice, and authorizing the Trustee to issue a new Note or Notes in such increased Maximum Principal Amount to the additional Noteholder or Noteholders. Upon receipt of such Notice of Addition of Noteholder, compliance with the provisions of Section 6.04 and the deposit by the Seller of the Required Reserve

Amount pursuant to Section 4.05, but not earlier than the date specified in such Notice, the Trustee shall issue a new Note or Notes to the additional Noteholder or Noteholders. On the Payment Date next succeeding the date on which any such new Note is issued, the additional Noteholder shall cause such amounts to be paid to the existing Noteholders such that, taking into account all outstanding Notes on such Payment Date, the amounts funded under each Note shall be pro rata based on the Maximum Principal Amounts of all outstanding Notes. Any such amounts so paid by the additional Noteholder shall be deemed a Funding with respect to the Note held by such Additional Noteholder and shall reduce the Fundings made by any existing Noteholder so paid.

SECTION 6.04 REGISTRATION OF TRANSFER AND EXCHANGE OF NOTES.

(a) The Note Registrar shall maintain a Note Register in which, subject to such reasonable regulations as it may prescribe, the Note Registrar shall provide for the registration of the Notes and issuances, transfers and exchanges thereof as provided in this Agreement. The Trustee is hereby initially appointed Note Registrar for the purpose of registering the Notes and issuances, transfers and exchanges thereof as provided in this Agreement. In the event that, subsequent to the Closing Date, the Trustee notifies the Servicer that it is unable to act as Note Registrar, the Servicer shall appoint another bank or trust company, agreeing to act in accordance with the provisions of this Agreement applicable to it, and otherwise acceptable to the Trustee, to act as successor Note Registrar under this Agreement.

(b) Subject to the provisions of this Agreement, upon surrender for registration of transfer of any Note at the Corporate Trust Office, or the direction to issue an additional Note pursuant to Section 6.03(b) the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes in authorized denominations of a like aggregate principal amount.

(c) Notes may be exchanged for other Notes of authorized denominations of a like aggregate principal amount, at the option of the related Noteholder upon surrender of the Note to be exchanged at any such office or agency. Whenever any Note is so surrendered for exchange, the Issuer shall execute and the Trustee shall authenticate and deliver the Note that the Noteholder making the exchange is entitled to receive. Every Note presented or surrendered for registration of transfer or exchange shall be accompanied by a written instrument of transfer in form satisfactory to the Trustee and the Note Registrar duly executed by the Noteholder thereof or his or her attorney duly authorized in writing.

(d) No service or other charge shall be made for any registration of issuance, transfer or exchange of Notes by the Trustee or the Servicer, but the Trustee may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of Notes.

(e) Any Notes surrendered for registration of transfer or exchange shall be canceled and subsequently destroyed by the Trustee.

(f) Each purchaser of a Note or of a beneficial interest therein shall be deemed to have represented and warranted, by accepting such Note or beneficial interest as follows:

(i) it is acquiring the Notes for its own account or for an account with respect to which it exercises sole investment discretion, and that it or such account is a Qualified Institutional Buyer or an Accredited Investor acquiring the Notes for investment purposes and not for distribution;

(ii) it acknowledges that the Notes have not been registered under the Securities Act or any state securities laws and may not be sold except as permitted below;

(iii) it understands and agrees that such Notes are being offered only in a transaction not involving any public offering within the meaning of the Securities Act, and that such Notes may be resold, pledged or transferred only in accordance with Section 6.04(g) below (1) to a person who the transferor reasonably believes after due inquiry is, and who has certified that it is, a Qualified Institutional Buyer that purchases for its own account or for the account of a Qualified Institutional Buyer to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A or (2) to an institution that is an Accredited Investor who has certified that it is an Accredited Investor purchasing for its own account or for the account of another Accredited Investor (unless the purchaser is a bank acting in its fiduciary capacity);

(iv) it understands that the following legend will be placed on the Notes, unless otherwise agreed by the Issuer:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE TRANSFER OF THIS NOTE IS SUBJECT TO CERTAIN RESTRICTIONS AND CONDITIONS SET FORTH IN THE INDENTURE AND SERVICING AGREEMENT UNDER WHICH THIS NOTE IS ISSUED (A COPY OF WHICH IS AVAILABLE FROM THE TRUSTEE UPON REQUEST). PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY NOTES MAY BE RELYING ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A UNDER THE SECURITIES ACT."

(v) it (x) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the Notes; and (y) it (or any account for which it is purchasing) has the ability to bear the economic risks of its prospective investment for an indefinite period and can afford the complete loss of such investment;

(vi) it understands that the Issuer, the Placement Agent and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and

agreements and agrees that if any of the acknowledgments, representations, warranties and agreements deemed to have been made by it by its purchase of the Notes are no longer accurate, it shall promptly notify the Issuer and the Placement Agent. If it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations, warranties and agreements on behalf of each such account;

(vii) it understands that the Notes may not be transferred to an Employee Plan (as defined in Section 6.04(i)), or an entity, account or other pooled investment fund the underlying assets of which include or are deemed to include Employee Plan assets by reason of an Employee Plan's involvement in the entity, account or other pooled investment fund unless the Holder or prospective transferee delivers to the Trustee an opinion of counsel (which counsel and opinion shall be reasonably acceptable to the Issuer, Servicer and Trustee) as provided in this Agreement. The Issuer, Servicer, Trustee and Backup Servicer shall not be responsible for confirming or otherwise investigating whether a proposed transferee is an employee benefit plan, trust or account subject to ERISA, or described in Section 4975(e)(1) of the Code;

(viii) In the case of the acquisition of Notes, directly or indirectly, by a partnership, limited liability company, S corporation, grantor trust, or any other "flow through entity" (within the meaning of United States Treasury Regulations Section 1.7704-1(h)(3)) (a "Flow-Through Entity"), the Flow-Through Entity, on behalf of each beneficial owner of interests, directly or indirectly, in such Flow-Through Entity, acknowledges that use of such Flow-Through Entity to acquire and hold Notes (as opposed to direct acquisition or ownership of Notes by the beneficial owners of the Flow-Through Entity) is not motivated by, or a direct consequence of, efforts to qualify for the "private placement" safe harbor of United States Treasury Regulations Section 1.7704-1(h) pursuant to which the Flow-Through Entity, rather than each beneficial owner owning a direct or indirect interest in the Flow-Through Entity, is counted as a partner in determining whether there are fewer than one hundred (100) partners in the Trust (assuming for purposes of the foregoing that the Trust were classified as a partnership for federal and state income tax purposes and not solely as a security device for such purposes) and, hence, whether the Notes are not treated as "readily tradable" on a "secondary market" or the "substantial equivalent thereof" (all as defined in United States Treasury Regulations Section 1.7704-1 et. seq.) by reason of such safe harbor; and

(ix) it understands that there are restrictions on the transfer of Notes that are intended to avoid classification of the Trust as a "publicly traded partnership" within the meaning of Section 7704(b) of the Code.

(g) No sale, pledge or other transfer or issuance pursuant to Section 6.03(b) (a "Transfer") of any Notes shall be made unless that Transfer is made pursuant to an effective registration statement under the Securities Act, and effective registration or qualification under applicable state securities laws, or is made in a transaction that does not require such registration or qualification. If such a Transfer is made without registration under the Securities Act (other than in connection with the initial issuance thereof by the Issuer, the Placement Agent or the initial purchasers), then the Note Registrar shall refuse to register such Transfer unless it

receives (and upon receipt, may conclusively rely upon) either: (i) a certificate from the Noteholder desiring to effect such Transfer substantially in the form attached as Exhibit D-1 hereto (except that no such certificate shall be required in the case of an issuance of additional Notes under Section 6.03(b)), and a certificate from such Noteholder's prospective transferee substantially in the form attached as either Exhibit D-2 hereto or as Exhibit D-3 hereto; or (ii) an Opinion of Counsel reasonably satisfactory to the Issuer and the Note Registrar to the effect that such Transfer may be made without registration under the Securities Act and/or applicable state securities laws (which Opinion of Counsel shall not be an expense of the Trust Estate or of the Issuer, the Servicer, the Trustee or the Note Registrar in their respective capacities as such), together with the written certification(s) as to the facts surrounding such Transfer from the Noteholder desiring to effect such Transfer and/or such Noteholder's prospective transferee on which such Opinion of Counsel is based. None of the Issuer, the Trustee or the Note Registrar is obligated to register or qualify the Notes under the Securities Act or any other securities law or to take any action not otherwise required under this Agreement to permit the transfer of any Note without registration or qualification. Any Holder of a Note desiring to effect such a Transfer shall, and upon acquisition of such a Note shall be deemed to have agreed to, indemnify the Trustee, the Note Registrar and the Issuer 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. In connection with a Transfer of the Notes, the Issuer shall furnish upon request of a Noteholder to such Holder and any prospective purchaser designated by such Noteholder the information required to be delivered under paragraph (d)(4) of Rule 144A of the Securities Act.

(h) No Issuance or Transfer of any Notes shall be made if such Transfer would result in the beneficial ownership of Notes by more than 75 Persons; provided, however, that no Transfer of Notes shall be made if the transferee of Notes is a Flow-Through Entity (as defined in Section 6.04(f)(viii)), unless such Flow-Through Entity is able to make and makes the acknowledgment in Section 6.04(f)(viii). The Trustee shall be authorized to rely on a determination by the Servicer or the Issuer, in written form, as to whether or not any Transfer is authorized under this Section 6.04(h). Each Noteholder, by its acceptance of a Note, acknowledges and agrees that the foregoing restriction on transfer of the Notes is reasonable given the potentially adverse treatment to the Trust and the Noteholders of classification of the Partnership as a "publicly traded partnership" within the meaning of Section 7704(b) of the Code.

(i) In no event shall a Note be issued or transferred to an employee benefit plan, trust annuity or account subject to ERISA or a plan described in Section 4975(e)(1) of the Code (or any such plan, trust or account, including any Keogh (HR-10) plans, individual retirement accounts or annuities and other employee benefit plans subject to Section 408 of ERISA or Section 4975 of the Code being referred to herein as an "Employee Plan") or an entity, account or other pooled investment fund the underlying assets of which include or are deemed to include Employee Plan assets by reason of an Employee Plan's investment in the entity, account or other pooled investment fund, unless the Holder or prospective transferee delivers to the Trustee an opinion of counsel (which counsel and opinion shall be reasonably acceptable to the Issuer, Servicer and Trustee) to the effect that (i) such issuance or transfer would not reasonably be likely to cause the underlying assets of the Trust to constitute Employee Plan assets, or (ii) that the issuance, transfer or sale of the Note to the prospective Holder or transferee, the subsequent

management, administration, servicing and operation of the Trust and the ownership of the Note by the prospective transferee would not reasonably be likely to constitute a violation of the prohibited transaction rules of ERISA or the Code for which no statutory exception or administrative exemption applies. In connection with the delivery of such opinion, the Issuer, the Servicer, the Trustee and the Backup Servicer shall cooperate with the Holder and the prospective transferee and, upon reasonable request of such Holder or prospective transferee, provide such information as may be necessary to render or evaluate such opinion. Such opinion of counsel shall be at the expense of the Holder or the proposed transferee providing the opinion. The Issuer, Servicer, Trustee and Backup Trustee shall not be responsible for confirming or otherwise investigating whether a proposed transferee is an employee benefit plan, trust or account subject to ERISA, or described in Section 4975(e)(1) of the Code. Notwithstanding anything to the contrary herein, the foregoing restriction on sale or transfer to an Employee Plan or an entity, account or other pooled investment fund deemed to include Employee assets shall not apply to or prevent the initial issuance, transfer or sale, or any subsequent issuance, transfer or sale, of a Note to an insurance company, insurance servicer or insurance organization qualified to do business in a state that purchases Notes with funds held in one or more of its general accounts.

(j) To the extent permitted under applicable law, the Trustee shall be under no liability to any Person for any registration of transfer of any Note that is in fact not permitted by this Section 6.04 or for making any payments due to the Noteholder thereof or taking any other action with respect to such Noteholder under the provisions of this Agreement so long as the transfer was registered by the Trustee in accordance with the requirements of this Agreement.

SECTION 6.05 MUTILATED, DESTROYED, LOST OR STOLEN NOTES.

If (i) any mutilated Note is surrendered to the Note Registrar, or the Note Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Note Registrar, the Note Insurer, the Trustee and the Issuer such security or indemnity as may be required by them to save each of them harmless (the general obligation of an institutional investor that is investment grade rated being sufficient indemnity), then, in the absence of notice that such Note has been acquired by a bona fide purchaser, the Issuer shall execute and the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor and denomination or ownership interest, as applicable. In connection with the issuance of any new Note under this Section, the Issuer or the Trustee may require the payment by the Noteholder thereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

If, after the delivery of such replacement Note or payment with respect to a destroyed, lost or stolen Note, a bona fide purchaser of the original Note in lieu of which such replacement Note was issued presents for payment such original Note, the Issuer and the Trustee shall be entitled to recover such replacement Note (or such payment) from the Person to whom it was delivered or any Person taking such replacement Note from such Person to whom such replacement Note was delivered or any assignee of any such Person, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the

extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith.

SECTION 6.06 PERSONS DEEMED OWNERS.

Prior to due presentation of a Note for registration of transfer, the Trustee, the Note Registrar and any of their respective agents may treat the Person in whose name any Note is registered as the owner of such Note for the purpose of receiving payments pursuant to Section 4.04 and for all other purposes whatsoever, and neither the Trustee, the Note Registrar nor any of their respective agents shall be affected by any notice to the contrary.

SECTION 6.07 ACCESS TO LIST OF NOTEHOLDERS' NAMES AND ADDRESSES.

The Note Registrar shall furnish or cause to be furnished to the Servicer, within 15 days after receipt by the Note Registrar of a written request therefor from the Servicer, a list of the names and addresses of the Noteholders as of the most recent Record Date. If three or more Noteholders, or one or more Noteholders evidencing not less than 25% of the Voting Interests (hereinafter referred to as "Applicants"), apply in writing to the Trustee, and such application states that the Applicants desire to communicate with other Noteholders with respect to their rights under this Agreement or under the Notes and such application is accompanied by a copy of the communication that such Applicants propose to transmit, then the Trustee shall, within five Business Days after the receipt of such application, afford such Applicants access, during normal business hours, to the current list of Noteholders as reflected in the Note Register. Every Noteholder, by receiving and holding a Note, agrees with the Servicer and the Trustee that neither the Servicer nor the Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Noteholders under this Agreement, regardless of the source from which such information was derived.

SECTION 6.08 SURRENDERING OF NOTES.

Each Noteholder shall surrender its Note within 14 days after receipt of the final payment received in connection therewith, whether by optional redemption of the Issuer or otherwise. Each Noteholder, by its acceptance of the final payment with respect to its Note, will be deemed to have relinquished any further right to receive payments under this Agreement and any interest in the Trust Estate. Each Noteholder shall indemnify and hold harmless the Issuer, the Trustee and any other Person against whom a claim is asserted in connection with such Noteholder's failure to tender the Note to the Trustee for cancellation.

SECTION 6.09 MAINTENANCE OF OFFICE OR AGENCY.

The Trustee shall maintain in the City of Minneapolis, Minnesota, an office or offices or agency or agencies where Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Trustee in respect of the Notes and this Agreement may be served. The Trustee initially shall designate the Corporate Trust Office as its office for such purposes. The Trustee shall give prompt written notice to the Issuer, the Servicer and the Noteholders of any change in the location of the Note Register or any such office or agency.

SECTION 6.10 FUNDINGS

(a) Each initial Noteholder, by its execution of a Purchase Agreement and acceptance of a Note, has agreed, and each subsequent Noteholder, by its execution of a Transferee Certificate and acceptance of a Note, shall have agreed, on the terms and conditions set forth herein and in the related Purchase Agreement or Transferee Certificate as applicable, to make Fundings to the Issuer in the Funding Amount requested by Issuer on each Funding Date in accordance with this Agreement. Each Funding Date after the first Funding Date must be the first day of a Note Rate Period unless otherwise agreed by the Noteholders. On the initial Funding Date, the Noteholders agree to make a Funding in an amount equal to the Initial Note Balance. The Noteholders shall not in any event be obligated to make any Funding to the extent it is less than the Funding Date Minimum Amount. Notwithstanding anything to the contrary in this Agreement, each Noteholder which signs a Purchase Agreement shall remain obligated to make all Fundings, upon compliance by Issuer with all conditions to such Funding, whether or not such Noteholder sells all or any portion of the Notes to a subsequent Noteholder, and whether or not such subsequent Noteholder assumes an obligation to make all or a portion of the Fundings; provided, however, that Issuer shall have not unreasonably withhold its consent to release any selling Noteholder from its obligation to make Fundings.

(b) The Notes shall be issued in an aggregate principal amount equal to the Maximum Facility Amount although the Note Balance may at any time be zero or an amount less than the Maximum Facility Amount. The Noteholders may endorse on a schedule, which shall be attached to each Note, or record on their internal records, the date and amount of each Funding made by such Noteholder and the amount of each payment of principal made by the Issuer with respect to such Note. The Noteholders are authorized and directed by the Issuer to make such endorsements or records but each Noteholder's records shall be effective only if such records are in agreement with the Note Register maintained by the Note Registrar, absent manifest error in such Note Register. Failure by any Noteholder to make, or an error by any Noteholder in making, such endorsement or record with respect to any Funding or principal payments shall not limit or otherwise affect the obligations of any party hereunder or under any Note.

(c) Each Noteholder shall remit its pro rata share of the Funding Amount specified in the Schedule of Receivables (as described in Section 6.10) by wire transfer in immediately available funds to the wire transfer address specified in the Schedule of Receivables by 3:00 p.m. on the related Funding Date subject to the terms hereof and of each Purchase Agreement. Each Noteholder's pro rata share of a Funding shall be determined by multiplying the relevant Funding Amount by a fraction, the numerator of which shall be equal to the Maximum Principal Amount of such Noteholder's Note, as indicated on the face of such Note, and the denominator of which shall be equal to the Maximum Facility Amount.

(d) The failure of any Noteholder to remit its pro rata share of any Funding Amount on any Funding Date shall not relieve any other Noteholder of its obligation to remit its pro rata share of a Funding Amount on the related Funding Date. Any non-defaulting Noteholder may, but is not required to, fund all or a portion of the Funding Amount not funded by the defaulting Noteholder. If such non-defaulting Noteholder does not fund all or any portion of such

*Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

defaulting Noteholder's pro rata share of the Funding Amount, the related Funding Amount shall be reduced by the defaulted portion of the Funding Amount.

(e) Immediately following each Funding or payment of principal of the Notes, the Trustee shall make an appropriate notation in the applicable Note Register indicating (i) the amount and date of (A) the Funding or (B) payment of principal; and (ii) the available Maximum Facility Amount after giving effect to such Funding or payment of principal.

(f) The Funding Period may be extended at the request of the Issuer with the prior written consent of the Noteholders, the Backup Servicer and the Note Insurer upon written notice given by Issuer to the Noteholders, the Backup Servicer and the Note Insurer no later than six months prior to the Scheduled Termination Date, and upon confirmation by the Rating Agency of a rating of BB or higher for the Notes after giving effect to the extension but without giving effect to the Policy.

SECTION 6.11 CONDITIONS PRECEDENT TO EACH FUNDING

Each Funding is subject to the satisfaction of each condition precedent set forth herein:

(a) No later than 11:00 a.m. (New York time) on the second Business Day prior to a Funding Date, the Issuer shall deliver by facsimile transmission to the Note Insurer and the Trustee, a Schedule of Receivables for the Receivables to be contributed to the Issuer by the Seller on the Funding Date and setting forth information regarding the proposed Funding. Such delivery shall constitute notice of the Funding and Funding Amount.

(b) The Schedule of Receivables must comply with the requirements set forth in the Receivables Contribution Agreement, and shall be signed by the Issuer and Servicer. All of the Seller's and Issuer's representations and warranties regarding such Receivables as set forth in the Transaction Documents must be true and correct.

(c) The Funding Amount shall not be less than the Funding Date Minimum Amount. [*]

(d) No Event of Default or Servicer Default shall have occurred and be continuing or shall reasonably be expected to result from such Funding.

(e) The Policy shall be in full force and effect and no Insurer Default shall have occurred and be continuing.

(f) The Funding Date shall occur prior to the end of the Funding Period and no Funding Termination Event shall have occurred or would occur but for the giving of notice or the passage of time, or both, as a result of such Funding.

*Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

[*]

(h) The Required Reserve Amount is on deposit in the Reserve Account.

(i) The Trustee shall have no duty or responsibility to verify the conditions precedent contained in this Section 6.11.

SECTION 6.12 INTEREST CALCULATIONS; INTEREST PAYMENTS

(a) The amount of interest to be paid in respect of the Notes on each Payment Date in accordance with Section 4.04(b) shall equal the Interest Distributable Amount. Interest shall be due and payable in arrears on each Payment Date.

(b) On or before the second business day prior to the Determination Date, each Noteholder shall calculate the Interest Distributable Amount with respect to its Note and will notify the Trustee, in writing, of that amount.

(c) On or before 2:00 p.m. (New York time) on the Business Day prior to the Determination Date, the Trustee shall give written notice to the Issuer of the total Interest Distributable Amount for the prior Interest Distribution Period. The determination of the Interest Distributable Amount by the Trustee shall (in the absence of manifest error) be final and binding on each Noteholder, and on each of the parties hereto.

(d) The Trustee will maintain a record of the Funding Amount for each Pool, and the average daily Note Balance for each Collection Period as provided to the Trustee pursuant to Section 4.04(a).

SECTION 6.13 REPAYMENTS OF PRINCIPAL AND REBORROWINGS

On each Payment Date, the Issuer shall make payments in respect of principal on the Notes in the amount, if any, of the Principal Distributable Amount for the Notes for such Payment Date. Notwithstanding that the Note Balance may be reduced to zero, the Notes shall remain outstanding and the Noteholders shall continue to make Fundings during the Funding Period to the extent provided in this Agreement. The Issuer shall also have the right to make prepayments, in whole or in part, of the Note Balance on days other than Payment Dates, pursuant to the terms of this Agreement.

SECTION 6.14 CONFIDENTIAL INFORMATION

Each purchaser of a Note or of a beneficial interest therein (a "Holder") shall be deemed to have agreed to comply with this Section 6.14 by accepting such Note or beneficial interest. Each Holder acknowledges that it may obtain information relating to the Servicer or the Issuer which is of a confidential and proprietary nature ("Proprietary Information"). Such Proprietary Information may include, but is not limited to, non-public trade secrets, know how, invention techniques, processes, programs, schematics, source documents, data, and financial information.

Each Holder shall at all times, both during the term of this Agreement and for a period of three (3) years after its termination, keep in trust and confidence all such Proprietary Information, and shall not use such Proprietary Information other than as required to enforce its rights under its Note, nor shall any Holder disclose any such Proprietary, Information without the written consent of the Servicer or the Issuer. Each Holder further agrees to immediately return all Proprietary Information (including copies thereof) in its possession, custody, or control upon termination of this Agreement for any reason.

No Holder shall disclose, advertise or publish the existence or the terms or conditions of this Agreement without prior written consent of the Servicer or the Issuer. Notwithstanding the foregoing, this Section 6.13 shall not prohibit disclosure of information that is required to be disclosed by the Holder pursuant to federal or state laws or regulation. In particular each Holder and the Trustee agrees that it shall not, without the prior consent of the Servicer or the Issuer, disclose the existence of this Agreement or any of the terms herein to any Person other than (i) counsel to the Holder (ii) an employee or director of the Trustee with a need to know in order to implement this Agreement and only if such employee or director or counsel agrees to maintain the confidentiality of this Agreement or (iii) a bona fide purchaser or potential purchaser of the Note. The parties hereto agree that the Servicer and/or the Issuer shall have the right to enforce these nondisclosure provisions by an action for specific performance filed in any court of competent jurisdiction in the State of Kansas or Arizona.

ARTICLE VII.
THE ISSUER

SECTION 7.01 REPRESENTATIONS OF ISSUER.

The Issuer hereby makes the following representations on which the Trustee is relying in accepting the Receivables in trust and authenticating the Notes and the Note Insurer is relying in issuing the Policy. The representations shall speak as of the execution and delivery of this Agreement and as of each Funding Date and shall survive the grant of a security interest in or the transfer of the Receivables to the Trustee.

(a) Organization and Good Standing. The Issuer is duly organized and validly existing as a corporation in good standing under the laws of the State of Delaware, with power and authority to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted, and had at all relevant times, and now has, power, authority and legal right to acquire, own, hold, transfer, assign and convey the Receivables.

(b) Due Qualification. The Issuer is duly qualified to do business as a foreign corporation in good standing, and has obtained all necessary licenses and approvals in Kansas and in all other jurisdictions in which the ownership or lease of property or the conduct of its business requires such qualifications, licenses or approvals, the noncompliance with which would have a material adverse effect on the Note Insurer or the Noteholders.

(c) Power and Authority. The Issuer has the power and authority to execute and deliver this Agreement and the other Transaction Documents to which it is a party, and to carry out their respective terms; the Issuer has full power and authority to grant a security interest in the Trust Estate and has duly authorized such grant to the Trustee by all necessary action; and the execution, delivery and performance by the Issuer of this Agreement and each of the other Transaction Documents to which it is a party has been duly authorized by all necessary action of the Issuer.

(d) Valid Transfers; Binding Obligations. This Agreement evidences a valid grant of a first priority perfected security interest under the UCC in the Receivables, and such other portion of the Trust Estate as to which a security interest may be perfected under the UCC, which is effective for so long as the Notes or the Note Insurer Obligations remain outstanding, enforceable against creditors of and purchasers from the Issuer, and each of the Transaction Documents to which the Issuer is a party constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally or by general equity principles.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the other Transaction Documents and the fulfillment of the terms of this Agreement and the other Transaction Documents do not conflict with, result in any breach of any of the terms or provisions of, nor constitute (with or without notice or lapse of time) a default under the Certificate of Incorporation or Bylaws of the Issuer or any indenture, agreement or other instrument to which the Issuer is a party or by which it shall be bound, nor result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument (other than this Agreement), nor violate any law, order, rule or regulation applicable to the Issuer or of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Issuer or its properties, which breach, default, conflict, Lien or violation would have a material adverse effect on the rights or interests of the Noteholders or the Note Insurer.

(f) No Proceedings. There is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending, or to the Issuer's knowledge, threatened, against or affecting the Issuer: (i) asserting the invalidity of this Agreement, the Notes or any of the other Transaction Documents to which the Issuer is a party, (ii) seeking to prevent the issuance of the Notes or the consummation of any of the transactions contemplated by this Agreement, or any of the other Transaction Documents, (iii) seeking any determination or ruling that might materially and adversely affect the performance by the Issuer of its obligations under, or the validity or enforceability of, this Agreement, the Notes or any other Transaction Documents, or (iv) relating to the Issuer and which might adversely affect the federal income tax attributes of the Notes.

(g) No Subsidiaries. The Issuer has no subsidiaries.

(h) Not an Investment Company. Neither the Issuer nor the Trust Estate is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act, and none of the issuance of the Notes, the execution and delivery of the Transaction Documents to which the Issuer is a party, the acquisition by the Issuer of one or more Pools of Receivables, or the performance by the Issuer of its obligations under the Transaction Documents, or the use of the proceeds of the Notes by the Issuer will violate any provision of the Investment Company Act, or any rule, regulation or order issued by the Securities and Exchange Commission thereunder.

(i) No Violation of Securities Act. The Issuer has not offered or sold, and will not offer or sell, any Notes in any manner that would render the issuance and sale of the Notes a violation of the Securities Act, or any state securities or "Blue Sky" laws or require registration pursuant thereto, nor has it authorized, nor will it authorize, any Person to act in such manner. No registration under the Securities Act is required for the sale of the Notes as contemplated hereby, assuming the accuracy of the Purchaser's representations and warranties set forth in the Purchase Agreement and the compliance of the Placement Agent with its obligations under the Placement Agency Agreement.

(j) Truth and Completeness of Private Placement Memorandum. As of the Closing Date, the Private Placement Memorandum does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(k) No Violation of Exchange Act or Regulations T, U or X. None of the transactions contemplated in the Transaction Documents (including the use of the proceeds from the sale of the Notes) will result in a violation of Section 8 of the Exchange Act, or any regulations issued pursuant thereto, including Regulations T, U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II. The Issuer does not own nor does it intend to carry or purchase any "margin security" within the meaning of said Regulation U, including margin securities originally issued by it or any "margin stock" within the meaning of said Regulation U.

(l) All Tax Returns, True, Correct and Timely Filed. All material tax returns required to be filed by the Issuer in any jurisdiction have in fact been filed and all taxes, assessments, fees and other governmental charges upon the Issuer or upon any of its properties, income of franchises shown to be due and payable on such returns have been paid. To the best of the Issuer's knowledge all such tax returns were true and correct and the Issuer knows of no proposed material additional tax assessment against it nor of any basis therefor. The provisions for taxes on the books of the Issuer are in accordance with generally accepted accounting principles.

(m) No Restriction on Issuer Affecting its Business. The Issuer is not a party to any contract or agreement, or subject to any charter or other restriction which materially and adversely affects its business nor has it agreed or consented to cause any of its properties to become subject to any Lien other than the Lien created hereby.

(n) Perfection of Security Interest. All filings and recordings as may be necessary to perfect the interest of the Issuer in the Receivables and such other portion of the Trust Estate as to which a security interest may be perfected under the UCC, have been accomplished and are in full force and effect. All filings and recordings against the Issuer required to perfect the security interest of the Trustee on such Receivables and such other portion of the Trust Estate as to which a security interest may be perfected under the UCC, have been accomplished and are in full force and effect. The Issuer will from time to time, at its own expense, execute and file such additional financing statements (including continuation statements) as may be necessary to ensure that at any time, the interest of the Issuer in all of the Receivables and such other portion of the Trust Estate as to which a security interest may be perfected under the UCC, and the security interest of the Trustee on all of the Receivables and such other portion of the Trust Estate as to which a security interest may be perfected under the UCC are fully protected.

(o) All Taxes, Fees and Charges Relating to Transaction and Transaction Documents Paid. Any taxes, fees and other governmental charges in connection with the execution and delivery of the Transaction Documents and the execution and delivery and sale of the Notes have been or will be paid by the Issuer at or prior to the Closing Date.

(p) No Requirement that Issuer File a Registration Statement. There are no contracts, agreements or understandings between the Issuer and any person granting said person the right to require the Issuer to file a registration statement under the Securities Act with respect to any Notes owned or to be owned by such person.

(q) No Broker, Finder or Financial Adviser Other than Rothschild. The Issuer or any of its respective officers, directors, employees or agents has not employed any broker, finder or financial adviser other than Rothschild Inc. or incurred any liability for fees or commissions to any person other than Rothschild Inc. in connection with the offering, issuance or sale of the Notes.

(r) Notes Authorized, Executed, Authenticated, Validly Issued and Outstanding. The Notes have been duly and validly authorized and, when duly and validly executed and authenticated by the Trustee in accordance with the terms of this Agreement and delivered to and paid for by each Purchaser as provided herein, will be validly issued and outstanding and entitled to the benefits hereof.

(s) Location of Chief Executive Office and Records. The principal place of business and chief executive office of the Issuer, and the office where Issuer maintains all of its records, is located at 6115 N. Lorraine, Hutchinson, Kansas 67502; provided that, at any time after the Closing Date, upon 30 days' prior written notice to each of the Servicer, the Note Insurer and the Trustee, the Issuer may relocate its principal place of business and chief executive office, and/or the office where it maintains all of its records, to another location within the United States to the extent that the Issuer shall have taken all actions necessary or reasonably requested by the Servicer, the Trustee or the Note Insurer to amend its existing financing statements and continuation statements, and file additional financing statements and to take any other steps reasonably requested by the Servicer, the Trustee or the Note Insurer to further perfect or

evidence the rights, claims or security interests of any of the Servicer, the Trustee or the Note Insurer under any of the Transaction Documents.

(t) Ownership of the Issuer. One hundred percent (100%) of the issued and outstanding shares of capital stock of the Issuer are directly owned (both beneficially and of record) by Midland Credit Management, Inc. Such shares are validly issued, fully paid and nonassessable and no one other than Midland Credit Management, Inc. has any options, warrants or other rights to acquire shares of capital stock of and from the Issuer.

(u) Solvency. The Issuer, both prior to and after giving effect to each transfer of Receivables identified in a Schedule of Receivables on the Closing Date (or on any Funding Date thereafter, as the case may be) (i) is not "insolvent" (as such term is defined in Section 101(32)(A) of the Bankruptcy Code); (ii) is able to pay its debts as they become due; and (iii) does not have unreasonably small capital for the business in which it is engaged or for any business or transaction in which it is about to engage.

(v) Reporting and Accounting Treatment. For reporting and accounting purposes, and in its books of account and records, the Issuer will treat each transfer of Receivables pursuant to the Receivables Contribution Agreement as an absolute sale and assignment of Midland Credit Management, Inc.'s full right, title and ownership interest in each such Receivable and the Issuer has not in any other manner accounted for or treated the transactions.

(w) Governmental and Other Consents. No consents, approvals, authorization or orders of, registration or filing with, or notice to any governmental authority or court is required for the execution, delivery and performance of, or compliance with, the Transaction Documents by the Issuer, except such consent, approvals, authorizations, filings and notices that have already been made or obtained.

(x) Enforceability of Transaction Documents. Each of the Transaction Documents to which it is a party has been duly authorized, executed and delivered by the Issuer and constitutes the legal, valid and binding obligation of the Issuer, enforceable against it in accordance with its terms.

(y) Accuracy of Information. The representations and warranties of the Issuer in the Transaction Documents are true and correct in all material respects as of the Closing Date and, except for representations and warranties expressly made as of a different date, each Funding Date.

(z) Separate Identity. The Issuer is operated as an entity separate from Midland Credit Management, Inc. In addition, the Issuer:

(i) has its own board of directors,

(ii) has at least two independent directors who satisfy the definition of Independent Director provided in the Certificate of Incorporation,

(iii) maintains its assets in a manner which facilitates their identification and segregation from those of the Servicer,

(iv) has all office furniture, fixtures and equipment necessary to operate its business,

(v) conducts all intercompany transactions with the Servicer on terms which the Issuer reasonably believes to be on an arm's-length basis,

(vi) has not guaranteed any obligation of the Servicer or any of its Affiliates, nor has it had any of its obligations guaranteed by any such entities and has not held itself out as responsible for debts of any such entity or for the decisions or actions with respect to the business affairs of any such entity,

(vii) has not permitted the commingling or pooling of its funds or other assets with the assets of the Servicer (other than in respect of items of payment and funds which may be commingled until deposit into the Collection Account in accordance with this Agreement),

(viii) has separate deposit and other bank accounts to which neither the Servicer nor any of its Affiliates has any access and does not at any time pool any of its funds with those of the Servicer or any of its Affiliates, except for such funds which may be commingled until deposit into the Collection Account in accordance with this Agreement,

(ix) maintains financial records which are separate from those of the Servicer or any of its Affiliates,

(x) compensates all employees, consultants and agents, or reimburses the Servicer from the Issuer's own funds, for services provided to the Issuer by such employees, consultants and agents,

(xi) conducts all of its business (whether in writing or orally) solely in its own name,

(xii) is not, directly or indirectly, named as a direct or contingent beneficiary or loss payee on any insurance policy covering the property of the Servicer or any of its Affiliates and has entered into no agreement to be named as such a beneficiary or payee,

(xiii) acknowledges that the Trustee and the Note Insurer are entering into the transactions contemplated by this Agreement and the other Transaction Documents in reliance on the Issuer's identity as a separate legal entity from the Servicer, and

(xiv) practices and adheres to company formalities such as complying with its Bylaws and resolutions and the holding of regularly scheduled board of directors meetings.

(aa) ERISA Compliant. The Issuer and all ERISA Affiliates are in compliance with all applicable federal or state laws, including the rule and regulations promulgated thereunder, relating to discrimination in the hiring, promotion or pay of employees, any applicable federal or

state wages and hours law, and the provisions of the ERISA applicable to its business, except where such noncompliance would not, individually or in the aggregate, have a Material Adverse Effect. The employee benefit plans, including employee welfare benefit plans (the "Employee Plans") of the Issuer and all ERISA Affiliates have been operated in compliance with the Code, all regulations, rulings and announcements promulgated or issued thereunder and all other applicable governmental laws and regulations (except to the extent such noncompliance would not, individually or in the aggregate, have a Material Adverse Effect). No reportable event under Section 4043(b) of ERISA or any prohibited transaction under Section 406 of ERISA has occurred with respect to any Employee Plan maintained by the Issuer or any ERISA Affiliate (except to the extent that any such event or transaction would not, individually or in the aggregate, have a Material Adverse Effect). There are no pending or, to the Issuer's best knowledge, threatened, claims by or on behalf of any employee plan, by any employee or beneficiary covered under any such plan or by any governmental authority or otherwise involving such plans or any of their respective fiduciaries (other than for routine claims for benefits). All Employee Plans that are group health plans have been operated in compliance with the group health plan continuation coverage requirements of Section 4980B of the Code in all material respects (except to the extent that such noncompliance would not, individually or in the aggregate, have a Material Adverse Effect). "Material Adverse Effect" means, when used in connection with the Issuer, any development, change or effect that is materially adverse to the business, properties, assets, net worth, condition (financial or other), or results of operations of the Issuer or that reasonably could be expected to be materially adverse to the prospects of the Issuer. Neither the Issuer nor any of its ERISA Affiliates have a "defined benefit plan" as defined in ERISA.

SECTION 7.02 REPAYMENT IN RESPECT OF RECEIVABLES UPON BREACH.

Upon discovery by the Issuer or the Servicer (which discovery shall be deemed to have occurred upon the receipt of notice by a Responsible Officer of the Issuer or the Servicer) or upon the actual knowledge of a Responsible Officer of the Trustee of a breach of any of the representations and warranties of the Issuer set forth in Section 7.01, the party discovering such breach shall give prompt written notice to the others. If such breach has or would have a material adverse effect on the rights or interests of the Noteholders or the Note Insurer with respect to all or a portion of the Receivables, the Issuer shall repay a portion of the Note Balance equal to the Release Payment related to such Receivables and, if necessary, the Issuer shall enforce the obligation of the Seller under the Receivables Contribution Agreement to reacquire Receivables from the Issuer, unless such breach shall have been cured within thirty (30) days after the earlier to occur of the discovery of such breach by the Issuer or receipt of written notice of such breach by the Issuer, such that the relevant representation and warranty shall be true and correct in all material respects as if made on such day, and the Issuer shall have delivered to the Trustee a certificate of any Responsible Officer of the Issuer describing the nature of such breach and the manner in which the relevant representation and warranty became true and correct. This repayment obligation shall pertain to all representations and warranties of the Issuer contained in Section 7.01, whether or not the Issuer has knowledge of the breach at the time of the breach or at the time the representations and warranties were made. The Issuer will be obligated to make the repayment related to such Receivables as set forth above on the Remittance Date next

succeeding the date on which such repayment obligation arises. In consideration of the release of the Receivables, on such Remittance Date, the Issuer shall remit the aggregate Release Payments of the Receivables to the Collection Account in the manner specified in Section 4.03.

Upon any such repayment, the Trustee on behalf of the Noteholders and the Note Insurer shall, without further action, be deemed to have released its security interest in, to and under the Removed Receivables, all monies due or to become due with respect thereto after the aforementioned Remittance Date and all proceeds thereof. The Trustee shall execute such documents and instruments and take such other actions as shall be reasonably requested by the Issuer to effect the security interest release pursuant to this Section. Notwithstanding the foregoing, the Controlling Party may by delivery of prior written notice waive any breach and repayment obligation of the Issuer pursuant to this Section 7.02. The Trustee shall have no duty to conduct any affirmative investigation as to the occurrence of any condition requiring the repayment for any Receivables pursuant to this Section, except as otherwise provided in Section 10.02.

SECTION 7.03 LIABILITY OF ISSUER

The Issuer shall be liable in accordance with this Agreement only to the extent of the obligations in this Agreement specifically undertaken by the Issuer in such capacity under this Agreement and shall have no other obligations or liabilities hereunder.

SECTION 7.04 MERGER OR CONSOLIDATION OF, OR ASSUMPTION OF THE OBLIGATIONS OF, THE ISSUER; CERTAIN LIMITATIONS.

(a) Merger, Etc. Any corporation (i) into which the Issuer may be merged or consolidated, (ii) which may result from any merger, conversion or consolidation to which the Issuer shall be a party, or (iii) which may succeed to all or substantially all of the business of the Issuer, which corporation in any of the foregoing cases executes an agreement of assumption to perform every obligation of the Issuer under this Agreement, shall be the successor to the Issuer under this Agreement without the execution or filing of any document or any further act on the part of any of the parties to this Agreement, except that if the Issuer in any of the foregoing cases is not the surviving entity, then the surviving entity shall execute an agreement of assumption to perform every obligation of the Issuer hereunder, and the surviving entity shall have taken all actions necessary or reasonably requested by the Issuer, the Trustee or the Note Insurer to amend its existing financing statements and continuation statements, and file additional financing statements and to take any other steps reasonably requested by the Issuer, the Trustee or the Note Insurer to further perfect or evidence the rights, claims or security interests of any of the Issuer, the Trustee or the Note Insurer under any of the Transaction Documents. The Issuer (1) shall provide notice of any merger, consolidation or succession pursuant to this Section to the Rating Agency, the Trustee, the Note Insurer, the Noteholders and the Placement Agent, (2) for so long as the Notes are outstanding, shall receive from the Rating Agency a letter to the effect that such merger, consolidation or succession will not result in a qualification, downgrading or withdrawal of the then-current rating on the Notes, and (3) shall receive from the Controlling Party its prior written consent to such merger, consolidation or

succession, absent which consent, the Issuer shall not become a party to such merger, consolidation or succession.

(b) Certain Limitations. (i) The business, activities and purpose of the Issuer shall be limited as specified in its Certificate of Incorporation.

(ii) So long as any outstanding debt of the Issuer or the Notes is rated by the Rating Agency, the Issuer shall not issue unsecured notes or otherwise borrow money unless (A) the Issuer has made a written request to the Rating Agency to issue unsecured notes or incur indebtedness and such notes or borrowings are rated by the Rating Agency the same as or higher than the rating afforded any outstanding rated debt or the Notes, and (B) such notes or borrowings (1) are fully subordinated (and which shall provide for payment only after payment in respect of all outstanding rated debt and/or the Notes) or are nonrecourse against any assets of the Issuer other than the assets pledged to secure such notes or borrowings, (2) do not constitute a claim against the Issuer in the event such assets are insufficient to pay such notes or borrowings, and (3) where such notes or borrowings are secured by the rated debt or the Notes, are fully subordinated (and which shall provide for payment only after payment in respect of all outstanding rated debt and/or the Notes) to such rated debt or the Notes.

(iii) The Issuer shall not issue unsecured notes or otherwise borrow money, or otherwise grant any consensual Lien in favor of any Person (other than the Lien granted pursuant hereto) absent the prior written consent of the Controlling Party.

(c) Unanimous Consent. Notwithstanding any other provision of this Section and any provision of law, the Issuer shall not do any of the following without the affirmative unanimous vote of all members of the Board of Directors of the Issuer (which includes both Independent Directors as such term is defined in the Certificate of Incorporation);

(i) (A) dissolve or liquidate, in whole or in part, or institute proceedings to be adjudicated bankrupt or insolvent, (B) consent to the institution of bankruptcy or insolvency proceedings against it, (C) file a petition seeking or consent to reorganization or relief under any applicable federal or state law relating to bankruptcy, (D) consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the corporation or a substantial part of its property, (E) make any assignment for the benefit of creditors, (F) admit in writing its inability to pay its debts generally as they become due, or (G) take any action in furtherance of the actions set forth in clauses (A) through (F) above; or

(ii) merge or consolidate with or into any other person or entity or sell or lease its property and all or substantially all of its assets to any person or entity; or

(iii) modify any provision of its Certificate of Incorporation or Bylaws.

SECTION 7.05 LIMITATION ON LIABILITY OF ISSUER AND OTHERS.

The Issuer and any director or officer or employee or agent of the Issuer may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and

submitted by any Person respecting any matters arising under this Agreement. The Issuer shall not be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its obligations as Issuer under this Agreement or as the acquirer of the Receivables under the Receivables Contribution Agreement, and that in its opinion may involve it in any expense or liability.

SECTION 7.06 ISSUER MAY OWN NOTES.

The Issuer and any Person controlling, controlled by or under common control with the Issuer may, in its individual or any other capacity, become the owner or pledgee of one or more Notes with the same rights as it would have if it were not the Issuer or an affiliate thereof, except as otherwise specifically provided in the definition of the term "Noteholder." The Notes so owned by or pledged to the Issuer or such controlling or commonly controlled Person shall have an equal and proportionate benefit under the provisions of this Agreement, without preference, priority or distinction as among any of the Notes, except as set forth herein with respect to, among other things, certain rights to vote, consent or give directions to the Trustee as a Noteholder.

SECTION 7.07 COVENANTS OF ISSUER.

(a) Bylaws and Certificate of Incorporation. The Issuer hereby covenants not to change, or agree to any change of, its Bylaws or Certificate of Incorporation without (i) notice to the Trustee, the Rating Agency and the Note Insurer, and (ii) the prior written consent of the Controlling Party.

(b) Merger of the Issuer, Asset Sales and Purchases. Without the prior written consent of the Controlling Party, the Issuer shall not merge with or into or, or transfer or sell all or substantially all of its assets to, or buy all or substantially all the assets of, any person, except that Issuer may sell all or substantially all of the Receivables in connection with a prepayment of all or a portion of the Note Balance, as provided in Section 11.06.

(c) Preservation of Existence. The Issuer hereby covenants to do or cause to be done all things necessary on its part to preserve and keep in full force and effect its existence as a corporation, and to maintain each of its licenses, approvals, registrations or qualifications in all jurisdictions in which its ownership or lease of property or the conduct of its business requires such licenses, approvals, registrations or qualifications, except for failures to maintain any such licenses, approvals, registrations or qualifications which, individually or in the aggregate, would not have a material adverse effect on the ability of Issuer to perform its obligations hereunder or under any of the other Transaction Documents.

(d) Compliance with Laws. The Issuer hereby covenants to comply in all material respects with all applicable laws, rules and regulations and orders of any governmental authority, the noncompliance with which would have a material adverse effect on the business, financial condition or results of operations of the Issuer or on the ability of the Issuer to repay the Notes or the Note Insurer Obligations, or perform any of its other obligations under this Agreement or the other Transaction Documents.

(e) Payment of Taxes. The Issuer hereby covenants to pay and discharge promptly or cause to be paid and discharged promptly all taxes, assessments and governmental charges or levies imposed upon the Issuer or upon its income and profits, or upon any of its property or any part thereof, before the same shall become in default, provided that the Issuer shall not be required to pay and discharge any such tax, assessment, charge or levy so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and the Issuer shall have set aside on its books adequate reserves with respect to any such tax, assessments, charge or levy so contested, or so long as the failure to pay any such tax, assessment, charge or levy would not have a material adverse effect on the ability of the Issuer to perform its obligations hereunder.

(f) Exercise of Rights Under the Transaction Documents. The Issuer hereby covenants to exercise its rights as the Purchaser under the Receivables Contribution Agreement and take such other action in connection with the Transaction Documents as may be appropriate or desirable, taking into account the associated costs, to maximize the collection of amounts payable to the Trust Estate.

(g) Investments. The Issuer hereby covenants that it will not without the prior written consent of the Controlling Party, acquire or hold any indebtedness for borrowed money of another person, or any capital stock, debentures, partnership interests or other ownership interests or other securities of any Person, other than the Receivables acquired under any Receivables Contribution Agreement.

(h) Keeping Records and Books of Account. The Issuer hereby covenants and agrees to maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing the Receivables in the event of the destruction or loss of the originals thereof) and keep and maintain, all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables (including, without limitation, records adequate to permit the daily identification of all collections with respect to, and adjustments of amounts payable under, each Receivable).

(i) Benefit Plan. The Issuer hereby covenants and agrees to comply in all material respects with the provisions of ERISA, the Code, and all other applicable laws, and the regulations and interpretations thereunder to the extent applicable, with respect to each Benefit Plan. Issuer covenants that it will not, and it will cause any ERISA Affiliate to not:

(i) engage in any non-exempt prohibited transaction (within the meaning of Code Section 4975 or ERISA Section 406) with respect to any Benefit Plan which would result in a material liability to the Issuer;

(ii) permit to exist any accumulated funding deficiency as defined in Section 302(a) of ERISA and Section 412(a) of the Code, with respect to any Benefit Plan which is subject to Section 302(q) of ERISA or 412 of the Code;

(iii) terminate any Benefit Plan of the Issuer or any ERISA Affiliate if such termination would result in any material liability to the Issuer or an ERISA Affiliate; or

(iv) create any defined benefit plan (as defined in ERISA).

(j) No Release. The Issuer shall not take any action and shall use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any document, instrument or agreement included in the Trust Estate, or which would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such document, instrument or agreement, except in connection with the release of the Prepaid Receivables from this Agreement.

(k) Separate Identity. The Issuer hereby covenants and agrees to take all actions required to maintain the Issuer's status as a separate legal entity. Without limiting the foregoing, the Issuer shall:

(i) conduct all of its business, and make all communications to third parties (including all invoices (if any), letters, checks and other instruments) solely in its own name (and not as a division of any other Person), and require that its employees, if any, when conducting its business identify themselves as such (including, without limitation, by means of providing appropriate employees with business or identification cards identifying such employees as the Issuer's employees);

(ii) compensate all employees, consultants and agents directly or indirectly through reimbursement of the Servicer, from the Issuer's bank accounts, for services provided to the Issuer by such employees, consultants and agents and, to the extent any employee, consultant or agent of the Issuer is also an employee, consultant or agent of the Servicer, allocate the compensation of such employee, consultant or agent between the Issuer and the Servicer on a basis which reflects the respective services rendered to the Issuer and the Servicer;

(iii) (A) pay its own incidental administrative costs and expenses from its own funds, (B) allocate all other shared overhead expenses (including, without limitation, telephone and other utility charges, the services of shared employees, consultants and agents, and reasonable legal and auditing expenses) which are not reflected in the Servicing Fee, and other items of cost and expense shared between the Issuer and the Servicer, on the basis of actual use to the extent practicable, and to the extent such allocation is not practicable, on a basis reasonably related to actual use or the value of services rendered;

(iv) at all times have at least two (2) independent directors who satisfy the definition of Independent Director provided in the Certificate of Incorporation, and have at least one officer responsible for managing its day-to-day business and manage such business by or under the direction of its board of directors;

(v) maintain its books and records separate from those of any Affiliate;

(vi) prepare its financial statements separately from those of its Affiliates and ensure that any consolidated financial statement have notes to the effect that the Issuer is a

separate entity whose creditors have a claim on its assets prior to those assets becoming available to its equity holders and therefore to any of their respective creditors, as the case may be;

(vii) not commingle its funds or other assets with those of any of its Affiliates (other than in respect of items of payment or funds which may be commingled until deposit into the Collection Account in accordance with this Agreement), and not to hold its assets in any manner that would create an appearance that such assets belong to any such Affiliate, not maintain bank accounts or other depository accounts to which any such Affiliate is an account party, into which any such Affiliate makes deposits or from which any such Affiliate has the power to make withdrawals, and not act as an agent or representative of any of its Affiliates in any capacity;

(viii) not permit any of its Affiliates to pay the Issuer's operating expenses;

(ix) not guarantee any obligation of any of its Affiliates nor have any of its obligations guaranteed by any such Affiliate (either directly or by seeking credit based on the assets of such Affiliate), or otherwise hold itself out as responsible for the debts of any Affiliate;

(x) maintain at all times stationery separate from that of any Affiliate and have all its officers and employees conduct all of its business solely in its own name;

(xi) hold regular meetings of its board of directors in accordance with the provisions of its Certificate of Incorporation and otherwise take such actions as are necessary on its part to ensure that all corporate procedures required by its Certificate of Incorporation and Bylaws are duly and validly taken;

(xii) respond to any inquires with respect to ownership of a Receivable by stating that it is the owner of such contributed Receivable, and, if requested to do so, that the Trustee has been granted a security interest in such Receivable;

(xiii) on or before March 31 of each year, beginning in 1999, the Issuer shall deliver to the Trustee an Officer's Certificate stating that Issuer has, during the preceding year, observed all of the requisite company formalities and conducted its business and operations in such a manner as required for the Issuer to maintain its separate company existence from any other entity; and

(xiv) take such other actions as are necessary on its part to ensure that the facts and assumptions set forth in the non-consolidation opinion delivered by Issuer's counsel remain true and correct at all times.

(1) Compliance with all Transaction Documents. The Issuer hereby covenants and agrees to comply in all material respects with the terms of, employ the procedures outlined in and enforce the obligations of the parties to all of the Transaction Documents to which the Issuer is a party, and take all such action to such end as may be from time to time reasonably requested by the Trustee, and/or the Controlling Party, maintain all such Transaction Documents in full force and effect and make to the parties thereto such reasonable demands and requests for information

and reports or for action as the Issuer is entitled to make thereunder and as may be from time to time reasonably requested by the Trustee.

(m) No Sales, Liens, Etc. Against Receivables and Trust Property. The Issuer hereby covenants and agrees, except for releases specifically permitted hereunder, not to sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist, any Lien (other than the Lien created hereby) upon or with respect to, any Receivables or Trust Estate, or any interest in either thereof, or upon or with respect to any Account, or assign any right to receive income in respect thereof. The Issuer shall promptly, but in no event later than one (1) Business Day after a Responsible Officer has obtained actual knowledge thereof, notify the Trustee of the existence of any Lien on any Receivables or Trust Estate, and the Issuer shall defend the right, title and interest of each of the Issuer and the Trustee in, to and under the Receivables and Trust Estate, against all claims of third parties.

(n) No Change in Business. The Issuer covenants that it shall not make any change in the character of its business.

(o) No Change in Name, Etc. The Issuer covenants that it shall not make any change to its corporate name, or use any trade names, fictitious names, assumed names or "doing business as" names.

(p) No Institution of Insolvency Proceedings. The Issuer covenants that it shall not institute Insolvency Proceedings with respect to the Issuer or any Affiliate thereof or consent to the institution of Insolvency Proceedings against the Issuer or any Affiliate thereof or take any action in furtherance of any such action, or seek dissolution or liquidation in whole or in part of the Issuer or any Affiliate thereof.

(q) No Change in Chief Executive Office or Location of Records. The Issuer covenants that it shall maintain its principal place of business and chief executive office, and the office where it maintains its records, at 6115 N. Lorraine, Hutchinson, Kansas 67502; provided that, at any time after the Closing Date, upon 30 days' prior written notice to each of the Servicer, the Note Insurer and the Trustee, the Issuer may relocate its principal place of business and chief executive office, and/or the office where it maintains all of its records, to another location within the United States to the extent that the Issuer shall have taken all actions necessary or reasonably requested by the Servicer, the Trustee or the Note Insurer to amend its existing financing statements and continuation statements, and file additional financing statements and to take any other steps reasonably requested by the Servicer, the Trustee or the Note Insurer to further perfect or evidence the rights, claims or security interests of any of the Servicer, the Trustee or the Note Insurer under any of the Transaction Documents. As of the Funding Date, each Receivable File shall be kept by the Servicer at its offices at 500 West First Street, Hutchinson, Kansas 67504, or at such other office of the Servicer permitted pursuant to Section 2.06(b).

(r) Access to Certain Documentation and Information. The Issuer shall provide the Note Insurer, the Trustee and the Noteholders with reasonable access to the documentation relating to the Receivables required to be maintained at the location described in Section 7.07(q). In each case, access to documentation relating to the Receivables shall be afforded without charge but

only upon reasonable request and during normal business hours at the offices of the Issuer. Nothing in this Section shall impair the obligation of the Issuer to observe any applicable law prohibiting disclosure of information regarding the Obligors, which obligation shall be evidenced by an Opinion of Counsel to such effect, and the failure of the Issuer to provide access as provided in this Section as a result of such obligation shall not constitute a breach of this Section.

ARTICLE VIII.
THE SERVICER

SECTION 8.01 REPRESENTATIONS OF SERVICER.

The Servicer hereby makes the following representations on which the Trustee is relying in accepting the Receivables in trust and authenticating the Notes and the Note Insurer is relying in issuing the Policy. The representations shall speak as of the execution and delivery of this Agreement and as of each Funding Date and shall survive the grant of a security interest to the Trustee.

(a) Organization and Good Standing. The Servicer is duly organized and validly existing as a corporation in good standing under the laws of the State of its incorporation, with corporate power and authority to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted, and had at all relevant times, and now has, corporate power, authority and legal right to acquire, own, hold, transfer, convey and service the Receivables and to hold the Receivable Files as custodian on behalf of the Issuer and Trustee.

(b) Due Qualification. The Servicer is duly qualified to do business as a foreign corporation in good standing, and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the Receivables as required by this Agreement) requires such qualification, licenses and approvals except where the failure to be qualified or to obtain such qualifications, licenses and approvals would not materially and adversely affect the rights or interests of any of the Noteholders, the Note Insurer or the Trust Estate.

(c) Power and Authority. The Servicer has the corporate power and authority to execute and deliver this Agreement and each of the other Transaction Documents to which it is a party, and to carry out its terms; and the execution, delivery and performance of this Agreement has been duly authorized by the Servicer by all necessary corporate action.

(d) Binding Obligations. This Agreement and each of the other Transaction Documents to which the Servicer is a party constitutes a legal, valid and binding obligation of the Servicer enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general principles of equity.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and each of the other Transaction Documents and the fulfillment of the terms of this Agreement and each of the other Transaction Documents does not conflict with, result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the articles of incorporation or bylaws of the Servicer, or conflict with or breach any of the material terms or provisions of, or constitute (with or without notice or lapse of time) a default under, any indenture, agreement or other instrument to which the Servicer is a party or by which it shall be bound; nor result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument (other than this Agreement); nor violate, any law, order, rule or regulation applicable to the Servicer of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Servicer or its properties; which breach, default, conflict, Lien or violation would have, or would have, a material adverse effect on the rights or interests of the Noteholders or the Note Insurer.

(f) No Proceedings. There is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending, or to the Servicer's knowledge, threatened, against or affecting the Servicer: (i) asserting the invalidity of this Agreement, the Notes, or any of the other Transaction Documents, (ii) seeking to prevent the issuance of the Notes or the consummation of any of the transactions contemplated by this Agreement or any of the other Transaction Documents, (iii) seeking any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the Servicer of its obligations under, or the validity or enforceability of, this Agreement, the Notes or any of the other Transaction Documents, or (iv) relating to the Servicer and which might adversely affect the federal income tax attributes of the Notes.

(g) No Subsidiaries. The Servicer has no subsidiaries other than the Issuer and Midland Receivables 98-1 Corporation.

(h) Not an Investment Company. The Servicer is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act, and none of the issuance of the Notes, the execution and delivery of the Transaction Documents to which the Servicer is a party, or the performance by the Servicer of its obligations thereunder, will violate any provision of the Investment Company Act, or any rule, regulation or order issued by the Securities and Exchange Commission thereunder.

(i) Year 2000. The Servicer represents and warrants that, to the best of its knowledge, its computer and other systems used in servicing the Receivables currently are capable of operating in a manner so that on and after January 1, 2000 (i) the Servicer can service the Receivables in accordance with the terms of this Agreement and (ii) the Servicer can operate its business in the same manner as it is operating on the date hereof.

(j) Finders Fee. No broker, finder or financial adviser other than Rothschild Inc. has been employed by any of the Servicer or the Issuer in connection with the offering and sale of the Notes or the transactions contemplated hereby and neither the Servicer nor the Issuer has

incurred any liability for fees or commissions to any person other than Rothschild Inc. in connection with the offering and sale of the Notes or the transactions contemplated hereby.

(k) No Violation of Securities Act. The Servicer has not offered or sold, and will not offer or sell, any Notes in any manner that would render the issuance and sale of the Notes a violation of the Securities Act or any state securities or "Blue Sky" laws or require registration pursuant thereto, nor has it authorized, nor will it authorize, any Person to act in such manner. No registration under the Securities Act is required for the sale of the Notes as contemplated hereby, assuming the accuracy of the Purchaser's representations and warranties set forth in any Purchase Agreement and satisfaction by the Placement Agent of its obligations set forth in paragraph 7 of the Placement Agency Agreement.

(l) No Violation of Exchange Act or Regulations T, U or X. None of the transactions contemplated in the Transaction Documents (including the use of the proceeds from the sale of the Notes) will result in a violation of Section 7 of the Exchange Act, or any regulations issued pursuant thereto, including Regulations T, U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II.

SECTION 8.02 LIABILITY OF SERVICER; INDEMNITIES.

(a) Obligations. The Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Servicer under this Agreement and shall have no other obligations or liabilities under this Agreement. Such obligations shall include the following:

(i) the Servicer shall indemnify, defend and hold harmless the Trustee, the Note Insurer and the Trust Estate from and against any taxes that may at any time be asserted against the Trustee or the Trust Estate with respect to the transactions contemplated in this Agreement or any of the other Transaction Documents, including, without limitation, any sales, gross receipts, general corporation, tangible or intangible personal property, privilege or license taxes (but not including any taxes asserted with respect to, and as of the date of, the transfer of the Receivables to the Trust, the issuance and original sale of the Notes, or asserted with respect to ownership of the Receivables, or federal, state or local income or franchise taxes or any other tax, or other income taxes arising out of payments on the Notes, or any interest or penalties with respect thereto or arising from a failure to comply therewith) and costs and expenses in defending against the same;

(ii) the Servicer shall indemnify, defend and hold harmless the Trustee, the Trust Estate, the Noteholders and the Note Insurer from and against any and all costs, expenses, losses, claims, damages and liabilities to the extent that such cost, expense, loss, claim, damage or liability arose out of, and was imposed upon the Trustee, the Trust Estate, any Noteholder or the Note Insurer through the gross negligence, willful misfeasance or bad faith of the Servicer in connection with the transactions contemplated by this Agreement and the other Transaction Documents, or by reason of the breach by the Servicer of any of its representations, warranties or covenants hereunder or under any of the other Transaction Documents; and

(iii) the Servicer shall indemnify, defend and hold harmless the Trustee from and against all reasonable costs, expenses, losses, claims, damages and liabilities arising out of or incurred in connection with the acceptance or performance of the trusts and duties contained in this Agreement, except to the extent that such cost expense, loss, claim, damage or liability: (A) shall be due to the willful misfeasance, bad faith or gross negligence of the Trustee, (B) shall arise from the breach by the Trustee of any of its representations or warranties set forth in Section 10.14, (C) relates to any tax other than the taxes with respect to which either the Issuer or the Servicer shall be required to indemnify the Trustee, or (D) shall arise out of or be incurred in connection with the performance by the Trustee of the duties as the Backup Servicer under this Agreement.

(b) Expenses. Indemnification under this Section shall include, without limitation, reasonable fees and expenses of counsel and expenses of litigation. If the Servicer has made any indemnity payments pursuant to this Section and the recipient thereafter collects any of such amounts from others, the recipient shall promptly repay such amounts collected to the Servicer, without interest, so long as no amounts are outstanding to the Trustee then due and owing to the Trustee by the Servicer in which event such amounts shall offset such obligations.

(c) Survival. The provisions of this Section shall survive the resignation or removal of the Servicer or the Trustee and the termination of this Agreement.

(d) Successor Servicer Liability. Notwithstanding anything to the contrary contained in this Agreement, the Successor Servicer shall have no liability or obligation with respect to any Servicer indemnification obligations of any prior Servicer. Upon assuming its role as Successor Servicer, the Successor Servicer shall be responsible only for the indemnification obligations set forth in 8.02(a).

SECTION 8.03 MERGER OR CONSOLIDATION OF, OR ASSUMPTION OF THE OBLIGATIONS OF, THE SERVICER.

Any corporation (i) into which the Servicer may be merged or consolidated, (ii) which may result from any merger, conversion or consolidation to which the Servicer shall be a party, or (iii) which may succeed to all or substantially all of the business of the Servicer, which corporation in any of the foregoing cases executes an agreement of assumption to perform every obligation of the Servicer under this Agreement, shall be the successor to the Servicer under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement; provided, however, that (i) such merger, consolidation or conversion shall not cause a Servicer Default and (ii) prior to any such merger, consolidation or conversion the Servicer shall have provided to the Trustee and the Noteholders a letter from the Rating Agency indicating that such merger, consolidation or conversion will not result in the qualification, reduction or withdrawal of the rating then assigned to the Notes by the Rating Agency. The Servicer shall provide notice of any merger, consolidation or succession pursuant to this Section to the Trustee, the Noteholders, the Note Insurer, the Rating Agency and the Placement Agent.

SECTION 8.04 LIMITATION ON LIABILITY OF SERVICER AND OTHERS.

(a) Neither the Servicer nor any of its directors, officers, employees or agents shall be under any liability to the Note Insurer, the Trustee or the Noteholders, except as provided in this Agreement, for any action taken or for refraining from the taking of any action pursuant to this Agreement, or for errors in judgment; provided however, that this provision shall not protect the Servicer or any such person against any liability that would otherwise be imposed by reason of willful misfeasance, bad faith or negligence of the Servicer in connection with the transactions contemplated by this Agreement and any of the other Transaction Documents, or the breach by the Servicer of any of its representations, warranties or covenants hereunder or under any of the other Transaction Documents. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on any document of any kind prima facie properly executed and submitted by any Person respecting any matters arising under this Agreement.

(b) The Servicer shall not be under any obligation to appear in, prosecute, or defend any legal action that shall not be incidental to its duties to service the Receivables in accordance with this Agreement; provided, however, that the Servicer may undertake any reasonable action that it may deem necessary or desirable in respect of this Agreement and the rights and duties of the parties to this Agreement and the interests of the Noteholders under this Agreement.

(c) The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person respecting any matters arising under this Agreement.

SECTION 8.05 SERVICER NOT TO RESIGN.

Subject to the provisions of Section 8.03, Midland Credit Management, Inc. shall not resign from the obligations and duties hereby imposed on it as Servicer under this Agreement except upon determination that the performance of its duties under this Agreement shall no longer be permissible under applicable law. Notice of any such determination permitting the resignation of Midland Credit Management, Inc. shall be communicated to the Trustee, the Note Insurer, the Noteholders and the Rating Agency at the earliest practicable time and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Trustee and the Noteholders concurrently with or promptly after such notice. No such resignation shall become effective until the Backup Servicer or a Successor Servicer shall have assumed the responsibilities and obligations of Midland Credit Management, Inc. in accordance with Sections 9.02 or 9.03.

SECTION 8.06 BACKUP SERVICING.

(a) Norwest Bank Minnesota, National Association is hereby appointed to act as Backup Servicer with respect to this Agreement and the transactions contemplated hereby and by the other Transaction Documents.

(b) The Servicer agrees to provide monthly to the Backup Servicer a computer diskette or tape with all information necessary for the Backup Servicer to perform all of the servicing

obligations of the Servicer under this Agreement. The Servicer further agrees to provide all updates with respect to its computer processing necessary for the Backup Servicer to maintain a continuous ability to fulfill the role of Successor Servicer under this Agreement.

(c) The Backup Servicer shall assume its duties as Successor Servicer in accordance with Sections 9.02 and 9.03 except upon determination that the Backup Servicer is legally unable to perform the duties of the Servicer under this Agreement as provided in Section 9.03.

(d) On or before 11 a.m., New York, New York time on each Determination Date, the Servicer will deliver to the Backup Servicer a computer diskette (or other electronic transmission) in a format acceptable to the Backup Servicer containing the fields listed in Exhibit E hereto, which fields contain information with respect to the Receivables as of the close of business on the last day of the related Collection Period. The Backup Servicer shall not be obligated to verify the information contained in such transmission or the Monthly Servicer Report.

(e) Other than the duties specifically set forth in this Agreement, the Backup Servicer shall have no obligations hereunder, including without limitation to supervise, verify, monitor or administer the performance of the Servicer. The Backup Servicer shall have no liability for any actions taken or omitted by the Servicer. The duties and obligations of the Backup Servicer shall be determined solely by the express provisions of this Agreement and no implied covenants or obligations shall be read into this Agreement against the Backup Servicer. The Backup Servicer shall be entitled to all of the benefits and indemnities afforded the Trustee pursuant to the provisions of this Agreement. The Backup Servicer shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers (other than in the ordinary course of the performance of such duties or the exercise of such rights or powers), if the repayment of such funds or adequate written indemnity against such risk or liability is not reasonably assured to it in writing prior to the expenditure or risk of such funds or incurrence of financial liability.

(f) Neither the Backup Servicer nor any of its directors, officers, employees or agents shall be under any liability to any of the parties hereto, except as specifically provided in this Agreement, for any action taken or for refraining from the taking of any action pursuant to this Agreement or for errors in judgment; provided however, that this provision shall not protect the Backup Servicer against any misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties under this Agreement. The Backup Servicer and any of its directors, officers, employees or agents may rely in good faith on the advice of counsel or on any document of any kind prima facie properly executed and submitted by any Person respecting any matters arising under this Agreement.

(g) The parties expressly acknowledge and consent to Norwest Bank Minnesota, National Association acting in the possible dual capacity of Backup Servicer or successor Servicer and in the capacity as Trustee. Norwest Bank Minnesota, National Association may, in such dual capacity, discharge its separate functions fully, without hindrance or regard to conflict of interest

*Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

principals, duty of loyalty principles or other breach of fiduciary duties to the extent that any such conflict or breach arises from the performance by Norwest Bank Minnesota, National Association of express duties set forth in this Agreement in any of such capacities, all of which defenses, claims or assertions are hereby expressly waived by the other parties hereto except in the case of negligence, bad faith and willful misconduct by Norwest Bank Minnesota, National Association.

SECTION 8.07 GENERAL COVENANTS OF SERVICER.

Midland Credit Management, Inc. covenants and agrees that from the Closing Date until it is no longer the Servicer hereunder:

(a) Board. Servicer will maintain a board of directors with not less than two "independent directors" within the meaning of NASD Rule 4460(c) as in effect on the date hereof.

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(c) Related Person Transaction. Without the prior written consent of the Controlling Party (which consent shall not be unreasonably withheld or delayed), Servicer shall not enter into any Related Person Transaction other than on terms that are no less favorable to Servicer than those that would have been obtained in a comparable transaction by Servicer with a non-Related Person. The term "Related Person" means, as to Servicer, any shareholder, director, officer or employee thereof or any Affiliate thereof or any relative of any of them. The term "Related Person Transaction" means (i) any sale, lease, transfer or other disposition of Servicer's property to any Related Person, or (ii) the purchase, lease or other acquisition by Servicer of any property from any Related Person, or (iii) the making of any contract, agreement, understanding, loan, advance, guarantee, or other credit support with or for the benefit of any Related Person.

(d) Investments. The Servicer hereby covenants that it will not without the prior written consent of the Controlling Party (which consent shall not be unreasonably withheld or delayed), acquire or hold any indebtedness for borrowed money of another person, or any capital stock, debentures, partnership interests or other ownership interests or other securities of any Person, other than (i) the Issuer and Midland Receivables 98-1 Corporation, and (ii) receivables of similar type to the Receivables.

(e) Sale of Assets. Without the prior written consent of the Controlling Party (which consent shall not be unreasonably withheld or delayed), Servicer shall not convey, sell, lease, license, transfer or otherwise dispose of, in one transaction or in a series of transactions, all or

substantially all of its assets, other than with respect to securitization transactions of its receivables.

(f) Bankruptcy. Servicer shall not take any action in any capacity to file any bankruptcy, reorganization or Insolvency Proceedings against Issuer, or cause Issuer to commence any reorganization, bankruptcy proceedings, or Insolvency Proceedings under any applicable state or federal law, including without limitation any readjustment of debt, or marshaling of assets or liabilities or similar proceedings.

(g) Legal Existence. Servicer shall do or cause to be done all things necessary on its part to preserve and keep in full force and effect its existence as a corporation in the jurisdiction of its incorporation, and to maintain each of its licenses, approvals, registrations or qualifications in all jurisdictions in which its ownership or lease of property or the conduct of its business requires such licenses, approvals, registrations or qualifications; except for failures to maintain any such licenses, approvals, registrations or qualifications which, individually or in the aggregate, would not have a material adverse effect on the ability of Servicer to perform its obligations hereunder or under any of the other Transaction Documents.

(h) Compliance With Laws. Servicer shall comply in all material respects, with all laws, rules and regulations and orders of any governmental authority applicable to its operation, the noncompliance with which would have a material adverse effect on the business, financial condition or results of operations of the Servicer or on the ability of the Servicer to perform its obligations hereunder or under any of the other Transaction Documents.

(i) Taxes. Servicer shall pay and discharge all taxes, assessments and governmental charges or levies imposed upon Servicer or upon its income and profits, or upon any of its property or any part thereof, before the same shall become in default, provided that Servicer shall not be required to pay and discharge any such tax, assessment, charge or levy so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and Servicer shall have set aside on its books adequate reserves with respect to any such tax, assessment, charge or levy so contested, or so long as the failure to pay any such tax, assessment, charge or levy would not have a material adverse effect on the ability of the Servicer to perform its obligations hereunder.

(j) Financial Statements. Servicer shall maintain its financial books and records in accordance with GAAP. Servicer shall furnish to the Note Insurer and the Backup Servicer:

(i) Quarterly Statements. As soon as available and in any event within 45 days after the end of each of the calendar quarters of each fiscal year of the Servicer, the consolidated balance sheet of the Servicer and the related statements of income, shareholders' equity and cash flows, each for the period commencing at the end of the preceding fiscal year and ending with the end of such fiscal quarter, prepared in accordance with GAAP consistently applied; and

(ii) Annual Statements. As soon as available and in any event within 90 days after the end of each fiscal year of the Servicer, the balance sheets of the Servicer and the related statements of income, shareholder's equity and cash flows for, the fiscal year then ended, each

prepared in accordance with GAAP consistently applied and reported on by a firm of nationally recognized independent public accountants.

(k) Compliance with all Transaction Documents. The Servicer hereby covenants and agrees to comply in all material respects with the terms of, employ the procedures outlined in and enforce the obligations of the parties to all of the Transaction Documents to which the Servicer is a party, and take all such action to such end as may be from time to time reasonably requested by the Trustee, maintain all such Transaction Documents in full force and effect and make to the parties thereto such reasonable demands and requests for information and reports or for action as the Servicer is entitled to make thereunder and as may be from time to time reasonably requested by the Trustee.

(l) No Change in Chief Executive Office or Location of Records. The Servicer covenants that it shall maintain its principal place of business and chief executive office, and the office where it maintains all of its records, at 500 West First Street, Hutchinson, Kansas 67504; provided that, at any time after the Closing Date, upon 30 days' prior written notice to each of the Issuer, the Note Insurer and the Trustee, the Servicer may relocate its principal place of business and chief executive office, and/or the office where it maintains all of its records, to another location within the United States to the extent that the Servicer shall have taken all actions necessary or reasonably requested by the Issuer, the Trustee or the Note Insurer to amend its existing financing statements and continuation statements, and file additional financing statements and to take any other steps reasonably requested by the Issuer, the Trustee or the Note Insurer to further perfect or evidence the rights, claims or security interests of any of the Issuer, the Trustee or the Note Insurer under any of the Transaction Documents. As of the Funding Date, each Receivable File shall be kept by the Servicer at its offices at 500 West First Street, Hutchinson, Kansas 67504.

(m) Maintenance of Insurance. The Servicer hereby covenants and agrees to maintain one or more policies of "all-risk" property and general liability insurance with financially sound and reputable insurers, providing coverage in scope and amount which is at least consistent with the scope and amount of such insurance coverage obtained by prudent and similarly situated Persons in the same jurisdiction and the same business as Servicer.

(n) Separate Identity. The Servicer hereby covenants and agrees to take all actions required to maintain the Issuer's status as a separate legal entity. Without limiting the foregoing, the Servicer shall not take any action or fail to take any action that would result in the Issuer not satisfying any of the following:

(i) Issuer shall conduct all of its business, and make all communications to third parties (including all invoices (if any), letters, checks and other instruments) solely in its own name (and not as a division of any other Person), and require that its employees, if any, when conducting its business identify themselves as such;

(ii) Issuer shall compensate all employees, consultants and agents directly or indirectly through reimbursement of the Servicer, from the Issuer's bank accounts, for services provided to the Issuer by such employees, consultants and agents and, to the extent any

employee, consultant or agent of the Issuer is also an employee, consultant or agent of the Servicer, allocate the compensation of such employee, consultant or agent between the Issuer and the Servicer on a basis which reflects the respective services rendered to the Issuer and the Servicer;

(iii) Issuer shall (A) pay its own incidental administrative costs and expenses from its own funds, (B) allocate all other shared overhead expenses (including, without limitation, telephone and other utility charges, the services of shared employees, consultants and agents, and reasonable legal and auditing expenses) which are not reflected in the Servicing Fee, and other items of cost and expense shared between the Issuer and the Servicer, on the basis of actual use to the extent; practicable, and to the extent such allocation is not practicable, on a basis reasonably related to actual use or the value of services rendered;

(iv) Issuer shall at all times have at least two independent directors who satisfy the definition of Independent Director provided in the Certificate of Incorporation, and have at least one officer responsible for managing its day-to-day business and manage such business by or under the direction of its board of directors;

(v) Issuer shall maintain its books and records separate from those of any Affiliate;

(vi) Issuer shall prepare its financial statements separately from those of its Affiliates and ensure that any consolidated financial statement have notes to the effect that the Issuer is a separate entity whose creditors have a claim on its assets prior to those assets becoming available to its equity holders and therefore to any of their respective creditors, as the case may be;

(vii) Issuer shall not commingle its funds or other assets with those of any of its Affiliates (other than in respect of items of payment or funds which may be commingled until deposit into the Collection Account in accordance with this Agreement), and not hold its assets in any manner that would create an appearance that such assets belong to any such Affiliate, not maintain bank accounts or other depository accounts to which any such Affiliate is an account party, into which any such Affiliate makes deposits or from which any such Affiliate has the power to make withdrawals, and not act as an agent or representative of any of its Affiliates in any capacity;

(viii) Issuer shall not permit any of its Affiliates to pay the Issuer's operating expenses;

(ix) Issuer shall not permit Issuer to guarantee any obligation of any of its Affiliates nor have any of its obligations guaranteed by any such Affiliate (either directly or by seeking credit based on the assets of such Affiliate), or otherwise hold itself out as responsible for the debts of any Affiliate;

(x) Issuer shall maintain at all times stationery separate from that of any Affiliate and have all its officers and employees conduct all of its business solely in its own name;

(xi) Issuer shall hold regular meetings of its board of directors in accordance with the provisions of its Certificate of Incorporation and otherwise take such actions as are necessary on its part to ensure that all company procedures required by its Certificate of Incorporation and Bylaws are duly and validly taken;

(xii) Issuer shall respond to any inquires made directly to it with respect to ownership of a Receivable by stating that it is the owner of such contributed Receivable, and, if requested to do so, that the Trustee has been granted a security interest in such Receivable; and

(xiii) Issuer shall take such other actions as are necessary on its part to ensure that the facts and assumptions set forth in the non-consolidation opinion delivered by Issuer's counsel remain true and correct at all times.

(o) Benefit Plan. The Servicer hereby covenants and agrees to comply in all material respects with the provisions of ERISA, the Code, and all other applicable laws, and the regulations and interpretations thereunder to the extent applicable, with respect to each Benefit Plan. Servicer covenants that it will not, and it will cause any ERISA Affiliate to not:

(i) engage in any non-exempt prohibited transaction (within the meaning of Code Section 4975 or ERISA Section 406) with respect to any Benefit Plan which would result in a material liability to the Servicer;

(ii) permit to exist any accumulated funding deficiency, as defined in Section 302(a) of ERISA and Section 412(a) of the Code, with respect to any Benefit Plan of the Servicer or any ERISA affiliate which is subject to Section 302(q) of ERISA or 412 of the Code;

(iii) terminate any Benefit Plan of the Servicer or any ERISA Affiliate so as to result in any material liability to the Servicer or an ERISA Affiliate; or

(iv) create any defined benefit plan (as defined in ERISA).

ARTICLE IX.
SERVICER DEFAULT; EVENTS OF DEFAULT; REMEDIES

SECTION 9.01 SERVICER DEFAULT.

For purposes of this Agreement, each of the following shall constitute a "Servicer Default":

(a) any failure by the Servicer to deliver to the Trustee or the Note Insurer the Monthly Servicer Report for the related Collection Period, or any failure by the Servicer to make any payment, transfer or deposit, or deliver to the Trustee any proceeds or payment required to be so delivered under the terms of the Notes, this Agreement or any of the other Transaction Documents to which it is a party, or to make any payment of the Note Insurer Obligations on the day when due, in each case that continues unremedied for a period of one Business Day after the earlier to occur of (x) actual discovery by a Responsible Officer of the Servicer, or (y) the date

on which written notice requiring the same to be remedied has been given to the Servicer by the Trustee or the Controlling Party; or

(b) any failure on the part of the Servicer duly to observe or perform any other covenants or agreements of the Servicer set forth in the Notes, this Agreement, the Insurance Agreement, or any of the other Transaction Documents to which the Servicer is a party, which failure (i) would have a material adverse effect on the rights or interests of the Note Insurer, the Noteholders, the Trustee or the Trust Estate and (ii) continues unremedied for a period of 30 days after the earlier to occur of (x) actual discovery by a Responsible Officer of the Servicer or (y) the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Controlling Party or the Trustee; or the Servicer delegates its duties under the Notes, this Agreement, the Insurance Agreement or any of the other Transaction Documents to which it is a party, except as specifically permitted pursuant to Section 9.07, and such delegation continues unremedied for a period of 15 days after written notice, requiring such delegation to be remedied, shall have been given to the Servicer by the Trustee or the Controlling Party; or

(c) the entry of a decree or order for relief by a court having jurisdiction in respect of the Servicer in an involuntary case under the federal bankruptcy laws, as now or hereafter in effect, or any other present or future federal or state bankruptcy, insolvency or similar law, or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Servicer or of any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Servicer and the continuance of any such decree or order unstayed and in effect for a period of 30 consecutive days; or

(d) the commencement by the Servicer of a voluntary case under the federal bankruptcy laws, as now or hereafter in effect, or any other present or future federal or state bankruptcy, insolvency or similar law, or the consent by the Servicer to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Servicer or of any substantial part of its property or the making by the Servicer of an assignment for the benefit of creditors or the failure by the Servicer generally to pay its debts as such debts become due or the taking of corporate action by the Servicer in furtherance of any of the foregoing; or

(e) the Note Balance exceeds zero on the Scheduled Termination Date unless such date has been extended in accordance with the terms hereof; or

(f) any representation, warranty or certification made by Midland Credit Management, Inc. in this Agreement, the Insurance Agreement or in any other Transaction Document to which it is a party, or in any certificate delivered pursuant to this Agreement, the Insurance Agreement or in any other Transaction Document to which it is a party, proves to have been incorrect when made, which (i) would have a material adverse effect on the rights of the Noteholders, the Note Insurer or the Trust Estate, respectively (without regard to any amount deposited in the Reserve Account), and (ii) if capable of remedy, continues unremedied for a period of 30 days after the earlier to occur of (x) actual discovery by a Responsible Officer of the Servicer or (y) the date

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on which written notice thereof, requiring the same to be remedied, shall have been given to the Servicer by the Controlling Party or the Trustee; or

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Notwithstanding the foregoing, the cure periods referred to in each of clauses (a), (f) and (h) above may be extended for an additional period of five Business Days each, or such longer period not to exceed 30 Business Days as may be acceptable to the Controlling Party, if such delay or failure was caused by an act of God or other similar occurrence. Upon the occurrence of any such event the Servicer shall not be relieved from using its best efforts to perform its obligations in a timely manner in accordance with the terms of this Agreement and the Servicer shall provide the Trustee, the Note Insurer, the Rating Agency, the Placement Agent and the Noteholders prompt notice of such failure or delay by it, together with a description of its effort to so perform its obligations. The Servicer shall notify the Trustee and the Note Insurer in writing of any Servicer Default that it discovers within one Business Day of such discovery. The Trustee shall have no duty or obligation to determine whether or not a Servicer Default has occurred.

SECTION 9.02 CONSEQUENCES OF A SERVICER DEFAULT.

(a) If a Servicer Default shall occur and be continuing, so long as such Servicer Default has not been cured or waived pursuant to Section 9.05, the Trustee shall, upon the direction of the Controlling Party, by notice then given in writing to the Servicer and the Note Insurer terminate all (but not less than all) of the rights and obligations of the Servicer, as Servicer under this Agreement and the other Transaction Documents, and in and to the Receivables and proceeds thereof. On or after the receipt by the Servicer of such written notice, all authority and power of the Servicer under this Agreement, whether with respect to the Notes, the Receivables, the Transaction Documents or otherwise, shall, without further action, pass to and be vested in the Backup Servicer pursuant to and under this Section or such Successor Servicer as may be appointed under Section 9.03; and, without limitation, the Backup Servicer or such Successor Servicer shall be hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such notice of termination, whether to complete the transfer and endorsement of the Receivables and related documents, or otherwise. The predecessor Servicer shall cooperate with the Backup Servicer or the Successor Servicer, as applicable, in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including, without limitation, the transfer to the Backup Servicer or the Successor Servicer, as applicable, for administration by it of all cash amounts that shall at the time be held by the predecessor Servicer for deposit with respect to the Receivables, or have been deposited by the predecessor Servicer in the Accounts with respect to the Receivables or thereafter received by the predecessor Servicer with respect to the Receivables. All reasonable costs and expenses (including reasonable attorneys' fees) incurred in connection with transferring the Receivable Files to the Backup Servicer or the Successor Servicer, as applicable, and amending this Agreement to reflect such succession as Servicer pursuant to this Section shall be paid first, pursuant to Section 4.04(b)(ii), and second, by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses; provided, however, that the amount of such costs and expenses shall not exceed \$75,000 (the amount of such costs and expenses are referred to herein as the "Transition Fees").

(b) In addition to the remedial provisions set forth in clause (a) above, and not by way of limitation of any remedies to which any of the Trustee, the Note Insurer or the Noteholders are entitled upon the occurrence of a Servicer Default, the Issuer and the Servicer acknowledge and agree that, so long as a Servicer Default shall occur and be continuing, and such Servicer Default has not been cured or waived pursuant to Section 9.05, the Trustee shall, upon the direction of the Controlling Party, by notice then given in writing to the Servicer and the Note Insurer, direct the Servicer (or Backup Servicer or Successor Servicer as the case may be) to (x) deposit all checks and other items of collections received in respect of Receivables directly into an Account immediately upon receipt, and/or (y) instruct each Obligor to remit all collections in respect of receivables directly to an Account designated for such purpose.

(c) Promptly upon the occurrence of an Event of Default or Servicer Default, the Servicer shall deliver all material, data, back-up files, software, licenses, and all other information relating to the Receivables, in its control, which may be necessary or convenient for the collection of the Receivables by a party other than Midland Credit Management, Inc. to the Back-up Servicer, the Successor Servicer or the Note Insurer, as the Controlling Party may direct in writing to the Servicer.

SECTION 9.03 BACKUP SERVICER TO ACT; APPOINTMENT OF SUCCESSOR SERVICER.

On and after the time the Servicer receives a notice of termination pursuant to Section 9.02 or tenders its resignation pursuant to Section 8.05, the Backup Servicer shall, by an instrument in writing, assume the rights and responsibilities of the Servicer in its capacity as Servicer under this Agreement and the Insurance Agreement and the transactions set forth or provided for in this Agreement and the Insurance Agreement, and shall be subject to all the responsibilities, restrictions, duties and liabilities relating thereto placed on the Servicer by the terms and provisions of this Agreement and the Insurance Agreement; provided, however, that the Backup Servicer shall not be liable for any acts, omissions or obligations of the Servicer prior to such succession or for any breach by the Servicer of any of its representations and warranties contained in this Agreement, in the Insurance Agreement or in any related Transaction Document. Notwithstanding any other Section in this Agreement to the contrary, should the Backup Servicer by any means, become Successor Servicer, the Backup Servicer shall not inherit any of the indemnification obligations of any prior servicer including the original servicer. The indemnification obligations of the Backup Servicer, upon becoming a Successor Servicer are expressly limited to the indemnification of the Trustee, the Trust Estate, the Noteholders and the Note Insurer from and against any and all costs, expenses, losses, claims, damages and liabilities to the extent that such cost, expense, loss, claim, damage or liability arose out of, and was imposed upon, the Trustee, the Trust Estate, any Noteholder or the Note Insurer through the gross negligence, willful misfeasance or bad faith of the Backup Servicer in its capacity as Successor Servicer in connection with the transactions contemplated by this Agreement and the other Transaction Documents. As compensation therefor, the Backup Servicer shall be entitled to such compensation (whether payable out of the Collection Account or otherwise) as the Servicer would have been entitled to under this Agreement, plus any additional amounts determined in the manner set forth below, if no such notice of termination or resignation had been given. Notwithstanding anything herein to the contrary, Norwest Bank Minnesota, National

Association shall not resign from the obligations and duties imposed on it as Backup Servicer under this Agreement except upon determination that the performance of its duties under this Agreement shall no longer be permissible under applicable law. Notice of any such determination permitting the resignation of Norwest Bank Minnesota, National Association shall be communicated to the Trustee, the Noteholders, the Note Insurer, and the Rating Agency at the earliest practicable time and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Trustee and the Noteholders concurrently with or promptly after such notice. In the event the Backup Servicer is unable or unwilling so to act, it shall appoint or petition a court of competent jurisdiction to appoint any established institution having a net worth of not less than \$5,000,000 and whose regular business includes the servicing of consumer receivables as a successor servicer (a "Successor Servicer"). In connection with such appointment and assumption, or the assumption by the Backup Servicer of the status of Successor Servicer, the Backup Servicer may make such arrangements for the compensation of such Successor Servicer (including itself) out of payments on or in respect of the Receivables as determined in accordance with the next sentence. Any Successor Servicer appointed pursuant to this Section 9.03 must have, and must certify that it has, computer systems that will be used in its duties as Servicer which will properly utilize dates beyond December 31, 1999, and shall be entitled to compensation equal to the greater of (A) the Servicing Fee and (B) the current "market rate" paid for servicing receivables similar to the Receivables which rate shall be determined by averaging bids obtained from not less than three entities experienced in the servicing of receivables similar to the Receivables and that are not Affiliates of the Trustee, the Backup Servicer, the Servicer or the Issuer and are reasonably acceptable to the Note Insurer; provided however, that no such compensation shall be in excess of an amount acceptable to the Controlling Party and the Rating Agency and provided that if the Successor Servicer is an Affiliate of the Trustee, such fees will not exceed the greater of the Servicing Fee or the lowest of the three bids obtained as provided in this sentence. The Backup Servicer and such Successor Servicer shall take such action, consistent with this Agreement, as shall be necessary to effectuate any such succession. The Backup Servicer shall not be relieved of its duties as Successor Servicer under this Section until the newly appointed Successor Servicer shall have assumed the responsibilities and obligations of the Servicer under this Agreement.

SECTION 9.04 NOTIFICATION TO NOTE INSURER, NOTEHOLDERS, RATING AGENCY AND PLACEMENT AGENT.

Upon a Responsible Officer of the Trustee obtaining actual knowledge of (i) the occurrence of a Servicer Default and the expiration of any cure period applicable thereto or (ii) any termination of, or appointment of a successor to, the Servicer pursuant to this Agreement, the Trustee shall give prompt written notice thereof to Noteholders at their respective addresses appearing in the Note Register and to the Rating Agency, the Note Insurer and the Placement Agent.

SECTION 9.05 WAIVER OF PAST SERVICER DEFAULTS.

The Trustee shall at the direction of the Controlling Party waive any Servicer Default or other default by the Servicer in the performance of its obligations hereunder and its

consequences, except a default in making any required deposits to or payments from the Accounts in accordance with this Agreement or in respect of a covenant or provision of this Agreement that under Section 12.01 cannot be modified or amended without the consent of each Noteholder. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon except to the extent expressly so waived.

SECTION 9.06 [RESERVED]

SECTION 9.07 SUBSERVICERS.

(a) The Backup Servicer may, at its own expense, enter into subservicing agreements with subservicers (the "Subservicers") for the servicing and administration of all or any part of the Receivables. References in this Agreement to actions taken or to be taken by the Backup Servicer in servicing and managing the Receivables include actions taken by a Subservicer on behalf of the Backup Servicer. Each Subservicer shall be authorized to transact business in the state or states in which the related Receivables it is to service or manage are situated, if and to the extent required by applicable law to enable the Subservicer to perform its obligations hereunder and under the applicable subservicing agreement. Each subservicing agreement shall be upon such terms and conditions as are not inconsistent with this Agreement and as to which the Backup Servicer and the Subservicer have agreed. For purposes of this Agreement, the Backup Servicer shall be deemed to have received any payment when the Subservicer receives such payment. The Backup Servicer shall notify the Trustee, the Issuer, the Note Insurer and the Rating Agency in writing promptly upon the appointment of any Subservicer.

(b) As part of its servicing activities hereunder, the Backup Servicer, for the benefit of the Trustee, the Note Insurer and the Noteholders, shall enforce the obligations of each Subservicer under the related subservicing agreement. Such enforcement, including, without limitation, the legal prosecution of claims, termination of subservicing agreements and pursuit of other appropriate remedies, shall be in accordance with the servicing standards set forth herein. The Backup Servicer shall pay the costs of such enforcement at its own expense and shall be reimbursed therefor only from (i) a general recovery resulting from such enforcement only to the extent, if any, that such recovery exceeds all amounts due in respect of the related Receivables, or (ii) a specific recovery of costs, expenses or attorneys fees against the party against whom such enforcement is directed.

(c) Notwithstanding any subservicing agreement any of the provisions of this Agreement relating to agreements or arrangements between the Backup Servicer and a Subservicer, or reference to actions taken through a Subservicer or otherwise, the Backup Servicer shall remain obligated and liable to the Trustee, the Note Insurer and the Noteholders for the servicing, managing, collecting and administering of the Receivables and the other assets included in the Trust Estate in accordance with the provisions of Section 2.1 without diminution of such obligation or liability by virtue of such subservicing agreement or arrangements or by virtue of indemnification from a Subservicer and to the same extent and under the same terms and

conditions as if the Backup Servicer alone were servicing, managing, collecting and administering the Receivables and the other assets included in the Trust Estate.

SECTION 9.08 EVENTS OF DEFAULT.

"Event of Default" wherever used herein, means, with respect to Notes issued hereunder, any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest, premiums or any other amounts due and owing on any Note or in respect of the Note Insurer Obligations (which default continues for a period of two Business Days) or failure to pay the Notes or the Note Insurer Obligations in full on or before the Final Maturity Date;

(b) the Note Insurer is required to make a payment under the Policy;

(c) if the Issuer shall breach or default in the due observance of any of the covenants of the Issuer set forth in Section 7.07, other than the covenants contained in Subsections (e), (f) or (h) thereof;

(d) if the Issuer shall breach or default in the due observance or performance of, any other of its covenants in this Agreement, which breach or default would have a material adverse effect on the rights or interests of the Note Insurer or the Noteholders, and such default shall continue for a period of 30 days after the earlier to occur of (x) actual discovery by a Responsible Officer of the Servicer or (y) the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Note Insurer or the Trustee;

(e) if any representation or warranty of the Issuer made in this Agreement or any certificate or other writing delivered pursuant hereto or in connection herewith shall prove to have been breached in any material respect as of the time when the same shall have been made or deemed made, which breach would have a material adverse effect on the rights or interests of the Note Insurer or the Noteholders, and such breach shall continue for a period of 30 days after the earlier to occur of (x) actual discovery by a Responsible Officer of the Servicer or (y) the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Note Insurer or the Trustee;

(f) the entry of a decree or order for relief by a court having jurisdiction in respect of the Issuer in an involuntary case under the federal bankruptcy laws, as now or hereafter in effect, or any other present or future federal or state bankruptcy, insolvency or similar law, or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or of any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Issuer and the continuance of any such decree or order unstayed and in effect for a period of 30 consecutive days;

(g) the commencement by the Issuer of a voluntary case under the federal bankruptcy laws, as now or hereafter in effect, or any other present or future federal or state bankruptcy, insolvency or similar law, or the consent by the Issuer to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or of any substantial part of its property or the making by the Issuer of an assignment for the benefit of creditors or the failure by the Issuer generally to pay its debts as such debts become due or the taking of corporate action by the Issuer in furtherance of any of the foregoing;

(h) the Note Balance exceeds zero on the Scheduled Termination Date unless such date has been extended in accordance with the terms hereof;

(i) the occurrence and continuation of a Servicer Default;

(j) The Internal Revenue Service or the PBGC shall have filed notice of one or more Adverse Claims against the Servicer, the Issuer or any of their ERISA Affiliates under ERISA or the Code, which constitutes a Lien on the Receivables, and such notice shall have remained in effect for more than thirty (30) Business Days unless, prior to the expiration of such period, such Adverse Claims shall have been adequately bonded by such Servicer, Issuer, or the ERISA Affiliate (as the case may be) in a transaction with respect to which the Controlling Party has given its prior written approval; or

(k) The Issuer or the Trust Estate shall have become subject to registration as an "investment company" within the meaning of the Investment Company Act as determined by a court of competent jurisdiction in a final and non-appealable order.

SECTION 9.09 ACCELERATION OF MATURITY; RESCISSION AND ANNULMENT.

If an Event of Default occurs and is continuing, then and in every such case, so long as such Event of Default has not been cured or waived pursuant hereto, the Trustee shall, upon the direction of the Controlling Party, by notice then given in writing to the Issuer, the Servicer and the Note Insurer, declare all of the Notes to be immediately due and payable and upon on any such declaration such Notes, in an amount equal to the Note Balance of such Notes, together with accrued and unpaid interest thereon to the date of such acceleration, and together with all unpaid Trustee Fees, Backup Servicing Fees, and Servicing Fees, shall become immediately due and payable.

At any time after such a declaration of acceleration of maturity of the Notes has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Note Insurer by written notice to the Issuer and the Trustee, may rescind and annul such declaration and its consequences if:

(a) the Issuer has paid or deposited with the Trustee a sum sufficient to pay:

(i) all payments of principal of, and interest on, all Notes and all other amounts which would then be due hereunder or upon such Notes if the Event of Default giving rise to such acceleration had not occurred; and

(ii) all sums paid by the Trustee hereunder and the reasonable compensation, expenses and disbursements of the Trustee, its agents and counsel; and

(b) all Events of Default, other than the nonpayment of the principal of Notes which have become due solely by such acceleration, have been cured or waived as provided in Section 9.21.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 9.10 COLLECTION OF INDEBTEDNESS AND SUITS FOR ENFORCEMENT BY TRUSTEE.

Subject to the following sentence, if an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Note Insurer and the Noteholders by any proceedings the Trustee deems appropriate to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Agreement or in aid of the exercise of any power granted herein, or enforce any other proper remedy. Any proceedings brought by the Trustee on behalf of the Note Insurer or the Noteholders or by the Note Insurer or any Noteholder against the Issuer shall be limited to the preservation, enforcement and foreclosure of the liens, assignments, rights and security interests under this Agreement and the other Transaction Documents and no attachment, execution or other suit or process shall be sought, issued or levied upon any assets, properties or funds of the Issuer, other than the Trust Estate relative to the Notes in respect of which such Event of Default has occurred. If there is a foreclosure of any such liens, assignments, rights and security interests under this Agreement, by private power of sale or otherwise, no judgment for any deficiency upon the indebtedness represented by the Notes may be sought or obtained by the Trustee or any Noteholder against the Issuer. The Trustee shall be entitled to recover the costs and expenses expended by it pursuant to this Section 9.10 including reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

SECTION 9.11 REMEDIES.

If an Event of Default shall have occurred and be continuing and the Notes have been declared due and payable and such declaration and its consequences have not been rescinded and annulled, the Trustee (subject to Section 9.24, to the extent applicable) shall, at the direction of the Controlling Party, and may (with the written consent of the Controlling Party) at its discretion, do one or more of the following:

(a) institute proceedings for the collection of all amounts then payable on the Notes, or under this Agreement or under any of the other Transaction Documents, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Issuer monies adjudged due, subject in all cases to the provisions of Section 9.10;

(b) in accordance with Section 9.24, sell the Trust Estate or any portion thereof or rights or interest therein, at one or more public or private Sales called and conducted in any manner permitted by law;

(c) institute proceedings from time to time for the complete or partial foreclosure of this Agreement with respect to the Trust Estate;

(d) exercise any remedies of a secured party under the UCC and take any other appropriate action to protect and enforce the rights and remedies of the Trustee, the Note Insurer or the Noteholders hereunder subject in all cases to the provisions of Section 9.10; and

(e) refrain from selling the Trust Estate and apply all Available Funds pursuant to Section 9.14.

SECTION 9.12 TRUSTEE MAY FILE PROOFS OF CLAIM.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, composition or other judicial proceeding relative to the Issuer or any other obligor upon any of the Notes or the property of the Issuer or of such other obligor or their creditors, the Trustee (irrespective of whether the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Issuer for the payment of any overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise to:

(a) file and prove a claim for the whole amount of principal and interest owing and unpaid in respect of the Notes and the Note Insurer Obligations and file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Noteholders allowed in such Proceeding, and

(b) collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any receiver, assignee, trustee, liquidator, or sequestrator (or other similar official) in any such proceeding is hereby authorized by each Noteholder and the Note Insurer to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Noteholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 10.07.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Noteholder or the Note Insurer any plan of reorganization, arrangement, adjustment or composition affecting any of the Notes or the rights of any Noteholder or the Note Insurer, or to authorize the Trustee to vote in respect of the claim of any Noteholder or the Note Insurer in any such Proceeding.

SECTION 9.13 TRUSTEE MAY ENFORCE CLAIMS WITHOUT POSSESSION OF NOTES.

All rights of action and claims under this Agreement or any of the Notes or any of the other Transaction Documents may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the Noteholders in respect of which such judgment has been recovered and shall be paid as provided in Section 9.14.

SECTION 9.14 APPLICATION OF MONEY COLLECTED.

If the Notes have been declared due and payable following an Event of Default and such declaration and its consequences have not been rescinded and annulled, any money collected by the Trustee with respect to such Notes pursuant to this Article or otherwise and any other monies that may then be held or thereafter received by the Trustee as security for such Notes shall be treated like Available Funds and applied as provided in Section 4.04(b).

SECTION 9.15 LIMITATION ON SUITS.

No Noteholder shall have any right to institute any proceedings, judicial or otherwise, with respect to this Agreement, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Noteholder has previously given written notice to the Trustee of a continuing Event of Default;

(b) the Noteholders representing not less than 25% of the Voting Interests shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder (and such request shall have not been rescinded);

(c) such Noteholders have offered to the Trustee indemnity in full against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding;

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Controlling Party; and

(f) for so long as no Insurer Default is then in effect, the Note Insurer shall have given its written consent to the Trustee to the pursuit by the Trustee of such remedies;

it being understood and intended that no one or more Noteholders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Agreement to affect, disturb or prejudice the rights of any other Noteholders or to obtain or to seek to obtain priority or preference over any other Noteholders or to enforce any right under this Agreement, except in the manner herein provided and for the equal and ratable benefit of all the Noteholders.

In the event the Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Noteholders, each representing less than 50% of the Voting Interests, and the Trustee shall not have received any conflicting or inconsistent requests and indemnity from the Note Insurer at such time, the Trustee in its sole discretion may determine what action, if any, shall be taken notwithstanding any other provision herein to the contrary.

SECTION 9.16 UNCONDITIONAL RIGHTS OF NOTEHOLDERS TO RECEIVE PRINCIPAL AND INTEREST.

Subject to the provisions in this Agreement (including Section 9.10) limiting the right to recover amounts due on a Note to recovery from amounts in the Trust Estate, the Noteholder shall have the right to the extent permitted by applicable law, which right is absolute and unconditional, to receive payment of principal of and interest on such Note on the Final Payment Date and to institute suit for the enforcement of any such payment and such right shall not be impaired without the consent of such Noteholder.

SECTION 9.17 RESTORATION OF RIGHTS AND REMEDIES.

If the Trustee, the Note Insurer or any Noteholder has instituted any proceeding to enforce any right or remedy under this Agreement and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Noteholder, then and in every such case the Issuer, the Trustee, the Note Insurer and the Noteholders shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Noteholders shall continue as though no such proceeding had been instituted.

SECTION 9.18 RIGHTS AND REMEDIES CUMULATIVE.

No right or remedy herein conferred upon or reserved to the Trustee, to the Note Insurer or to the Noteholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 9.19 DELAY OR OMISSION NOT WAIVER.

No delay or omission of the Trustee, of the Note Insurer or of any Noteholder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee, to the Note Insurer or to the Noteholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee, the Note Insurer or by the Noteholders, as the case may be.

SECTION 9.20 CONTROL BY CONTROLLING PARTY.

The Controlling Party shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee; provided that:

(a) such direction shall not be in conflict with any rule of law, with this Agreement or any inconsistent direction of the Controlling Party; and

(b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; provided, however, that, subject to Section 10.01, the Trustee need not take any action which it determines might involve it in liability or be unjustly prejudicial to the Noteholders not consenting.

SECTION 9.21 WAIVER OF PAST DEFAULTS.

The Controlling Party may on behalf of the Noteholders of all the Notes waive any past default hereunder and its consequences, except a default:

(a) in the payment of any installment of principal of or interest on, any Note; or

(b) in respect of a covenant or provision hereof which under Section 12.01 cannot be modified or amended without the consent of the Noteholders.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 9.22 UNDERTAKING FOR COSTS.

All parties to this Agreement agree, and each Noteholder by his acceptance of a Note hereunder shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Agreement, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 9.22 shall not apply to any suit instituted by the Trustee or the Note Insurer, to any suit instituted by any Noteholder, or group of Noteholders representing more than 30% of the Voting Interests, or to any suit instituted by any Noteholder for the enforcement of the payment of principal of or interest on any Note on the Final Maturity Date.

SECTION 9.23 WAIVER OF STAY OR EXTENSION LAWS.

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any

stay or extension of law wherever enacted, now or at any time hereafter in force, which may affect the covenants in, or the performance of, this Agreement; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 9.24 SALE OF TRUST ESTATE.

(a) The power to effect any Sale of any portion of the Trust Estate pursuant to Section 9.11 shall not be exhausted by any one or more Sales as to any portion of the Trust Estate remaining unsold, but shall continue unimpaired until the entire Trust Estate shall have been sold or all amounts payable on the Notes and under this Agreement with respect thereto, and all Note Insurer Obligations, shall have been paid. The Trustee may from time to time postpone any public Sale by public announcement made at the time and place of such Sale.

(b) To the extent permitted by law, the Trustee shall not in any private Sale sell or otherwise dispose of the Trust Estate, or any portion thereof, unless:

(i) the Controlling Party shall consent to, or direct the Trustee to make such Sale; or

(ii) to the extent that an Insurer Default is then in effect, the proceeds of such Sale would be not less than the sum of all amounts due to the Trustee hereunder and the entire amount which would be distributable to the Note Insurer and the Noteholders, in full payment thereof in accordance with Section 9.14, on the Payment Date next succeeding the date of such Sale, together with any amounts then owing to the Note Insurer.

The purchase by the Trustee of all or any portion of the Trust Estate at a private Sale shall not be deemed a Sale or disposition thereof for purposes of this Section 9.24(b).

(c) Unless the Controlling Party has otherwise consented or directed the Trustee, at any public Sale of all or any portion of the Trust Estate at which a minimum bid equal to or greater than the amount described in paragraph (ii) of subsection (b) of this Section 9.24 has not been established by the Trustee and no Person bids an amount equal to or greater than such amount, the Trustee shall prevent such sale and bid an amount at least \$1.00 more than the highest other bid in order to preserve the Trust Estate.

(d) In connection with a Sale of all or any portion of the Trust Estate:

(i) any of the Noteholders or the Note Insurer may bid for and purchase the property offered for Sale, and upon compliance with the terms of sale may hold, retain and possess and dispose of such property, without further accountability, and may, in paying the purchase money therefor, deliver any of the Notes or claims for interest thereon in lieu of cash up to the amount which shall, upon distribution of the Net Proceeds of such Sale, be payable thereon, and such Notes, in case the amounts so payable thereon shall be less than the amount

*Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

due thereon, shall be returned to the holders thereof after being appropriately stamped to show such partial payment;

(ii) the Trustee may bid for and acquire the property offered for Sale in connection with any public Sale thereof, and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting the gross Sale price against the sum of (A) the amount which would be distributable to the Noteholders and the Note Insurer as a result of such Sale in accordance with Section 9.14 on the Payment Date next succeeding the date of such Sale and (B) the expenses of the Sale and of any proceedings in connection therewith which are reimbursable to it, without being required to produce the Notes in order to complete any such Sale or in order for the net Sale price to be credited against such Notes, and/or the Note Insurer Obligations, and any property so acquired by the Trustee shall be held and dealt with by it in accordance with the provisions of this Agreement;

(iii) the Trustee shall execute and deliver an appropriate instrument of conveyance transferring its interest in any portion of the Trust Estate in connection with a Sale thereof;

(iv) the Trustee is hereby irrevocably appointed the agent and attorney-in-fact of the Issuer to transfer and convey its interest in any portion of the Trust Estate in connection with a Sale thereof, and to take all action necessary to effect such Sale; and

(v) no purchaser or transferee at such a Sale shall be bound to ascertain the Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

(e) Notwithstanding anything in this Agreement to the contrary, if an Event of Default specified in Section 9.08(a) is the Event of Default, or one of the Events of Default, on the basis of which the Notes have been declared due and payable, then the Trustee shall, at the direction of the Controlling Party, sell the Trust Estate without compliance with this Section 9.24.

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SECTION 9.25 ACTION ON NOTES.

The Trustee's right to seek and recover judgment under this Agreement shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Agreement. Neither the Lien of this Agreement nor any rights or remedies of the Trustee, the

Note Insurer or the Noteholders shall be impaired by the recovery of any judgment by the Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the Trust Estate.

SECTION 9.26 NO RECOURSE TO OTHER TRUST ESTATES OR OTHER ASSETS OF THE ISSUER.

The Trust Estate granted to the Trustee as security for the Notes serves as security only for the Notes. Holders of the Notes shall have no recourse against the trust estate granted as security for any other series of notes issued by the Issuer, and no judgment against the Issuer for any amount due with respect to the Notes may be enforced against either the trust estate securing any other series or any other assets of the Issuer, nor may any prejudgment lien or other attachment be sought against any such other trust estate or any other assets of the Issuer.

SECTION 9.27 LICENSE.

Servicer hereby licenses to each Successor Servicer on a non-exclusive basis, a copy of the Servicer's software currently in use by Servicer for the collection of accounts by Servicer, solely for the limited purpose of collecting the Receivables. The licensee shall have no right to copy the software or sub-license or assign this license except to another Successor Servicer. The licensee shall not be obligated to pay any royalty or other fee to Servicer for such license.

ARTICLE X.
THE TRUSTEE

SECTION 10.01 DUTIES OF TRUSTEE.

(a) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Agreement. The Trustee shall exercise such of the rights and powers vested in it by this Agreement and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs; provided, however, that if the Trustee in its capacity as Backup Servicer assumes the duties of the Servicer pursuant to Section 9.02 or 9.03, the Trustee in performing such duties shall use the degree of skill and attention customarily exercised by a servicer with respect to defaulted consumer receivables that it services for itself or others.

(b) The Trustee, upon receipt of all resolutions, certificates, statements, opinions, reports, documents, orders or other instruments furnished to the Trustee that shall be specifically required to be furnished pursuant to any provision of this Agreement shall examine them to determine whether they conform to the requirements of this Agreement.

(c) No provision of this Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, its own bad faith or its own willful misfeasance; provided, however, that:

(i) prior to the occurrence of a Servicer Default actually known to a Responsible Officer of the Trustee, and after the curing or waiving of all such Servicer Defaults that may have

occurred, the duties and obligations of the Trustee shall be determined solely by the express provisions of this Agreement, the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, no implied rights or obligations shall be read into this Agreement against the Trustee, the permissive right of the Trustee to do things enumerated in this Agreement shall not be construed as a duty and, in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Agreement;

(ii) the Trustee shall not be personally liable for an error of judgment made in good faith by a Responsible Officer of the Trustee, unless it shall be proved that the Trustee was negligent in performing its duties in accordance with the terms of this Agreement; and

(iii) the Trustee shall not be personally liable with respect to any action taken, suffered or omitted to be taken in good faith in accordance with

- 1) the direction or consent of the Note Insurer (to the extent that an Insurer Default is not then in effect), or
- 2) the direction of Noteholders evidencing not less than 25% of the Voting Interests (unless a different percentage is otherwise specifically set forth herein with respect to any applicable action), together with the written consent of the Note Insurer (to the extent that an Insurer Default is not then in effect),

in each case relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Agreement.

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

(e) Except for actions expressly authorized by this Agreement, the Trustee shall take no action reasonably likely to impair the security interests created or existing under any Receivable or to impair the value of any Receivable.

(f) All information obtained by the Trustee regarding the Obligors and the Receivables, whether upon the exercise of its rights under this Agreement or otherwise, shall be maintained by the Trustee in confidence and shall not be disclosed to any other Person, unless such disclosure is required by this Agreement or any applicable law or regulation.

SECTION 10.02 TRUSTEE'S CERTIFICATE.

On or as soon as practicable after each date on which the Servicer or Issuer acquires Removed Receivables, the Trustee, upon receipt of written notice of such acquisition, shall submit to the Servicer or the Issuer, as applicable, a Trustee's Certificate (substantially in the form attached hereto as Exhibit B), identifying the acquirer and the Receivables so acquired, executed by the Trustee and completed as to its date and the date of this Agreement, and accompanied by a copy of the Monthly Servicer Report and the Servicer's Remittance Date Certificate for the related Collection Period. The Trustee's Certificate submitted with respect to such Payment Date shall operate, as of such Payment Date, as an assignment without recourse, representation or warranty, to the Issuer or the Servicer, as the case may be, of all the Trustee's right, title and interest in and to such Removed Receivable and to the other property conveyed to the Trust Estate pursuant to Section 2.01 with respect to such Removed Receivable, and all security and documents relating thereto, such assignment being an assignment outright and not for security.

SECTION 10.03 TRUSTEE'S RELEASE OF REMOVED RECEIVABLES.

With respect to all Removed Receivables, the Trustee shall, by a Trustee's Certificate (substantially in the form attached hereto as Exhibit B), release all the Trustee's right, title and interest in and to each Removed Receivable and the other property included in the Trust Estate pursuant to Section 2.01 with respect to such Removed Receivable, and all security and any documents relating thereto; and the Issuer or the Servicer, as applicable, shall thereupon own each such Removed Receivable, and all such related security and documents, free of any further obligation to the Trustee or the Note Insurer or the Noteholders with respect thereto. If in any enforcement suit or legal proceeding it is held that the Servicer may not enforce a Removed Receivable on the ground that it is not a real party in interest or a holder entitled to enforce such Removed Receivable, the Trustee on behalf of the Note Insurer and the Noteholders shall, at the Servicer's written direction and expense, take such reasonable steps as the Trustee deems necessary to enforce the Removed Receivable, including bringing suit in the Trustee's name or the names of the Note Insurer or of the Noteholders.

SECTION 10.04 CERTAIN MATTERS AFFECTING THE TRUSTEE.

(a) Except as otherwise provided in Section 10.01:

(i) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, Officer's Certificate, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, appraisal, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

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

(iii) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement, or to institute, conduct or defend any litigation under this Agreement or in relation to this Agreement, at the request, order or direction of the Note Insurer or any of the Noteholders pursuant to the provisions of this Agreement, unless the Note Insurer or any such Noteholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby (the general obligation of an institutional investor that is investment grade rated being sufficient indemnity); nothing contained in this Agreement shall, however, relieve the Trustee of the obligations, upon the occurrence of a Servicer Default actually known to a Responsible Officer of the Trustee (that shall not have been cured or waived), to exercise such of the rights and powers vested in it by this Agreement, and to use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs;

(iv) the Trustee shall not be personally liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement;

(v) prior to the occurrence of a Servicer Default and after the curing or waiving of all Servicer Defaults that may have occurred, the Trustee shall not be bound to make any investigation into the facts of matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent order, approval, bond or other paper or document, unless requested in writing to do so by the Note Insurer or the Noteholders evidencing not less than 25% of the Voting Interests; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Agreement, the Trustee may require reasonable indemnity against such cost, expense or liability as a condition to so proceeding; the reasonable expense of every such examination shall be paid by the Issuer or, if paid by the Trustee, shall be reimbursed by the Issuer upon demand; and nothing in this clause shall derogate from the obligation of the Servicer to observe any applicable law prohibiting disclosure of information regarding the Obligors; and

(vi) the Trustee may execute any of the trusts or powers under this Agreement or perform any duties under this Agreement either directly or by or through agents or attorneys or a custodian and shall not be liable or responsible for the misconduct or negligence of any of its agents or attorneys or a custodian appointed with due care by the Trustee.

SECTION 10.05 LIMITATION ON TRUSTEE'S LIABILITY.

The Trustee makes no representations as to the validity or sufficiency of this Agreement or of the Notes (other than the certificate of authentication thereon, as applicable), or of any Receivable or related document. The Trustee shall have no obligation to perform any of the duties of the Issuer or the Servicer unless explicitly set forth in this Agreement. The Trustee shall at no time have any responsibility or liability for or with respect to the legality, validity and enforceability of any security interest in any Receivable, or the perfection and priority of such a

security interest or the maintenance of any such perfection and priority, or for or with respect to the efficacy of the Trust Estate or its ability to generate the payments to be paid to Noteholders and the Note Insurer under this Agreement, including without limitation the existence and contents of any Receivable or any computer file or other record thereof; the validity of the grant of a security interest in any Receivable to the Trustee or of any intervening assignment; the completeness of any Receivable; the performance or enforcement of any Receivable; the compliance by the Issuer or the Servicer with any covenant or the breach by the Issuer or the Servicer of any warranty or representation made under this Agreement or in any related document and the accuracy of any such warranty or representation prior to the Trustee's receipt of notice or other discovery of any noncompliance therewith or any breach thereof, any investment of monies by the Issuer or any loss resulting therefrom (it being understood that the Trustee shall remain responsible as Trustee for any property that it may hold as part of the Trust Estate); the acts or omissions of the Issuer, the Servicer or any Obligor; any action of the Servicer taken in the name of or as the agent of the Trustee; or any action by the Trustee taken at the instruction of the Servicer; provided however, that the foregoing shall not relieve the Trustee of its obligation to perform its duties under this Agreement. Except with respect to a claim based on the failure of the Trustee to perform its duties under this Agreement or based on the Trustee's gross negligence, willful misconduct or bad faith, no recourse shall be had for any claim based on any provision of this Agreement, the Notes or any Receivable or assignment thereof against the institution serving as Trustee in its individual capacity. The Trustee shall not have any personal obligation, liability or duty whatsoever to any Noteholder, the Note Insurer or any other Person with respect to any such claim, and any such claim shall be asserted solely against the Trust Estate or any indemnitor who shall furnish indemnity as provided in this Agreement. The Trustee shall not be accountable for the use or application by the Issuer of the Notes or the proceeds thereof, if any, or for the use or application of any funds paid to or collected by the Servicer in respect of the Receivables. The Trustee shall have no responsibility for filing any financing or continuation statement in any public office at any time or to otherwise perfect or maintain the perfection of any security interest or lien granted to it hereunder (unless the Trustee in its capacity as Backup Servicer shall have become the Successor Servicer) or to prepare or file any Securities and Exchange Commission filing with respect to the Notes or to record this Agreement.

The Trustee shall have no responsibility to determine whether any Funding Termination Event specified in clauses (e) or (f) of the definition of "Funding Termination Event" has occurred, or to determine whether any of the conditions precedent to a Funding have occurred except to the extent that a Responsible Officer of Trustee has knowledge that any such conditions have not been satisfied.

The recitals contained in this Agreement and in the Notes, except the certificates of authentication on the Notes, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness or completeness. The Trustee makes no representations as to the validity or condition of any Trust Estate or any part thereof, or as to the title of the Issuer thereto or as to the security afforded thereby or hereby, or as to the validity or genuineness of any securities at any time pledged and deposited with the Trustee hereunder or as to the validity or sufficiency of this Agreement or the Notes. The Trustee shall not be

accountable for the use or application by the Issuer of the Notes or the proceeds thereof or of any money paid to the Issuer under any provisions hereof.

The Trustee will not be responsible for any losses incurred in connection with investments in Permitted Investments made in accordance with the terms of this Agreement, other than losses arising out of the Trustee's gross negligence, bad faith or willful misconduct.

SECTION 10.06 TRUSTEE MAY OWN NOTES.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes. The Trustee in its individual or any other capacity may deal with the Issuer and the Servicer in banking transactions, with the same rights as it would have if it were not the Trustee.

SECTION 10.07 TRUSTEE'S FEES AND EXPENSES.

The Trustee shall be entitled to reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) for all services rendered by it in the execution of the trusts created by this Agreement and in the exercise and performance of any of the powers and duties of the Trustee under this Agreement, which shall equal the Trustee Fee, paid as provided in Section 4.04, and payment or reimbursement for all reasonable expenses and disbursements (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) incurred or made by the Trustee in defense of any action brought against it in connection with this Agreement except any such expense or disbursement as may arise from its gross negligence, willful misfeasance or bad faith or that is the responsibility of Noteholders under this Agreement. Additionally, the Servicer, pursuant to Section 8.02, shall indemnify the Trustee with respect to certain matters.

SECTION 10.08 INDEMNITY OF TRUSTEE, BACKUP SERVICERS AND SUCCESSOR SERVICER.

Upon the appointment of a Backup Servicer or a Successor Servicer pursuant to Section 9.02 or 9.03, such Backup Servicer, Successor Servicer and the Trustee and their respective agents and employees shall be indemnified by the Trust Estate and held harmless against any loss, liability, or expense (including reasonable attorney's fees and expenses) arising out of or incurred in connection with the acceptance of performance of the trusts and duties contained in this Agreement to the extent that (i) the Successor Servicer, Backup Servicer or the Trustee, as the case may be, shall not be indemnified for such loss, liability or expense by the Servicer pursuant to Section 9.02 or 9.03; (ii) such loss, liability, or expense shall not have been incurred by reason of the Successor Servicer's, the Backup Servicer's or the Trustee's willful misfeasance, bad faith or gross negligence; and (iii) such loss, liability or expense shall not have been incurred by reason of the Successor Servicer's, the Backup Servicer's or the Trustee's breach of its respective representations and warranties pursuant to Sections 9.02, 9.03, 10.09 and 10.14, respectively.

The Successor Servicer, the Backup Servicer and/or the Trustee shall be entitled to the indemnification provided by this Section only to the extent all amounts due the Servicer, the

Note Insurer and all Noteholders pursuant to Section 4.04 have been paid in full and all amounts required to be deposited in the Reserve Account with respect to any Payment Date pursuant to Section 4.05 have been so deposited.

SECTION 10.09 ELIGIBILITY REQUIREMENTS FOR TRUSTEE.

Except as otherwise provided in this Agreement, the Trustee under this Agreement shall at all times be a bank having its corporate trust office in the same state (or the District of Columbia or the Commonwealth of Puerto Rico) as the location of the Corporate Trust Office as specified in this Agreement; organized and doing business under the laws of such state (or the District of Columbia or the Commonwealth of Puerto Rico) or the United States; authorized under such laws to exercise corporate trust powers; having a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal or state authorities; and shall have the highest available long-term unsecured debt rating by the Required Rating Agencies then providing such a rating or be otherwise acceptable to the Rating Agency and the Controlling Party, as evidenced by a letter to such effect from the Rating Agency (which acceptance may be evidenced in the form of a letter, dated on or shortly before the Closing Date, assigning an initial rating to the Notes) and the Note Insurer (as applicable).

If the Trustee shall publish reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purpose of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 10.10.

SECTION 10.10 RESIGNATION OR REMOVAL OF TRUSTEE.

(a) The Trustee may at any time resign and be discharged from the trusts created by this Agreement by giving at least 30 days' prior written notice thereof to the Servicer, the Note Insurer and the Noteholders. Upon receiving such notice of resignation, the Servicer shall promptly appoint a successor Trustee acceptable to the Noteholders and the Note Insurer by written instrument, in duplicate, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor Trustee. If no successor Trustee shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) If at any time the Trustee shall cease to be eligible in accordance with the provisions of Section 10.09 and shall fail to resign after written request therefor by the Servicer or the Controlling Party, or if at any time the Trustee shall be legally unable to act, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then the Controlling Party may remove the Trustee. If the Trustee is removed under the authority of the immediately preceding sentence, the Servicer shall promptly appoint a successor Trustee acceptable to the Controlling

Party, by written instrument, in duplicate, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor Trustee, and pay all fees owed to the outgoing Trustee.

(c) Any resignation or removal of the Trustee and appointment of a successor Trustee pursuant to any of the provisions of this Section shall not become effective until acceptance of appointment by the successor Trustee as provided in Section 10.11. The Servicer shall give the Rating Agency, the Placement Agent, the Note Insurer and the Noteholders notice of any such resignation or removal of the Trustee and appointment and acceptance of a successor Trustee.

SECTION 10.11 SUCCESSOR TRUSTEE.

Any successor Trustee appointed as provided in Section 10.10 shall execute, acknowledge and deliver to the Servicer and to its predecessor Trustee an instrument accepting such appointment under this Agreement, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all the rights, powers, duties and obligations of its predecessor under this Agreement, with like effect as if originally named as Trustee. The predecessor Trustee shall deliver to the successor Trustee all documents and statements held by it under this Agreement; and the Servicer, the Note Insurer and the predecessor Trustee shall execute and deliver such instruments and do such other things as may reasonably be required for fully and certainly vesting and confirming in the successor Trustee all such rights, powers, duties and obligations. No successor Trustee shall accept appointment as provided in this Section unless at the time of such acceptance such successor Trustee shall be eligible under the provisions of Section 10.09. Upon acceptance of appointment by a successor Trustee as provided in this Section, the Servicer shall mail notice of the successor of such Trustee under this Agreement to all Noteholders at their addresses as shown in the Note Register and shall give notice by mail to the Rating Agency and the Placement Agent and the Note Insurer. If the Servicer fails to mail such notice within ten (10) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Servicer.

SECTION 10.12 MERGER OR CONSOLIDATION OF TRUSTEE.

Any corporation (i) into which the Trustee may be merged or consolidated, (ii) which may result from any merger, conversion, or consolidation to which the Trustee shall be a party or (iii) which may succeed to all or substantially all the corporate trust business of the Trustee, which corporation executes an agreement of assumption to perform every obligation of the Trustee under this Agreement, shall be the successor of the Trustee hereunder, provided such corporation shall be eligible pursuant to Section 10.09, without the execution or filing of any instrument or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. Notice of any such merger shall be given by the Trustee to the Rating Agency, the Placement Agent and the Noteholders and the Note Insurer.

Notwithstanding any other provisions of this Agreement, at any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the Servicer and the Trustee acting jointly shall have the power and shall execute and deliver all instruments to appoint one or more Persons approved by the Trustee to act as co-trustee, jointly with the Trustee or separate trustee or separate trustees, of all or any part of the Trust Estate, and to vest in such Person, in such capacity and for the benefit of the Noteholders and the Note Insurer, such title to the Trust Estate, or any part thereof, and, subject to the other provisions of this Section, such powers, duties, obligations, rights and trusts as the Servicer and the Trustee may consider necessary or desirable. If the Servicer shall not have joined in such appointment within 15 days after the receipt by it of a request so to do, or in the case a Servicer Default shall have occurred and be continuing, the Trustee alone shall have the power to make such appointment. Each co-trustee or separate trustee under this Agreement shall be required to meet the terms of eligibility as a successor trustee pursuant to Section 10.09 but no notice of a successor Trustee pursuant to Section 10.11 and no notice to Noteholders or the Note Insurer of the appointment of any co-trustee or separate trustee shall be required pursuant to Section 10.11.

Each separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed (whether as Trustee under this Agreement or as successor to the Servicer under this Agreement), the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Trust Estate or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee;

(ii) no trustee under this Agreement shall be personally liable by reason of any act or omission of any other trustee under this Agreement;

(iii) the Servicer and the Trustee acting jointly (or during the continuation of a Servicer Default, the Trustee alone) may at any time accept the resignation of or remove any separate trustee or co-trustee; and

(iv) the Trustee shall remain primarily liable for the actions of any separate trustees and co-trustee.

Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Agreement and the conditions of this Section. Each separate trustee and co-trustee, upon its

acceptance of the rights conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Agreement, including, but not limited to, every provision of this Agreement relating to the conduct of, affecting the liability of, or affording protection to, the Trustee. Each such instrument shall be filed with the Trustee and a copy thereof given to the Servicer.

Any separate trustee or co-trustee may at any time appoint the Trustee its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Agreement on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee. Notwithstanding anything to the contrary in this Agreement, the appointment of any separate trustee or co-trustee shall not relieve the Trustee of its obligations and duties under this Agreement.

SECTION 10.14 REPRESENTATIONS AND WARRANTIES OF TRUSTEE.

The Trustee hereby makes the following representations and warranties on which the Issuer and the Noteholders are relying:

(i) Organization and Good Standing. The Trustee is a national banking association duly organized, validly existing and in good standing;

(ii) Power and Authority. The Trustee has full power, authority and right to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(iii) No Violation. The execution, delivery and performance by the Trustee of this Agreement (a) shall not violate any provision of any law governing the banking and trust powers of the Trustee or, to the best of the Trustee's knowledge, any order, writ, judgment, or decree of any court, arbitrator, or governmental authority applicable to the Trustee or any of its assets, (b) shall not violate any provision of the charter or bylaws of the Trustee, and (c) shall not violate any provision of, or constitute, with or without notice or lapse of time, a default under, or result in the creation or imposition of any Lien on any properties included in the Trust Estate pursuant to the provisions of any mortgage, indenture, contract, agreement or other undertaking to which it is a party, which violation, default or Lien could reasonably be expected to materially and adversely affect the Trustee's performance or ability to perform its duties under this Agreement or the transactions contemplated in this Agreement;

(iv) No Authorization Required. The execution, delivery and performance by the Trustee of this Agreement shall not require the authorization, consent, or approval of, the giving of notice to, the filing or registration with, or the taking of any other action in respect of, any governmental authority or agency regulating the banking and corporate trust activities of the Trustee; and

(v) Duly Executed. This Agreement shall have been duly executed and delivered by the Trustee and shall constitute the legal, valid, and binding agreement of the Trustee, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general principles of equity.

SECTION 10.15 TAX RETURNS.

In the event the Trustee shall be required to file tax returns on behalf of the Trust Estate, the Servicer shall prepare or shall cause to be prepared any tax returns required to be filed by the Trust Estate and shall remit such returns to the Trustee for signature at least five days before such returns are due to be filed. The Trustee, upon request, shall furnish the Servicer with all such information known to the Trustee as may be reasonably required in connection with the preparation of all tax returns of the Trust Estate, and shall, upon request, execute such returns.

SECTION 10.16 TRUSTEE MAY ENFORCE CLAIMS WITHOUT POSSESSION OF NOTES.

All rights of action and claims under this Agreement or the Notes may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as Trustee. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses and disbursements of the Trustee, its agents and counsel, be for the ratable benefit of the Note Insurer and the Noteholders in respect of which such judgment has been obtained, in the order of priority specified in Section 4.04(b).

SECTION 10.17 SUIT FOR ENFORCEMENT.

If a Servicer Default shall occur and be continuing, the Trustee, in its discretion may, subject to the provisions of Section 10.01, proceed to protect and enforce its rights and the rights of the Note Insurer and the Noteholders under this Agreement by a suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Agreement or in aid of the execution of any power granted in this Agreement or for the enforcement of any other legal, equitable or other remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee, the Note Insurer or the Noteholders.

SECTION 10.18 RIGHTS OF CONTROLLING PARTY TO DIRECT TRUSTEE.

The Controlling Party shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; provided however, that subject to Section 10.01, the Trustee shall have the right to decline to follow any such direction if the Trustee being advised by counsel determines that the action so directed may not lawfully be taken, or if the Trustee in good faith shall, by a Responsible Officer of the Trustee, determine that the proceedings so directed would be illegal or subject it to personal liability or be unduly prejudicial to the rights of the Note Insurer or Noteholders not parties to such direction; provided, further, however, that

nothing in this Agreement shall impair the right of the Trustee to take any action deemed proper by the Trustee and which is not inconsistent with such direction by the Controlling Party.

SECTION 10.19 CONFIDENTIAL INFORMATION.

The Trustee acknowledges that, in the course of meeting its respective duties and obligations under this Agreement, it may obtain Proprietary Information relating to the Servicer or the Issuer. Such Proprietary Information may include, but is not limited to, non-public trade secrets, know how, invention techniques, processes, programs, schematics, source documents, data, and financial information. The Trustee shall at all times, both during the term of this Agreement and for a period of three (3) years after its termination, keep in trust and confidence all such Proprietary Information, and shall not use such Proprietary Information other than in the course of its duties under this Agreement, nor shall the Trustee disclose any such Proprietary Information without the written consent of the Servicer or the Issuer unless legally required to disclose such information. The Trustee further agrees to immediately return all Proprietary Information (including copies thereof) in its possession, custody, or control upon termination of this Agreement for any reason.

The Trustee shall not disclose, advertise or publish the existence or the terms or conditions of this Agreement without prior written consent of the Servicer or the Issuer. Notwithstanding the foregoing, this Section 10.19 shall not prohibit disclosure of information that is required to be disclosed by the Trustee pursuant to federal or state laws or regulation. Notwithstanding any provision of this Agreement to the contrary, this Section 10.19 shall not prohibit disclosure of any Proprietary Information that is required to be disclosed to a judicial, administrative or governmental proceeding to disclose any Proprietary Information, nor shall it prohibit disclosure of information that is required in the event of a Servicer Default. In particular the Trustee agrees that it shall not, without the prior consent of the Servicer or the Issuer, disclose the existence of this Agreement or any of the terms herein to any Person other than counsel to the Trustee or an employee or director of the Trustee with a need to know in order to implement this Agreement and only if such employee or director or counsel agrees to maintain the confidentiality of this Agreement. The parties hereto agree that the Servicer and/or the Issuer shall have the right to enforce these nondisclosure provisions by an action for specific performance filed in any court of competent jurisdiction in the State of Kansas or Arizona.

ARTICLE XI.

REDEMPTION; PARTIAL PREPAYMENT; FULL REPAYMENT

SECTION 11.01 REDEMPTION AT THE OPTION OF THE ISSUER; ELECTION TO REDEEM.

The Issuer shall have the option to redeem the Notes in full on any Payment Date. The election of the Issuer to redeem the Notes pursuant to this Section shall be evidenced by delivery to the Trustee no later than the last Business Day of the month preceding the month in which the Payment Date as of which such redemption will be effected occurs of an Officer's Certificate of the Issuer stating the Issuer's intention to redeem the Notes and specifying the Redemption

Amount therefor. No prepayment premium or penalty is payable with respect to any such redemption.

SECTION 11.02 DEPOSIT OF REDEMPTION AMOUNT.

In the case of any redemption pursuant to Section 11.01, the Issuer shall, on or before the Remittance Date preceding the Payment Date on which such redemption is to be effected, deposit in the Note Payment Account, pursuant to Section 4.03, an amount equal to the Redemption Amount, and the lien, rights and interests created hereby shall cease to be of further effect, subject to Section 2.11. The Redemption Amount shall be paid as provided in Section 4.04(b).

SECTION 11.03 NOTICE OF REDEMPTION BY THE TRUSTEE.

Upon receipt of notice from the Issuer of its election to redeem the Notes pursuant to Section 11.01 and deposit by the Issuer of the Redemption Amount pursuant to Section 11.02, the Trustee shall provide notice of redemption of the Notes by first class mail, postage prepaid, mailed no later than the Business Day following the date on which such deposit was made, to the Note Insurer at its address herein and to each Noteholder at such Noteholder's address as listed in the Note Register. Notice of redemption of Notes shall be given by the Trustee in the name and at the expense of the Issuer, as applicable.

SECTION 11.04 SURRENDERING OF NOTES.

Each Noteholder shall surrender its Note within fourteen (14) days after receipt of the final payment due in connection therewith. Each Noteholder, by its acceptance of the final payment with respect to its Note, will be deemed to have relinquished any further right to receive payments under this Agreement and any interest in the Trust Estate. Each Noteholder shall indemnify and hold harmless the Issuer, the Trustee, the Note Insurer and any other Person against whom a claim is asserted in connection with such Noteholder's failure to tender the Note to the Trustees for cancellation.

SECTION 11.05 PARTIAL PREPAYMENT AT THE OPTION OF THE ISSUER.

The Issuer shall have the option to partially prepay the Note Balance on any Business Day which is the last day of a Note Rate Period, and to obtain a release of the Trustee's security interest in Receivables from one or more of the Pools, provided that (a) no Funding Termination Event shall have occurred and be continuing either before or after giving effect to such prepayment and release, (b) all representations and warranties contained in Section 2.04 shall be true and correct with respect to all Remaining Receivables after giving effect to such prepayment and release, and (c) Issuer shall receive the proceeds necessary to effect such prepayment from proceeds of a sale of all of the Receivables in one or more Pools. For the avoidance of doubt, only sales of whole Pools and optional prepayments resulting therefrom are permitted hereunder; nothing contained herein shall permit the sale or release of Receivables constituting only a portion of any Pool. The election of the Issuer to partially prepay the Notes pursuant to this Section shall be evidenced by delivery to the Trustee and the Noteholders and the Note Insurer

no later than three Business Days preceding the date on which such prepayment will be effected of an Officer's Certificate of the Issuer stating the Issuer's intention to partially prepay the Notes, specifying the Minimum Repayment Amount therefor and the portion payable to each Noteholder, identifying the Prepaid Receivables, and identifying the transaction which will provide proceeds to the Issuer in order to effect the prepayment. No prepayment premium or penalty is payable with respect to any such prepayment. Midland hereby warrants and agrees that Prepaid Receivables will not be disposed of for the primary purpose of recognizing gains or decreasing losses resulting from market value changes.

SECTION 11.06 FULL PREPAYMENT AT THE OPTION OF THE ISSUER.

The Issuer shall have the option to prepay in full the Note Balance on any Business Day which is the last day of a Note Rate Period, and to obtain a release of the Trustee's security interest from all Pools then subject to this Agreement, without redeeming the Notes and without terminating the obligation of the Noteholders to make Fundings. The election of the Issuer to prepay the Note Balance in full pursuant to this Section shall be evidenced by delivery to the Trustee and the Noteholders and the Note Insurer no later than three Business Days preceding the date on which such prepayment will be effected of an Officer's Certificate of the Issuer stating the Issuer's intention to prepay the Note Balance in full plus accrued interest and expenses and specifying the Prepayment Amount therefor and the portion payable to each Noteholder. No prepayment premium or penalty is payable with respect to any such prepayment.

SECTION 11.07 DEPOSIT AND PAYMENT OF PREPAYMENT AMOUNT.

In the case of any prepayment pursuant to Section 11.05 or 11.06, the Issuer shall by the Prepayment Date, deposit in the Note Payment Account pursuant to Section 4.03 an amount equal to the Prepayment Amount, or if the Prepayment Date is also a Payment Date, then the Issuer shall deposit in the Note Payment Account an amount in excess of the amount already on deposit in the Note Payment Account necessary to pay the Prepayment Amount. The Prepayment Amount shall be paid by the Trustee to the Noteholders on the Prepayment Date, pro rata based on their respective Note Balances. The Servicer shall on the Prepayment Date instruct the Trustee to distribute to each Noteholder of record on the Record Date prior to the Prepayment Date by wire transfer of immediately available funds, the amount to be paid to such Noteholder in respect of its Note on such date.

SECTION 11.08 RELEASE OF SECURITY INTEREST.

Whenever an amount sufficient to pay the Prepayment Amount has been paid to the Noteholders in connection with a partial prepayment or a prepayment in full, and the Issuer has delivered to the Trustee an Officer's Certificate of the Issuer stating that all conditions precedent herein for the release of the security interest in the Prepaid Receivables have been complied with, then this Agreement and the lien, rights and interests created hereby shall cease to be of further force and effect with respect to the Prepaid Receivables, and the Trustee shall, at the expense of the Issuer, execute and deliver all such instruments as may be necessary to acknowledge the satisfaction and discharge of and release of the liens granted under this Agreement with respect to such Prepaid Receivables. Without limiting the generality of the foregoing, the Trustee will

sign and deliver to the Issuer an undertaking in such form as the Issuer may request (i) which evidences the release of the Trustee's security interest in the Prepaid Receivables subject only to the receipt by the Trustee in the Note Payment Account of an amount to be specified in such undertaking, which amount must be at least equal to the Prepayment Amount, and (ii) under which the Trustee agrees to sign and deliver such termination statements as the Issuer may request which terminate of record the Trustee's security interest in the Prepaid Receivables.

ARTICLE XII.
MISCELLANEOUS PROVISIONS

SECTION 12.01 AMENDMENT.

(a) This Agreement may be amended by the Issuer, the Servicer and the Trustee, without the consent of the Note Insurer or any of the Noteholders, to cure any ambiguity, to correct or supplement any provision in this Agreement which may be inconsistent with any other provision of this Agreement, to add, change or eliminate any other provision of this Agreement with respect to matters or questions arising under this Agreement that shall not be inconsistent with the provisions of this Agreement or to add or provide for any credit enhancement (other than the Policy) provided that any such action shall not, as evidenced by an Officer's Certificate of the Issuer delivered to the Trustee and the Note Insurer by the Issuer, adversely affect in any material respect the interests of the Note Insurer or the Noteholders and that in connection with any such amendment, the Servicer shall deliver to the Trustee a letter from the Rating Agency to the effect that such amendment will not cause the then current rating on the Notes to be qualified, reduced or withdrawn (without giving effect to the Policy).

(b) This Agreement may also be amended from time to time by the Issuer, the Servicer and the Trustee, and the Note Insurer, with the consent of Noteholders evidencing not less than 66-2/3% of the Voting Interests (which consent of any Noteholder given pursuant to this Section or pursuant to any other provision of this Agreement shall be conclusive and binding on such Noteholder and on all future holders of such Note and of any Note issued upon the transfer thereof or in exchange thereof or in lieu thereof whether or not notation of such consent is made upon the Note), for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement, or of modifying in any manner the rights of such Noteholders; provided, however, that no such amendment shall (i) except as otherwise provided in Section 12.01(a), reduce in any manner the amount of, or delay the timing of, any payments that shall be required to be made on any Note or deposits of amounts to be so paid or the Required Reserve Amount of the Reserve Account without the consent of each Noteholder (provided that an amendment of the terms of a Servicer Default shall not be deemed to be within the scope of this clause (i)); (ii) change the definition or the manner of calculating the interest accrued on the Notes without the consent of each Noteholder; (iii) reduce the aforesaid percentage of the Voting Interest required to consent to any such amendment, without the consent of each Noteholder; or (iv) adversely affect the rating of the Notes by the Rating Agency without the consent of Noteholders evidencing not less than 66 2/3% of the Voting Interests (but excluding for purposes of such calculation and action all Notes held by the Issuer, the Servicer or any of their affiliates).

(c) Prior to the execution of any amendment or consent thereto pursuant to this Section 12.01, the Trustee shall furnish written notification of the substance of such amendment or consent to the Rating Agency and the Placement Agent.

(d) Promptly after the execution of any amendment or consent thereto pursuant to Section 12.01(b), the Trustee shall furnish written notification of the substance of such amendment or consent to each Noteholder. It shall not be necessary for the consent of Noteholders pursuant to Section 12.01(b) to approve the particular form of any proposed amendment or consent, but it shall be sufficient if such consent shall approve the substance thereof. The manner of obtaining such consents and of evidencing the authorization by Noteholders of the execution thereof shall be subject to such reasonable requirements as the Trustee may prescribe.

(e) Prior to the execution of any amendment to this Agreement, the Trustee shall be entitled to receive and rely upon an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Agreement. The Trustee may, but shall not be obligated to, enter into any such amendment which affects the Trustee's own rights, duties or immunities under this Agreement or otherwise.

(f) There will be no change in the identity of the Servicer, the Backup Servicer or the Trustee without the prior written consent of the Controlling Party, subject to the rights of the Backup Servicer and the Trustee to resign in accordance with the provisions of this Agreement.

(g) This Agreement may be amended by the Issuer, the Servicer, the Trustee and the Note Insurer with the consent of Noteholders with Voting Interests equal to at least 51% of all outstanding Voting Interests to make any change required to minimize the possibility of classification of the Issuer as a "publicly traded partnership" within the meaning of Code Section 7704(b), assuming for purposes of the foregoing that the Trust were classified as a partnership for federal or state income tax purposes and not solely as a security device for such purposes. Further, this Agreement may be amended by the Issuer, the Servicer, the Trustee and the Note Insurer without the consent of the Noteholders to minimize the restrictions on transfers of the Notes described in Section 6.03(h) if the Issuer, in reliance upon an Opinion of Counsel delivered to the Trustee and the Note Insurer, determines that such amendment would not otherwise result in classification of the Trust or render the Trust susceptible to classification as a "publicly traded partnership" within the meaning of Code Section 7704(b) assuming for purposes of the foregoing that the Trust were classified as a partnership for federal or state income tax purposes and not solely as a security device for such purposes.

SECTION 12.02 PROTECTION OF SECURITY INTEREST IN TRUST ESTATE.

(a) Either of the Issuer or the Servicer or both shall execute and file such financing statements and cause to be executed and filed such continuation and other statements, all in such manner and in such places as may be required by law fully to preserve, maintain and protect the interests of the Note Insurer, the Noteholders and the Trustee under this Agreement in the Receivables and in the proceeds thereof. Each of the Issuer and the Servicer shall deliver (or cause to be delivered) to the Trustee file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing.

(b) Neither the Issuer nor the Servicer shall change its name, identity or organizational structure in any manner that would, could or might make any financing statement or continuation statement filed in accordance with paragraph (a) above seriously misleading within the meaning of Section 9-402(7) of the UCC, unless it shall have given the Trustee at least thirty (30) days' prior written notice thereof and shall have filed prior to such change appropriate amendments to all such previously filed financing statements or continuation statements.

(c) The Servicer shall maintain accounts and records as to each Receivable accurately and in sufficient detail to permit (i) the reader thereof to know at any time the status of such Receivable, including payments and recoveries made and payments owing (and the nature of each, if applicable) and (ii) reconciliation between payments or recoveries on (or with respect to) each Receivable and the amounts from time to time deposited in the Accounts (or any of them) in respect of such Receivables.

(d) The Servicer shall maintain its computer records so that, from and after the time of the granting of the security interest under this Agreement of the Receivables to the Trustee, the Servicer's master computer records (including any back-up archives) that refer to any Receivables indicate clearly the interest of the Trustee in such Receivables and that the Receivable is held by the Trustee on behalf of the Note Insurer and the Noteholders. Indication of the Trustee's interest in a Receivable shall be deleted from or modified on the Servicer's computer records when, and only when, the Receivable has been paid in full, acquired or assigned pursuant to this Agreement.

(e) If at any time Issuer or Servicer propose to assign, convey, grant a security interest in, or otherwise transfer any interest in defaulted consumer receivables to any prospective purchaser, lender or other transferee, the Servicer shall give to such prospective acquirer, lender or other transferee computer tapes, records or print-outs (including any restored from back-up archives) that, if they refer in any manner whatsoever to any Receivable, indicate clearly that such Receivable is subject to a security interest in favor of the Trustee unless such Receivable has been paid in full, acquired or assigned pursuant to this Agreement.

(f) The Servicer shall permit the Trustee and its agents, upon not less than two Business Days' prior written notice and during normal business hours, to inspect, audit and make copies of and abstracts from the Servicer's records regarding any Receivables then or previously included in the Trust Estate. Nothing in this Section shall impair the obligation of the Servicer to observe any applicable law prohibiting disclosure of information regarding the Obligors, and the failure of the Servicer to provide access as provided in this Section as a result of such obligation shall not constitute a breach of this Section.

(g) Upon request, the Servicer shall furnish to the Trustee and/or the Note Insurer, within five Business Days of such request, a list of all Receivables (by account number and name of Obligor) then held as part of the Trust Estate.

(h) The Servicer shall deliver to the Trustee, promptly after the execution and delivery of each amendment to any financing statement, an Opinion of Counsel stating that, in the opinion of such counsel, either (i) all financing statements and continuation statements have been

executed and filed that are necessary fully to preserve and protect the interest of the Trustee in the Receivables, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (ii) no such action is necessary to preserve and protect such interest.

SECTION 12.03 LIMITATION OF RIGHTS OF NOTEHOLDERS.

(a) The death or incapacity of any Noteholder shall not operate to terminate this Agreement or the Trust Estate, nor entitle its legal representatives or heirs to claim an accounting or to take any action or commence any proceeding in any court for a partition or winding up of the Trust Estate, nor otherwise affect the rights, obligations and liabilities of the parties to this Agreement or any of them.

(b) No Noteholder shall have any right to vote (except as expressly provided in this Agreement) or in any manner otherwise control the operation and management of the Trust Estate, or the obligations of the parties to this Agreement, nor shall anything set forth in this Agreement, or contained in the terms of the Notes, be construed so as to constitute the Noteholders from time to time as partners or members of an association; nor shall any Noteholder be under any liability to any third person by reason of any action pursuant to any provision of this Agreement.

SECTION 12.04 GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York and the obligations, rights and remedies of the parties under this Agreement shall be determined in accordance with such laws.

SECTION 12.05 NOTICES.

All demand, notices and communications under this Agreement shall be in writing, and either personally delivered, mailed by certified mail, return receipt requested, or sent by facsimile transmission, and shall be deemed to have been duly given upon receipt (i) in the case of the Issuer or the Servicer, to the agent for service as specified in Section 2.10 of this Agreement, or at such other address as shall be designated by the Issuer or the Servicer in a written notice to the Trustee; (ii) in the case of the Trustee, at the Corporate Trust Office; (iii) in the case of the Rating Agency at 25 Broadway, New York, New York 1004, and (iv) in the case of the Note Insurer, at 335 Madison Avenue, 25th Floor, New York, New York 10017 (Fax: (212) 682-5377). Any notice required or permitted to be mailed to a Noteholder shall be given by first class mail, postage prepaid, at the address of such Noteholder as shown in the Note Register. Any notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Noteholder shall receive such notice.

SECTION 12.06 SEVERABILITY OF PROVISIONS; COUNTERPARTS.

(a) If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid or unenforceable in any jurisdiction,

then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement or the Notes, or the rights of the Noteholders.

(b) This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed to be an original, and all of which shall constitute but one and the same instrument.

SECTION 12.07 ASSIGNMENT.

Notwithstanding anything to the contrary contained in this Agreement, except as provided in Sections 7.04 and 8.03 and as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the Issuer or the Servicer without the prior written consent of the Note Insurer and Noteholders evidencing not less than 66-2/3% of the Voting Interests.

SECTION 12.08 NO PETITION.

Each of the Servicer and the Trustee and the Note Insurer covenants and agrees that prior to the date which is one year and one day after the termination of this Agreement, it will not institute against, or join any other Person in instituting against, the Issuer any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding or other proceedings under any federal or state bankruptcy or similar law. Notwithstanding the foregoing, nothing herein shall be deemed to prohibit the Trustee from filing proofs of claim or otherwise participating in any such proceeding instituted by another person. This Section 12.08 shall survive the termination of this Agreement or the termination of the Servicer or the Trustee, as the case may be, under this Agreement.

SECTION 12.09 NOTEHOLDER DIRECTION.

Notwithstanding anything to the contrary contained in this Agreement, provided the Trustee has sent out notices to Noteholders in accordance with this Agreement, the Trustee may act as directed by a majority of the outstanding Noteholders (but only to the extent the Noteholders are entitled under this Agreement to so direct the Trustee with respect to such action) responding in writing to the request contained in such notice; provided, however, that Noteholders representing at least 66-2/3% of the outstanding principal balance of the Notes as of the time such notice is sent to Noteholders must have responded to such notice from the Trustee. In addition, the Trustee shall not have any liability to any Noteholder with respect to any action taken pursuant to such notice if the Noteholder does not respond to such notice within the time period set forth in such Notice.

SECTION 12.10 NO SUBSTANTIVE REVIEW OF COMPLIANCE DOCUMENTS.

Other than as specifically set forth in this Agreement, any reports, information or other documents provided to the Trustee are for purposes only of enabling the sending party to comply

with its document delivery requirements hereunder and the Trustee's receipt of any such information shall not constitute constructive or actual notice of any information contained therein or determinable from any information contained therein, including the Issuer's or the Servicer's compliance with any of its covenants, representations or warranties hereunder.

SECTION 12.11 PREVENTION OF TRADING OF NOTES.

The Servicer shall, to the extent practicable and in an effort to reduce the likelihood of classification of the Trust as "publicly traded partnership" (within the meaning of Code Section 7704(b)), assuming that the Trust were classified as a partnership for federal or state income tax purposes and not solely as a security device for such purposes, take all steps necessary to prevent the trading of Notes on an "established securities market" (within the meaning of United States Treasury Regulations Section 1.7704-1(b)) or other trading of Notes that is comparable, economically, to trading on an "established securities market."

* * * *

[signatures appear on next page]

IN WITNESS WHEREOF, the parties have caused this Indenture and Servicing Agreement to be duly executed by their respective officers as of the day and year first above written.

MIDLAND FUNDING 98-A CORPORATION,
as Issuer

By: /s/ Ronald W. Bretches

Name: Ronald W. Bretches

Title: Treasurer

MIDLAND CREDIT MANAGEMENT, INC., as Servicer

By: /s/ Ronald W. Bretches

Name: Ronald W. Bretches

Title: Sr. Vice President

NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION,
not in its individual capacity, but solely as
Trustee and as Backup Servicer

By: /s/ Bruce Wandersee

Name: Bruce Wandersee

Title: Assistant Vice President

ASSET GUARANTY INSURANCE COMPANY

By: /s/ Scott Mangan

Name: Scott Mangan

Title: Vice President

THIS EXHIBIT CONTAINS CONFIDENTIAL INFORMATION WHICH HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST UNDER RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED. THE CONFIDENTIAL INFORMATION ON PAGES 6, 8, 9 AND 10 HAS BEEN REPLACED WITH ASTERISKS.

EXHIBIT 10.5

RECEIVABLES CONTRIBUTION AGREEMENT

MIDLAND CREDIT MANAGEMENT, INC.
(SELLER)

MIDLAND FUNDING 98-A CORPORATION
(ISSUER)

DATED AS OF MARCH 31, 1999

MIDLAND CREDIT MANAGEMENT RECEIVABLES-BACKED VARIABLE FUNDING NOTE, SERIES
1999-A

RECEIVABLES CONTRIBUTION AGREEMENT

This RECEIVABLES CONTRIBUTION AGREEMENT (this "Agreement") is made as of March 31, 1999, by and among MIDLAND CREDIT MANAGEMENT, INC., a Kansas corporation (the "Seller"), and MIDLAND FUNDING 98-A CORPORATION, a Delaware Corporation (the "Issuer").

W I T N E S S E T H:

WHEREAS, the Issuer is a limited purpose finance subsidiary of the Seller;

WHEREAS, the Issuer, Midland Credit Management, Inc., as servicer (the "Servicer"), Norwest Bank Minnesota, National Association, as trustee (the "Trustee") and Asset Guaranty Insurance Company as Note Insurer ("Note Insurer") propose to enter into an Indenture and Servicing Agreement (the "Indenture and Servicing Agreement") dated as of March 31, 1999 pursuant to which the Midland Credit Management Receivables-Backed Variable Funding Notes, Series 1999-A (the "Notes") will be issued;

WHEREAS, the Notes to be issued by the Issuer pursuant to the Indenture and Servicing Agreement will be collateralized by certain Receivables and related property and certain monies in respect thereof now owned and to be hereafter acquired by the Issuer; and

WHEREAS, as of the date hereof, the Seller is the sole stockholder of the Issuer and, in consideration of the transfer to the Seller of the Receivables and related property, both now owned and hereafter acquired by the Seller, upon the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION 1. DEFINITIONS. This Agreement is entered into in connection with the terms and conditions of the Indenture and Servicing Agreement, and each of the terms and conditions of the Indenture and Servicing Agreement are hereby incorporated by reference. Any capitalized term used herein and not otherwise defined herein shall have the meaning given to it in the Indenture and Servicing Agreement.

SECTION 2. TRANSFER AND ASSIGNMENT OF RECEIVABLES.

(a) The Seller, from time to time hereafter, shall transfer to the Issuer and the Issuer shall acquire from the Seller additional Receivables pursuant to a Schedule of Receivables substantially in the form of Exhibit A hereto and shall be executed by the Issuer and the Seller. Upon such execution, the Consumer Accounts described therein shall become "Receivables" and a portion of the Contributed Assets (as defined in Section 2(b)) under this Agreement and a part of the Trust Estate under the Indenture and Servicing Agreement, together with all of the additional property and interests in property

described in Section 2(b). Each Schedule of Receivables is incorporated by this reference into this Agreement and the Indenture and Servicing Agreement.

(b) Subject to the terms and conditions contained herein, the Seller hereby assigns and transfers to the Issuer, and the Issuer hereby accepts, all of the Seller's right, title and interest in, to and under the following described property and interests in property (the "Contributed Assets"):

(i) the Receivables identified on each Schedule of Receivables hereafter entered into between the Seller and the Issuer, delivered by the Seller to the Issuer and Trustee in connection with each Funding Date, and all monies due thereon or paid thereunder or in respect thereof (including fees and charges paid by Obligor) on and after the Funding Date related to such Schedule of Receivables;

(ii) all right, title and interest of the Seller in, to and under each Asset Sale Agreement, and all related documents, instruments and agreements pursuant to which the Seller acquired, or acquired an interest in, any of the Receivables from an Originating Institution;

(iii) all books, records and documents relating to the Receivables in any medium including without limitation paper, tapes, disks and other electronic media; and

(iv) all proceeds, products, rents and profits of any of the foregoing and all other amounts payable in respect of the foregoing, including, without limitation, proceeds of insurance policies insuring any of the foregoing or any indemnity or warranty payable by reason of loss or damage to or otherwise in respect of any of the foregoing.

(c) In consideration of the transfer and conveyance of the Contributed Assets by the Seller to the Issuer, the Issuer shall on each Funding Date pay to the Seller an amount equal to the Purchase Price.

(d) It is the intention of the Seller that the transfer and assignment contemplated by this Agreement shall constitute an absolute sale of the Contributed Assets from the Seller to the Issuer and that the Contributed Assets shall not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. The Seller agrees to execute and file all filings (including filings under the UCC) necessary in any jurisdiction to provide third parties with notice of the sale of the Contributed Assets pursuant to this Agreement and to perfect such sale under the UCC.

(e) Although the parties hereto intend that the transfer and assignment contemplated by this Agreement be a sale, in the event such transfer and assignment is deemed to be other than a sale, the parties intend that (i) all filings described in the foregoing paragraph shall give the Issuer a first priority perfected security interest in, to

and under the Contributed Assets, and other property conveyed hereunder and all proceeds of any of the foregoing and (ii) this Agreement shall be deemed to be the grant of a security interest from the Seller to the Issuer in the Contributed Assets and the Issuer shall have all rights, powers and privileges of a secured party under the UCC. In furtherance of the foregoing intent, the Seller hereby grants to the Issuer a security interest in the Contributed Assets to secure the obligations of the Seller to the Issuer under all Transaction Documents.

(f) In connection with the foregoing conveyance, the Seller shall ensure that, from and after the time of sale of the Receivables to the Issuer under this Agreement, the master computer records (including any back-up archives) maintained by or on behalf of the Seller that refer to any Receivable indicate clearly the interest of the Issuer in such Receivable and that the Receivable is owned by the Issuer. Indication of the Issuer's ownership of a Receivable shall be deleted from or modified on such computer records when, and only when, the Receivable has been paid in full, repurchased or assigned by the Issuer.

(g) The Seller agrees that all Contributed Assets transferred, assigned and delivered to the Issuer hereunder shall comply with all the representations and warranties set forth in this Agreement and all other Transaction Documents.

(h) As of each Funding Date, the Seller and the Issuer shall execute a Schedule of Receivables, which shall subject the Receivables described therein and any related Contributed Assets to the provisions hereof and the other Transaction Documents as of such Funding Date.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF SELLER.

The Seller hereby makes the following representations and warranties on which the Issuer is relying in accepting the Receivables and executing this Agreement. Except to the extent otherwise specifically provided in clause (x), the representations shall speak as of the execution and delivery of this Agreement, and as of each Funding Date. Such representations and warranties shall survive the transfer, assignment and conveyance of any Receivables to the Issuer and are as follows:

(a) Organization and Good Standing. The Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Kansas with corporate power and authority to own its properties and to conduct its business as such properties shall be currently owned and such business is presently conducted, and had at all relevant times, and shall now have, power, authority and legal right to acquire, own, hold, transfer, assign and convey the Receivables.

(b) Due Qualification. The Seller is duly qualified to do business as a foreign corporation in good standing, and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business shall require such qualifications, licenses or approvals and as to which the failure to obtain such licenses or approvals would have a material and adverse impact upon the value or collectability of the Receivables.

(c) Power and Authority. The Seller has all requisite corporate power and authority to own the Receivables, to execute and deliver this Agreement and any and all other instruments and documents necessary to consummate the transactions contemplated hereby (the "Seller's Related Documents") and to perform each of its obligations under this Agreement and under the Seller's Related Documents, and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each of the Seller's Related Documents by the Seller, the performance by the Seller of its obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby have each been duly authorized by the Board of Directors of the Seller and no further corporate actions are required to be taken by the Seller in connection therewith.

(d) Valid Transfer; Binding Obligation. Upon the execution and delivery of this Agreement and each Schedule of Receivables by each of the parties hereto, this Agreement shall evidence a valid transfer, assignment and conveyance of the Receivables, which is enforceable against creditors of and purchasers from the Seller, and will constitute the legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or similar laws and by equitable principles.

(e) No Violation. Neither the execution, delivery and performance of this Agreement by the Seller nor the consummation by the Seller of the transactions contemplated hereby nor the fulfillment of or compliance with the terms and conditions of this Agreement (i) materially conflicts with or results in a material breach of any terms, conditions or provisions of the articles of incorporation or bylaws of the Seller or any indenture, agreement or other instrument to which the Seller or any of its subsidiaries is a party or by which it is bound, (ii) constitutes a material default (whether with notice or lapse of time or both), or results in the creation or imposition of any material lien, charge or encumbrance upon any of the property or assets of the Seller, under the terms of any of the foregoing or (iii) violates any statute, ordinance or law or any rule, regulation, order, writ, injunction or decree of any court or of any public, governmental or regulatory body, agency or authority applicable to the Seller.

(f) Litigation; Judicial Proceedings. There are no judicial or administrative actions, proceedings or investigations pending or, to the Seller's knowledge, threatened by or against the Seller with respect to the transactions contemplated hereby, at law or in equity or before or by any federal, state, municipal, foreign or other governmental department, commission, board, agency, instrumentality or authority.

(g) All Consents Obtained. All approvals, authorizations, consents, orders or other actions of any persons or of any governmental body or official required in connection with the execution and delivery by the Seller of this Agreement and the Transaction Documents to which the Seller is a party, the performance by the Seller of the transactions contemplated by this Agreement and the fulfillment by the Seller of the terms hereof and thereof, have been obtained.

(h) Not an Investment Company. The Seller is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act, and none of the execution, delivery or performance of obligations under this Agreement or any of the Seller's Related Documents, or the consummation of any of the transactions contemplated thereby (including, without limitation, the contribution of the Contributed Assets hereunder) will violate any provision of the Investment Company Act, or any rule, regulation or order issued by the Securities and Exchange Commission thereunder.

(i) All Tax Returns True, Correct and Timely Filed. All material tax returns required to be filed by the Seller in any jurisdiction have in fact been filed and all taxes, assessments, fees and other governmental charges upon the Seller or upon any of its properties, income or franchises shown to be due and payable on such returns have been paid. To the best of the Seller's knowledge all such tax returns were true and correct in all material respects and the Seller knows of no proposed material additional tax assessment against it nor of any basis therefor. The provisions for taxes on the books of the Seller and each subsidiary are in accordance with generally accepted accounting principles.

(j) No Restrictions on Seller Affecting Its Business. The Seller is not a party to any contract or agreement, or subject to any charter or other corporate restriction which materially and adversely affects its business.

(k) Perfection of Security Interest. All filings and recordings as may be necessary to perfect the interest of the Issuer in the Receivables have been accomplished and are in full force and effect. The Seller will from time to time, at its own expense, execute and file such additional financing statements (including continuation statements) as may be necessary to ensure that at any time, the interest of the Issuer in all of the Receivables is fully protected.

(l) All Taxes, Fees and Charges Relating to Transaction and Transaction Documents Paid. Any taxes, fees and other governmental charges in connection with the execution and delivery of the Agreement and the transactions contemplated hereby have been or will be paid by the Seller at or prior to the Closing Date.

(m) Standard & Poor's Ratings Services. The information supplied by the Seller to Standard & Poor's Ratings Services in connection with obtaining a rating for the Notes did not contain any untrue statement of a material fact or omit to state any material fact required to be stated in order to make such information not misleading.

(n) No Broker, Finder or Financial Adviser Other Than Rothschild. Neither the Seller nor any of its officers, directors, employees or agents has employed any broker, finder or financial adviser other than Rothschild Inc. or incurred any liability for fees or commissions to any person other than Rothschild Inc. in connection with the offering, issuance or sale of the Notes.

(o) Location of Chief Executive Office and Records. The principal place of business and chief executive office of the Seller, and the office where the Seller

*Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

maintains all of its records, is located at 500 West First Street, Hutchinson, Kansas 67504; provided that, at any time after the Closing Date, upon 30 days' prior written notice to each of the Issuer, the Note Insurer and the Trustee, the Seller may relocate its principal place of business and chief executive office, and/or the office where it maintains all of its records, to another location within the United States to the extent that the Seller shall have taken all actions necessary or reasonably requested by the Issuer, the Trustee or the Note Insurer to amend its existing financing statements and continuation statements, and file additional financing statements and to take any other steps reasonably requested by the Issuer, the Trustee or the Note Insurer to further perfect or evidence the rights, claims or security interests of any of the Issuer or any assignee or beneficiary of the Issuer's rights under this Agreement, including the Trustee or the Note Insurer under any of the Transaction Documents.

(p) Ownership of the Issuer. One hundred percent (100%) of the stock of the Issuer is directly owned (both beneficially and of record) by the Seller. Such shares of stock are validly issued, fully paid and nonassessable and no one other than the Seller has any rights to acquire stock of the Issuer.

(q) Solvency. The Seller, both prior to and after giving effect to each contribution of Receivables identified in a Schedule of Receivables on the Closing Date (or on any Funding Date thereafter, as the case may be) (i) is not "insolvent" (as such term is defined in Section 101(32)(A) of the Bankruptcy Code), (ii) is able to pay its debts as they become due, and (iii) does not have unreasonably small capital for the business in which it is engaged or for any business or transaction in which it is about to engage.

(r) Reporting and Accounting Treatment. For reporting and accounting purposes, and in its books of account and records, the Seller will treat the sale of Receivables pursuant to this Agreement as an absolute assignment of the Seller's full right, title and ownership interest in each such Receivable and the Seller has not in any other manner accounted for or treated the transactions.

[*]

(ii) The information set forth in any Schedule of Receivables shall be true and correct in all material respects as of the Funding Date and in the event the Seller owns Consumer Accounts other than the Receivables, no selection procedures adverse to the Issuer shall have been utilized in selecting the Receivables from the Consumer Accounts of the Seller.

(iii) None of the Receivables shall be due from the United States or any state or local government, or from any agency, department or instrumentality of the United States or any state or local government.

(iv) None of the Receivables shall be due from any employee of the Seller or any of its affiliates, or predecessors.

(v) It is the intention of the Seller that the transfer and assignment herein contemplated, taken as a whole, constitute a sale of the Receivables from the Seller to the Issuer and that the Receivables shall not be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. No Receivable has been sold, transferred, assigned or pledged by the Seller to any Person other than the Issuer. Immediately prior to the transfer and assignment herein contemplated, the Seller had good and marketable title to each Receivable, free and clear of all Liens and rights of others; immediately upon the transfer and assignment thereof, the Issuer shall have good and marketable title to each Receivable, free and clear of all Liens and rights of others; and the transfer and assignment herein contemplated has been perfected under the UCC.

(vi) As of the Funding Date with respect to the Receivables transferred on such Funding Date, the Seller has not taken any action that, or failed to take any action the omission of which, would materially impair the rights of the Issuer with respect to any Receivable.

(vii) As of the Funding Date with respect to the Receivables transferred on such Funding Date, no Receivable has been identified by the Seller or reported to the Seller by the related Originating Institution as having resulted from fraud perpetrated by the Obligor with respect to the related account.

(viii) All filings (including UCC filings) necessary in any jurisdiction to provide third parties with notice of the transfer and assignment herein contemplated, to perfect the transfer of the Receivables hereunder and to give the Issuer a first priority security interest in the Receivables that is prior to any other interest held by any other person (except the Trustee on behalf of the Noteholders) shall have been made.

(ix) No Receivable is secured by "real property" or "fixtures" or evidenced by an "instrument" under and as defined in the UCC.

*Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

(x) As of the Funding Date, with respect to the Receivables transferred on such Funding Date, each Receivable File is kept at the location identified for such purpose in the Indenture and Servicing Agreement.

(xi) Each Receivable is part of a Pool which satisfies each of the requirements set forth in the subsection 3(t) hereof, provided that such Pools are aggregated with all other Pools to the extent set forth therein.

(xii) Each Receivable has been serviced by the Seller in accordance with the Customary Procedures from the date each such Receivable was purchased by the Seller.

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* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

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* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

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SECTION 4. REACQUISITION OF RECEIVABLES UPON BREACH.

If, as a result of a breach of any of the representations and warranties made by the Seller to the Issuer hereunder, the Issuer breaches similar representations and warranties made by it under the Indenture and Servicing Agreement and thereby becomes obligated under the Indenture and Servicing Agreement to make a repayment in respect of any Receivables under Section 2.05 or 7.02 or to substitute Receivables under Section 2.05, in addition to any other rights or remedies that the Issuer may have against the Seller as a result of such breach, the Seller shall be obligated to (i) accept a retransfer of such Receivables from the Issuer for an amount equal to the amount the Issuer is required to deposit under the Indenture and Servicing Agreement in connection with such retransfer or (ii) accept retransfer of any such Receivable in exchange for the sale, transfer and conveyance hereunder, pursuant to a Schedule of Receivables, of Receivables of equal or greater value from the Originating Institution (the "Substitute Receivables") of the affected Receivables, if and to the extent that the Seller has the right to demand, or is obligated to accept such substitution, pursuant to the terms of the applicable Asset Sale Agreement.

SECTION 5. TERMINATION.

This Agreement (a) may not be terminated prior to the termination of the Indenture and Servicing Agreement and (b) may be terminated at any time thereafter by either party upon written notice to the other party.

SECTION 6. GENERAL COVENANTS OF SELLER.

The Seller covenants and agrees that from the Closing Date until the termination of the Indenture and Servicing Agreement:

(a) No Change in Name or Chief Executive Office or Location of Records. The Seller covenants that it shall not change its name, and shall maintain its principal place of business and chief executive office, and the office where it maintains all of its records, at 500 West First Street, Hutchinson, Kansas 67504; provided that, at any time after the Closing Date, upon 30 days' prior written notice to each of the Issuer, the Note Insurer and the Trustee, the Seller may change its name and/or relocate its principal place of business and chief executive office, and/or the office where it maintains all of its records, to another location within the United States to the extent that the Seller shall have taken all actions necessary or reasonably requested by the Issuer, the Trustee or the Note Insurer to amend its existing financing statements and continuation statements, and file additional financing statements and to take any other steps reasonably requested by the Issuer, the Trustee or the Note Insurer to further perfect or evidence the rights, claims

or security interests of any of the Issuer or any assignee or beneficiary of the Issuer's rights under the Agreement including the Trustee or the Note Insurer under any of the Transaction Documents.

(b) Separate Identity. The Seller hereby covenants and agrees to take all actions required to maintain the Issuer's status as a separate legal entity. Without limiting the foregoing, the Seller shall:

(i) cause the Issuer to conduct all of its business, and make all communications to third parties (including all invoices (if any), letters, checks and other instruments) solely in its own name (and not as a division of any other Person), and require that its employees, if any, when conducting its business identify themselves as employees of the Issuer (including, without limitation, by means of providing appropriate employees with business or identification cards identifying such employees as the Issuer's employees):

(ii) cause the Issuer to compensate all employees, consultants and agents directly or indirectly through reimbursement of the Seller, from the Issuer's bank accounts, for services provided to the Issuer by such employees, consultants and agents and, to the extent any employee, consultant or agent of the Issuer is also an employee, consultant or agent of the Seller, allocate the compensation of such employee, consultant or agent between the Issuer and the Seller on a basis which reflects the respective services rendered to the Issuer and the Seller;

(iii) cause the Issuer to (A) pay its own incidental administrative costs and expenses from its own funds and (B) allocate all other shared overhead expenses (including, without limitation, telephone and other utility charges, the services of shared employees, consultants and agents, and reasonable legal and auditing expenses) which are not reflected in the Servicing Fee, and other items of cost and expense shared between the Issuer and the Seller, on the basis of actual use to the extent practicable, and to the extent such allocation is not practicable, on a basis reasonably related to actual use or the value of services rendered;

(iv) cause the Issuer to at all times have at least two independent directors, as provided in the Issuer's Certificate of Incorporation;

(v) cause the Issuer to maintain its books and records separate from those of any Affiliate;

(vi) cause the Issuer to prepare its financial statements separately from those of its Affiliates and ensure that any consolidated financial statements have notes to the effect that the Issuer is a separate entity whose creditors have a claim on its assets prior to those assets becoming available to its equity holders and therefore to any creditors, as the case may be;

(vii) cause the Issuer to not commingle its funds or other assets with those of any of its Affiliates (other than in respect of items of payment or funds which may be commingled until deposit into the Collection Account in accordance with the Indenture and Servicing Agreement), and not to hold its assets in any manner that would create an appearance that such assets belong to any such Affiliate, not maintain bank accounts or other depository accounts to which any such Affiliate is an account party, into which any such Affiliate makes deposits or from which any such Affiliate has the power to make withdrawals, and not act as an agent or representative of any of its Affiliates in any capacity;

(viii) not permit any of its Affiliates to pay the Issuer's operating expenses;

(ix) not permit the Issuer to guarantee any obligation of any of its Affiliates, have any of its obligations guaranteed by any such Affiliate (either directly or by seeking credit based on the assets of such Affiliate), or otherwise hold itself out as responsible for the debts of any Affiliate;

(x) cause the Issuer to maintain at all times stationery separate from that of any Affiliate and have all its officers and employees conduct all of its business solely in its own name;

(xi) hold regular meetings of its Board of Directors in accordance with the provisions of its Certificate of Incorporation and bylaws and otherwise take such actions as are necessary on its part to ensure that all corporate procedures required by its Certificate of Incorporation and bylaws are duly and validly taken;

(xii) cause the Issuer to respond to any inquires with respect to ownership of a Receivable by stating that it is the owner of such contributed Receivable, and, if requested to do so, that the Trustee has been granted a security interest in such Receivable; and

(xiii) cause the Issuer to take such other actions as are necessary on its part to ensure that the facts and assumptions set forth in the non-consolidation opinion delivered by the Issuer's counsel remain true and correct at all times.

(c) No Liens, Etc. Against Receivables and Trust Property. The Seller hereby covenants and agrees not to create or suffer to exist (by operation of law or otherwise), any Lien upon or with respect to, any Receivables or the Trust Estate, or any interest in either thereof, or upon or with respect to any Account, or assign any right to receive income in respect thereof, except for the Lien created by the Indenture and Servicing Agreement. The Seller shall immediately notify the Trustee of the existence of any Lien on any Receivables or the Trust Estate, and the Seller shall defend the right, title and interest of each of the Issuer and the Trustee in, to and under the Receivables and Trust Estate, against all claims of third parties.

SECTION 7. MISCELLANEOUS.

(a) This Agreement may not be amended except by an instrument in writing signed by the Seller and the Issuer. In addition, so long as the Notes are outstanding, this Agreement may not be amended without the prior written consent of (i) Noteholders holding a majority of the outstanding principal on the Notes unless the Seller and the Issuer deliver to the Trustee written evidence from the Rating Agency that such Rating Agency has reviewed such proposed amendment and that the amendment of this Agreement will not result in a reduction or withdrawal of its rating on the Notes and (ii) the Note Insurer.

(b) The covenants, agreements, rights and obligations contained in this Agreement shall be binding upon the successors and assigns of the Seller and shall inure to the benefit of the successors and assigns of the Issuer, and all persons claiming by, through or under the Issuer.

(c) Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other Jurisdiction.

(d) This Agreement shall be governed by and construed in accordance with the laws of the State of Kansas.

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(e) This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart. Any counterpart hereof signed by a party against whom enforcement of this Agreement is sought shall be admissible into evidence as an original hereof to prove the contents hereof.

(f) The Seller covenants and agrees that prior to the date which is one year and one day after the termination of the Indenture and Servicing Agreement, it will not institute against, or join any other Person in instituting against, the Issuer any bankruptcy, reorganization arrangement, insolvency or liquidation proceeding or other proceedings under any federal or state bankruptcy or similar law. This Section 7(f) shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Receivables Contribution Agreement to be duly executed as of the date first above written.

MIDLAND CREDIT MANAGEMENT, INC.

By: /s/ Ronald W. Bretches

Name: Ronald W. Bretches
Title: Senior Vice President

MIDLAND FUNDING 98-A CORPORATION

By: /s/ Ronald W. Bretches

Name: Ronald W. Bretches
Title: Treasurer

THIS EXHIBIT CONTAINS CONFIDENTIAL INFORMATION WHICH HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST UNDER RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED. THE CONFIDENTIAL INFORMATION ON PAGES 7, 17 AND 18 HAS BEEN REPLACED WITH ASTERISKS.

EXHIBIT 10.6

[EXECUTION VERSION]

INSURANCE AND REIMBURSEMENT AGREEMENT

THIS INSURANCE AND REIMBURSEMENT AGREEMENT (the "Insurance Agreement") is made as of March 31, 1999 among Asset Guaranty Insurance Company, a stock insurance company incorporated in the State of New York, as note insurer ("AGIC"), Midland Funding 98-A Corporation, as issuer (the "Issuer"), Midland Credit Management, Inc., individually ("Midland") and as servicer, together with its successors and assigns in such capacity, including without limitation the backup servicer and any successor servicer appointed pursuant to the Indenture (as defined below) (the "Servicer"), and Norwest Bank Minnesota, National Association (individually "Norwest"), as trustee (together with its successors and assigns, in such capacity, the "Trustee") and as backup servicer (in such capacity, the "Backup Servicer").

PRELIMINARY STATEMENTS

The Issuer is the issuer of the Floating Rate Midland Receivables-Backed Variable Funding Notes, Series 1999-A (the "Notes") for which a security interest in collateral consisting of all of the Issuer's right, title and interest in, to and under pools of receivables now owned and hereafter acquired, including, among other types of receivables, consumer loan receivables generated on credit card accounts and installment accounts and certain other assets and rights (the "Trust Estate") has been granted to the Trustee for the benefit of the holders of the Notes and AGIC. Such receivables and related assets were assigned to the Issuer pursuant to a Receivables Contribution Agreement, dated as of March __, 1999 between Midland, as seller and the Issuer, as purchaser (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Receivables Contribution Agreement") and the Schedule of Receivables (as defined below).

The Issuer has granted the security interest in the Trust Estate to secure repayment of the Notes (and other related amounts) to the Trustee for the benefit of the holders of the Notes and AGIC pursuant to the Indenture and Servicing Agreement, dated as of March 31, 1999, among the Issuer, the Servicer, AGIC and Norwest, as Trustee and as Backup Servicer (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Indenture"); and

The Notes have been sold to the "Purchasers" parties to that certain Note Purchase Agreement, dated as of March 31, 1999, among such Purchasers and the Issuer (as the same may be amended, restated, supplemented and otherwise modified from time to time, the "Purchase Agreement"); and

AGIC is authorized to transact a financial guaranty insurance business in the State of New York and has agreed, subject to the terms and conditions of this Insurance Agreement, to issue to the Trustee, for the benefit of the holders of the Notes, a financial guaranty insurance policy substantially in the form of Exhibit A hereto (the "Policy"); and

The parties hereto, among other things, desire to specify the conditions precedent to the issuance by AGIC of the Policy, the obligation to make payments in respect of premiums, reimbursement obligations and other amounts relating to the Policy, and to perform certain other obligations of the Issuer, the Servicer, the Backup Servicer and Midland to AGIC in respect of the issuance of the Policy, and to provide for certain other matters related thereto.

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained, AGIC, the Issuer, the Servicer, Midland, the Trustee and the Backup Servicer agree as follows:

ARTICLE I DEFINITIONS

Section 1.01 General Definitions. The terms defined in this Article I shall have the meanings provided herein for all purposes of this Insurance Agreement, unless the context clearly requires otherwise, in both singular and plural form, as appropriate. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

"Affiliate" means, as to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" or "controlled" have meanings correlative to the foregoing.

"AGIC" has the meaning assigned to such term in the Preliminary Statements above.

"AGIC Information" has the meaning given to such term under the Indemnification Agreement.

"Backup Servicer" has the meaning assigned to such term in the Preliminary Statements above.

"Closing Date" means March 31, 1999.

"GAAP" means generally accepted accounting principles in effect from time to time in

the United States of America.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Indemnification Agreement" means the Indemnification Agreement, dated as of March 31, 1999, among AGIC, the Issuer, the Placement Agent and Midland.

"Indenture" has the meaning assigned to such term in the Preliminary Statements above.

"Insurance Agreement" has the meaning assigned to such term in the Preliminary Statements above.

"Issuer" has the meaning assigned to such term in the Preliminary Statements above.

"Midland" has the meaning assigned to such term in the Preliminary Statements above.

"Notes" has the meaning assigned to such term in the Preliminary Statements above.

"Person" means an individual, a partnership, a corporation, a limited liability company, a business trust, a joint stock company, a trust, an unincorporated association, a joint venture, a Governmental Authority or other entity of whatever nature.

"Placement Agent" means Rothschild Inc.

"Placement Agent Agreement" means the Placement Agent Agreement dated as of December 18, 1998, among the Issuer, Midland and the Placement Agent.

"Placement Agent Information" means the information relating to the Placement Agent in the Private Placement Memorandum.

"Policy" has the meaning assigned to such term in the Preliminary Statements above.

"Premium" means the premium payable by the Issuer pursuant to the Premium Letter.

"Premium Letter" means the letter agreement between AGIC and the Issuer, dated as of the Closing Date, setting forth the payment arrangement for the premiums in respect of the Policy, and certain other fees, related expenses and other related matters.

"Premium Rate" has the meaning assigned to such term in the Premium Letter.

"Prime Rate" means the fluctuating rate of interest as published from time to time in the New York, New York edition of The Wall Street Journal, under the caption "Money Rates" as the "prime rate", the "Prime Rate" to change when and as such published prime rate changes.

"Private Placement Memorandum" means the final Private Placement Memorandum dated March 31, 1999, relating to the offering of the Notes.

"Purchase Agreement" has the meaning assigned to such term in the Preliminary Statements above.

"Purchaser" has the meaning assigned to such term in the Preliminary Statements above.

"Rating Agency" means Standard & Poor's Rating Services, a division of McGraw-Hill Companies, Inc.

"Receivables Contribution Agreement" has the meaning assigned to such term in the Preliminary Statements above.

"Schedule of Receivables" means the schedule of receivables delivered to the Trustee by the Issuer in connection with the Indenture.

"Servicer" has the meaning assigned to such term in the Preliminary Statements above.

"Trust Estate" has the meaning assigned to such term in the Preliminary Statements above.

"Trustee" has the meaning assigned to such term in the Preliminary Statements above.

Section 1.02. Generic Terms. All words used herein shall be construed to be of such gender or number as the circumstances require. The words "herein," "hereby," "hereof," "hereto," "hereinbefore" and "hereinafter," and words of similar import, refer to this Insurance Agreement in its entirety and not to any particular paragraph, clause or other subdivision, unless otherwise specified.

ARTICLE II THE POLICY AND REIMBURSEMENT

Section 2.01. Policy. AGIC agrees, subject to the satisfaction of the conditions hereinafter set forth on or prior to the Closing Date, to issue the Policy on the Closing Date.

Section 2.02. Conditions Precedent. The obligation of AGIC to issue the Policy is subject to the satisfaction of the following conditions on or prior to the Closing Date:

(a) The following documents shall have been duly authorized, executed and delivered by each of the parties thereto (other than AGIC) and shall be in full force and effect and in form and substance satisfactory to AGIC, in the exercise of AGIC's sole discretion, and an executed counterpart of each thereof shall have been delivered to AGIC:

- (i) this Insurance Agreement;
- (ii) the Indenture, including the Schedule of Receivables;
- (iii) the Purchase Agreement;
- (iv) the Receivables Contribution Agreement, including the Schedule of Receivables;
- (v) the Placement Agent Agreement;
- (vi) the Indemnification Agreement; and
- (vii) the Premium Letter

(items (i) through (vii) being, collectively, the "Transaction Documents").

(b) AGIC shall have received:

(i) copies certified by the Secretary or an Assistant Secretary of each of the Issuer and Midland, dated the Closing Date, of its certificate of incorporation and by-laws and the resolutions of its Board of Directors, as the case may be, or a duly authorized committee thereof authorizing its execution and delivery of the Transaction Documents and of all documents evidencing other corporate or company action and governmental approvals, if any, that are necessary for the consummation of the transactions contemplated in such documents;

(ii) a certificate, dated the Closing Date, of the secretary or an assistant secretary of each of the Issuer, the Trustee, the Backup Servicer and Midland certifying the names and true signatures of its officers authorized to sign such Transaction Documents to which it is a party;

(iii) a certificate, dated the Closing Date, of a Responsible Officer of each of the Issuer and Midland certifying to the effect of the representation and warranty set forth in Section 3.01(e) hereof;

(iv) each of the opinions, letters and certificates described in the closing checklist attached hereto as Exhibit B (other than any such opinion, letter or certificate required to be issued or delivered by AGIC or an agent or employee thereof), in each case (1) dated the Closing Date, (2) in full force and effect at the time of delivery thereof, (3) in form and substance satisfactory to AGIC in the exercise of its sole discretion, and (4) covering such matters as AGIC shall require in the exercise of its sole discretion;

(v) evidence that one or more UCC financing statements covering the security

interest of the Trustee created by or pursuant to the Indenture in the Trust Estate and the other property and rights which the Trustee is granted in the Indenture and the proceeds thereof has been executed by the Issuer in favor of the Trustee, and has been duly filed in such place or places which, in the opinion of counsel for the Issuer, Midland and AGIC, are necessary or desirable to perfect such interest;

(vi) evidence that one or more UCC financing statements covering the ownership interest of the Issuer in the Receivables and the other related assets assigned pursuant to the Receivables Contribution Agreement has been executed by Midland in favor of the Issuer, and assigned to the Trustee, and has been duly filed in such place or places which, in the opinion of counsel for the Issuer, Midland and AGIC, are necessary or desirable to perfect such interest;

(vii) evidence that each of the Collection Account, the Reserve Account, and the Note Payment Account have been established in accordance with the terms and conditions of the Indenture;

(viii) certified copies of documents, certificates, instruments, approvals or executed copies thereof that relate to the transactions as contemplated by the Transaction Documents as AGIC may reasonably request; and

(ix) a specimen Note.

(c) (i) No statute, rule, regulation or order shall have been enacted, entered or deemed applicable by any government or governmental or administrative agency or court which would make the transactions contemplated by the Transaction Documents illegal or otherwise prevent the consummation thereof, (ii) no material omission or change of fact shall have occurred or come to the attention of any of Midland, the Issuer, the Trustee, the Placement Agent or AGIC that would cause information or documents heretofore supplied to AGIC to be untrue or misleading, (iii) no other material change or omission shall have occurred or come to the attention of any of Midland, the Issuer, the Trustee, the Placement Agent or AGIC that would entitle the Placement Agent to decline to place the Notes, and (iv) no material adverse change shall have occurred in the security for the Notes since the date of the Purchase Agreement.

(d) No suit, action or other proceeding, investigation, or injunction or final judgment relating thereto, shall be threatened or pending before any court or governmental agency in which it is sought to restrain or prohibit or obtain damages or other relief in connection with the consummation of the Transactions, and no investigation that might result in any such suit, action or proceeding shall be pending or threatened.

(e) AGIC shall have received an executed copy of all legal opinions, certificates, accountant's reports and other documents required to be furnished by the Issuer, the Servicer, the Backup Servicer, the Trustee and Midland pursuant to any of the Transaction Documents or pursuant to the requirements of the Rating Agency (if any). Such documents shall be in form and substance satisfactory to AGIC in the exercise of its sole discretion and each such legal opinion

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

or certificate shall be addressed to AGIC, or accompanied by appropriate reliance letters to AGIC.

(f) There shall be on deposit in the Reserve Account a sum of not less than [*] in immediately available funds.

(g) Simultaneously with the issuance of the Policy, the Notes shall have been duly executed and authenticated and delivered to the relevant Purchaser pursuant to the Purchase Agreement.

(h) All fees and expenses payable hereunder or pursuant to the Premium Letter to AGIC on or prior to the Closing Date shall have been paid in full by Midland or the Issuer.

Section 2.03. Premium Letter. AGIC shall be entitled to receive the Premium payable under the Premium Letter on each Payment Date, and the timely payment or other performance of all other obligations set forth in the Premium Letter, in each case in accordance with the terms and conditions of the Premium Letter.

Section 2.04. Reimbursement Obligations. (a) In consideration of the issuance of the Policy by AGIC, AGIC shall be entitled to reimbursement by the Issuer from the Trust Estate, pursuant to the terms hereof and the Indenture, for any payment made under the Policy, which reimbursement shall be due and payable to AGIC on the date that any amount is to be paid pursuant to a Notice for Payment (as defined in the Policy). Such reimbursement shall be made in accordance with the terms hereof and of the Indenture, in an amount equal to the sum of all amounts paid or previously paid that remain unpaid under the Policy, together with interest on any and all amounts remaining unpaid (to the extent permitted by law, if in respect of any unpaid amounts representing interest) from the date such amounts became due until paid in full (after as well as before judgment), at a rate of interest equal [*]

(b) Anything in Section 2.04(a) to the contrary notwithstanding, AGIC shall be entitled to reimbursement (to the extent such reimbursement and related interest has not previously been paid by payment to AGIC from the Trust Estate) from (i) the Issuer, for payments made under the Policy arising as a result of the Issuer's failure to make any payment or deposit with respect to a Receivable required to be made pursuant to either of Sections 2.05 or 7.02 of the Indenture, together with interest on any and all such amounts remaining unpaid (to the extent permitted by law, if in respect of any unpaid amounts representing interest) from the date such amounts became due until paid in full (after as well as before judgment), at a rate of interest equal to [*] (ii) the Servicer, for payments made under the Policy arising as a result of the Servicer's failure to make any deposit, including without limitation, a deposit required to be made pursuant to Section 3.04 of the Indenture, together with interest on any and all such amounts remaining unpaid (to the extent permitted by law, if in respect of any unpaid amounts representing interest) from the date such amounts became due until paid in full (after as well as before judgment), at a rate of interest equal to [*]

(c) Interest payable to AGIC under this Insurance Agreement shall be calculated on the basis of a 360-day year for the actual number of days elapsed and with respect to amounts payable pursuant to Sections 2.03 or 2.04(a) or (b) shall be payable in accordance with the Indenture, or to the extent payable pursuant to any other section herein, on demand.

Section 2.05. Assignment and Other Rights upon Payments under the Policy. (a) In consideration of the issuance of the Policy by AGIC, in the case of any payment made by or on behalf of AGIC under the Policy, in addition to and not by way of limitation of, any of the rights and remedies of AGIC hereunder or under the Indenture with respect to such payment, each of the Issuer and the Servicer hereby acknowledges and consents to the assignment by the Trustee, on behalf of the Noteholders, to AGIC in accordance with the terms of the relevant Notice for Payment (as such term is defined in the Policy):

(i) the rights of the Noteholders with respect to the Notes and the Trust Estate, to the extent of any such payment under the Policy; and

(ii) the rights of the Trustee and each Noteholder in the conduct of any Insolvency Proceeding relating to any Preference Event, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(b) The rights and remedies of AGIC described in clause (a) above are in addition to, and not in limitation of, rights of subrogation and other rights and remedies otherwise available to AGIC in respect of payments under the Policy. The Trustee shall take such action and deliver such instruments as may be reasonably requested or required by AGIC to effectuate the purpose or provisions of this Section 2.05.

Section 2.06. Subrogation; Further Assurances. (a) The interests, rights and remedies of AGIC described in Article II above are in addition to, and not in lieu of, AGIC's equitable rights of subrogation, and AGIC reserves all of such rights. Each of the Issuer and the Servicer agrees to take, or cause to be taken, all actions deemed desirable by AGIC to preserve, enforce, perfect or maintain the perfection in AGIC's favor of such interests, rights and remedies and such equitable rights of subrogation.

(b) For the avoidance of doubt, the parties hereto acknowledge and agree that the receipt of any payment under the Policy shall not constitute (x) a reduction of any unpaid amounts of principal or interest of Notes outstanding under the Indenture or (y) otherwise discharge any other obligations whatsoever of the Issuer or the Servicer under the Indenture.

(c) Each of the Issuer and the Servicer agrees to promptly and duly take, execute, acknowledge and deliver such further acts, documents, instruments and assurances as AGIC may from time to time reasonably request to more effectively evidence any rights to assignment or subrogation under this Article II, and to protect and perfect all of AGIC's other rights as against the Issuer and the Servicer, as the case may be.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Section 3.01. Representations and Warranties of the Issuer, the Servicer and Midland. Each of the Issuer and Midland both in its individual capacity and as Servicer, represents and warrants to AGIC, severally and not jointly, as of the Closing Date that:

(a) It has the power and authority to execute and deliver each of the Transaction Documents and all other documents and agreements contemplated hereby and thereby to which it is a party, as well as to carry out the terms hereof and thereof.

(b) It has taken all necessary action, including but not limited to all requisite corporate action, to authorize the execution, delivery and performance of the Transaction Documents and all other documents and agreements contemplated hereby and thereby to which it is a party. When executed and delivered by it, each of the Transaction Documents to which it is a party will constitute its legal, valid and binding obligation enforceable in accordance with its terms subject, as to enforcement, to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect affecting the enforcement of creditors rights in general, and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity) and, except to the extent that rights to indemnification and contribution may be unenforceable as against public policy.

(c) All authorizations, licenses, permits, certificates, franchises, consents, approvals and undertakings which are required to be obtained by it under any applicable law (including, without limitation, state securities or "blue sky" laws) which are material to (i) the conduct of its business, (ii) the ownership, use, operation or maintenance of its properties, (iii) the execution, delivery and performance by it of its obligations to AGIC and the Noteholders under or in connection with the Transaction Documents and (iv) the distribution of the Notes, and the issuance of the Policy have been received, and all such authorizations, licenses, permits, certificates, franchises, consents, approvals and undertakings are in full force and effect.

(d) Its execution, issuance, delivery of, and performance of its obligations under the Transaction Documents and any and all instruments or documents required to be executed or delivered pursuant to or in connection herewith or therewith were and are within its corporate powers and will not violate any provision of any law, regulation, decree or governmental authorization applicable to it, or its certificate of incorporation or by-laws, and will not violate or cause a default under any material provision of any material contract, agreement, mortgage, indenture or other undertaking to which it is a party or which is binding upon it or any of its property or assets, and will not result in the imposition or creation of any lien, charge, or encumbrance upon any of its properties or assets pursuant to the provisions of any such contract, agreement, mortgage, indenture or undertaking, other than as specifically set forth in any of the Transaction Documents.

(e) Its execution and delivery of the Transaction Documents and the consummation

of the transactions contemplated by such agreements were not made (i) in contemplation of its insolvency, (ii) with the intent to hinder, delay or defraud the Issuer, the Servicer, Midland or any creditor of the Issuer, the Servicer or Midland or (iii) after the commission of any act of insolvency by the Issuer, the Servicer or Midland or (iv) without fair consideration. It is not possessed of assets or capital unreasonably small in value in relation to and after giving effect to Midland's transfer under the Receivables Contribution Agreement to the Issuer and the Issuer's grant of a security interest in the Trust Estate and other assets to the Trustee under the Indenture and the consummation of the other transactions contemplated by the aforementioned agreements. It is not insolvent at the time of, and will not be rendered insolvent by virtue of, such transfers and transactions. By consummating the transactions contemplated by the aforementioned agreements, it does not intend to, and does not believe that it will, incur debts beyond its ability to pay such debts as they become due.

(f) There are no legal, governmental or regulatory proceedings or investigations pending to which it is a party or of which any of its property is the subject, which if determined adversely to any of them would individually or in the aggregate have a material adverse effect on its performance of the Transaction Documents or the consummation of the transactions contemplated hereunder or thereunder; and to the best of its knowledge, no such proceedings or investigations are threatened or contemplated by Governmental Authorities or threatened or contemplated by others.

(g) Each of the representations and warranties, as applicable, made by it in each of the Transaction Documents are true and correct in all material respects as of the date made or deemed made.

(h) Each of the Issuer, the Servicer and Midland, severally and not jointly, represents and warrants that, as of the Closing Date, neither the Private Placement Memorandum nor any amendment thereof or supplement thereto (other than the AGIC Information and the Placement Agent Information) contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

ARTICLE IV COVENANTS

Section 4.01. Covenants of Midland individually and as Servicer. Midland, individually and as Servicer hereby covenants and agrees that during the term of this Insurance Agreement:

(a) It shall not terminate (except in accordance with the terms thereof), amend, waive or otherwise modify the provisions of the Transaction Documents or any term or provision thereof, or the performance of any of the terms of any of the foregoing.

(b) It shall furnish to AGIC a copy of each material certificate, report, statement,

notice or other written communication furnished by or on behalf of it, to any of the Noteholders, the Trustee or the Rating Agency concurrently therewith, and furnish to AGIC promptly after receipt thereof, a copy of each notice, demand or other communication received by it from any of the Noteholders, the Trustee or the Rating Agency, in each case with respect to any of the Notes or the Transaction Documents.

(c) It shall not fail to own 100% of the issued and outstanding shares of capital stock of the Issuer.

(d) It shall comply with each of the covenants, as applicable, made by it in each of the Transaction Documents.

Section 4.02. Affirmative Covenants of the Issuer. The Issuer hereby covenants and agrees that during the term of this Insurance Agreement:

(a) It will furnish to AGIC the following financial information regarding the Issuer:

(i) as soon as available, but in any event within 90 days after the end of each fiscal year, a copy of its balance sheets as at the end of such year and the related statements of income and retained earnings and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on by Ernst & Young or other independent certified public accountants of nationally recognized standing;

(ii) as soon as available, but in any event not later than 45 days after the end of each quarterly period of each of its fiscal years, a copy of its unaudited balance sheet as at the end of such quarter and the related unaudited statements of income and retained earnings and of cash flows for such period and the portion of the fiscal year through the end of such period, setting forth in each case in comparative form the figures for the previous year, certified by an authorized officer of the Servicer as being fairly stated in all respects when considered in relation to its financial statements (subject to normal year-end audit adjustments); and

(iii) From time to time, such other financial data relating to the Receivables as AGIC shall reasonably request;

all such financial statements to be complete and correct in all material respects and to be prepared in detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods.

(b) It shall include in any offering document for the Notes only information concerning AGIC that is supplied or consented to in writing by AGIC expressly for inclusion therein.

(c) It shall provide to AGIC such other information as AGIC may reasonably require.

(d) It shall comply with each of the covenants made by it in each of the Transaction Documents.

Section 4.03. Negative Covenants of the Issuer. The Issuer hereby covenants and agrees that during the term of this Insurance Agreement:

(a) It shall not engage at any time in any business or business activity other than such activities expressly set forth in its certificate of incorporation delivered to AGIC on or prior to the Closing Date.

(b) It shall not consent to amend its certificate of incorporation or by-laws without the prior written consent of AGIC.

(c) It shall not, without the prior written consent of AGIC, consolidate with or merge into any other entity or convey, transfer or lease its properties and assets substantially as an entirety to any entity, or permit any entity to merge into the Issuer or convey, transfer or lease its properties and assets substantially as an entirety to the Issuer;

(d) It shall not:

(i) Fail to do all things necessary to maintain its existence separate and apart from Midland and any other Person, including, without limitation, holding regular meetings of its shareholders and Board of Directors and maintaining appropriate company books and records (including a current minute book);

(ii) Suffer any limitation on the authority of its own officers and directors to conduct its business and affairs in accordance with their independent business judgment or authorize or suffer any Person other than its own officers and directors to act on its behalf with respect to matters (other than matters customarily delegated to others under powers of attorney) for which a corporation's own officers and directors would customarily be responsible;

(iii) Fail to (A) maintain or cause to be maintained by an agent of the Issuer under the Issuer's control physical possession of all its books and records, (B) maintain capitalization reasonably adequate for the conduct of its business, (C) account for and manage all its liabilities separately from those of any other Person, including payment by it of all payroll, administrative expenses and taxes, if any, from its own assets, (D) segregate and identify separately all of its assets from those of any other Person as provided in the Indenture, (E) to the extent any such payments are made, pay its employees, officers and agents for services performed for the Issuer or (F) maintain a separately identifiable office space (which space may be located in the office building of Midland or an Affiliate);

(iv) Except as may be provided in the Indenture (or similar agreements relating

to other securitizations pursuant to which the Issuer has similar rights and obligations to those set forth in the Transaction Documents) commingle its funds with those of Midland or any Affiliate thereof or use its funds for other than the Issuer's uses; or

(v) Fail to adhere to each of the factual assumptions concerning entity separateness made by Snell & Wilmer L.L.P., counsel for the Issuer in its legal opinion concerning non-consolidation delivered under Section 2.02(b)(iv) hereunder;

(e) It shall not include in any offering document for the Notes any information concerning AGIC other than information that is supplied or consented to in writing by AGIC expressly for inclusion therein.

ARTICLE V FURTHER AGREEMENTS

Section 5.01. Obligations Absolute. The obligations of the Issuer, the Servicer and Midland pursuant to this Insurance Agreement are absolute and unconditional and will be paid or performed strictly in accordance with the respective terms hereof, irrespective of:

(a) any lack of validity or enforceability of, or any amendment or other modifications of, or waiver with respect to, the Indenture, the Policy or the Indemnification Agreement;

(b) any amendment or waiver of, or consent to departure from the Indenture, the Policy or the Indemnification Agreement;

(c) the existence of any claim, set off, defense or other rights it may have at any time against the Trustee, any beneficiary or any transferee of the Policy (or any persons or entities for whom the Trustee, any such beneficiary or any such transferee may be acting), AGIC or any other person or entity whether in connection with the Policy, the Transaction Documents or any unrelated transactions;

(d) any statement or any other document presented under the Policy (including any Notice for Payment) proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(e) the inaccuracy or alleged inaccuracy of any Monthly Servicer Report or Notice for Payment upon which any drawing under the Policy is based;

(f) payment by AGIC under the Policy against presentation of a draft or certificate which does not comply with the terms of the relevant Policy, provided that such payment shall not have constituted gross negligence or willful misconduct of AGIC;

(g) the bankruptcy or insolvency of AGIC, the Issuer, any other party or the Trust

Estate;

(h) any default or alleged default of AGIC under the Policy (other than any payment default by AGIC under the Policy);

(i) any defense based upon the failure of the Issuer or the Trust Estate to receive all or part of the proceeds of the sale of the Notes or of the Servicer to receive any or all of the servicing fee or other compensation required under the Indenture or otherwise, or any nonapplication or misapplication of the proceeds of any drawing upon the Policy; and

(j) any other circumstance or happening whatsoever, provided that the same shall not have constituted gross negligence or willful misconduct of AGIC.

Section 5.02. Reinsurance. AGIC shall have the right to give participation in its rights under this Insurance Agreement and to enter into contracts of reinsurance with respect to the Policy, provided that AGIC agrees that any such disposition will not alter or affect in any way whatsoever AGIC's direct obligations hereunder and under the Policy, and provided further that any reinsurer or participant will not have any rights against the Trust Estate, the Issuer, the Servicer, Midland, any Noteholders, or the Trustee and that the Trust Estate, the Issuer, the Servicer, Midland, the Noteholders, or the Trustee shall have no obligation to have any communication or relationship whatsoever with any reinsurer or participate in order to enforce the obligations of AGIC hereunder and under the Policy. None of the Issuer, the Servicer or Midland may assign its obligations under this Insurance Agreement without the prior written consent of AGIC, such consent not to be unreasonably withheld.

Section 5.03. Liability of AGIC. Each of the Issuer, the Servicer and Midland agree that neither AGIC, nor any of its officers, directors or employees shall be liable or responsible for (except to the extent of its own gross negligence or willful misconduct): (a) the use which may be made of the Policy by or for any acts or omissions of another Person in connection therewith or (b) the validity, sufficiency, accuracy or genuineness of any documents delivered to AGIC, or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged. In furtherance and not in limitation of the foregoing, AGIC may accept documents that appear on their face to be in order, without responsibility for further investigation.

Section 5.04. Successor Servicer. Any Successor Servicer, including the Backup Servicer, by accepting its appointment pursuant to the Indenture, (a) shall agree to be bound by the terms, covenants and conditions contained herein applicable to the Servicer and subject to the duties and obligations of the Servicer hereunder (other than the covenants set forth in Sections 4.01(a) and (c)), (b) as of the date of its acceptance, shall be deemed to have made with respect to itself the representations and warranties made by the Servicer in this Insurance Agreement to the extent applicable (other than the representations and warranties set forth in Sections 3.01(c)(iv), (e) and (h)), and (c) shall agree to indemnify and hold harmless AGIC from and against any and all claims, damages, losses, liabilities, costs or expenses whatsoever which AGIC may incur (or which may be claimed against AGIC) by reason of the negligence or willful misconduct of the

Successor Servicer in exercising its powers and carrying out its obligations as Servicer under the Indenture. No such appointment shall make the successor Servicer responsible with respect to any liabilities of the outgoing Servicer incurred prior to such appointment or for any acts, omissions or misrepresentations of such outgoing Servicer.

Section 5.05. Fees and Expenses. (a) The Issuer agrees to pay all reasonable costs and expenses (including, without limitation, reasonable fees and expenses of legal counsel and accountants) incurred by AGIC in connection with the negotiation, preparation, execution and delivery of the Private Placement Memorandum, the Transaction Documents and all other documents, instruments and agreements delivered with respect thereto, and all Rating Agency fees incurred by AGIC in connection with the initial issuance of the Notes, in all cases in accordance with the terms of, and subject to the limitations set forth in, the Premium Letter. AGIC's attorney's fees and expenses incurred in connection with the negotiation, preparation, execution and delivery of the Private Placement Memorandum, the Transaction Documents and all other documents, instruments and agreements delivered with respect thereto shall be payable (i) on the Closing Date upon the presentation of an invoice for any such fees, costs and expenses and (ii) at any time thereafter, promptly upon presentation of an invoice for any such fees, costs and expenses.

(b) Midland agrees to pay all reasonable costs and expenses (including, without limitation, reasonable fees and expenses of legal counsel and accountants) incurred by AGIC in connection with the amendment, modification, waiver or any similar action and/or the enforcement against the Issuer, the Servicer or Midland, as the case may be, of AGIC's rights against any of them under this Insurance Agreement, the Policy, the Indenture, the Indemnification Agreement or any of the other Transaction Documents.

ARTICLE VI REMEDIES

Section 6.01. Remedies. Upon the occurrence of an Event of Default or a Servicer Default under the Indenture, AGIC shall have the rights and remedies available to the "Note Insurer" under the Indenture.

ARTICLE VII MISCELLANEOUS PROVISIONS

Section 7.01. Amendments, Etc. No amendment or waiver of any provision of this Insurance Agreement, nor consent to any departure therefrom, shall in any event be effective unless in writing and signed by all of the parties hereto, with written notice thereof to the Rating Agency; provided that any waiver so granted shall extend only to the specific event of occurrence so waived and not to any other similar event or occurrence which occurs subsequent to the date of such waiver.

Section 7.02. Notices. Except to the extent otherwise expressly provided herein, all notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (and if sent by mail, certified or registered, return receipt requested) or facsimile transmission and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or three (3) Business Days after being deposited in the mail, postage prepaid, or, in the case of facsimile transmission, when sent, addressed as follows or to such other address or facsimile number as set forth in a written notice delivered by a party to each other party hereto:

If to Midland or the Servicer:

Midland Credit Management, Inc.
500 W. 1st, Box 576
Hutchinson, Kansas 67504-0576
Attention: Frank Chandler, President
Telephone: (316) 663-1236
Facsimile: (316) 665-0140
With a copy to:
Snell & Wilmer L.L.P.
One Arizona Center
Phoenix, Arizona 85004
Attention: Timothy W. Moser
Telephone: (602)382-6208
Facsimile: (602)388-6070

If to the Issuer:

Midland Funding 98-A Corporation
6115 N. Lorraine
Hutchinson, Kansas 67502
Attention: Gregory G. Meredith, Secretary
Telephone: (316) 665-0830

With a copy to:

Snell & Wilmer L.L.P.
One Arizona Center
Phoenix, Arizona 85004
Attention: Timothy W. Moser
Telephone: (602)382-6208
Facsimile: (602)388-6070

If to AGIC:

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

Asset Guaranty Insurance Company
 335 Madison Avenue
 New York, NY 10017
 Attention: Manager, Asset-Backed Surveillance
 Telephone: (212) 983-5859
 Facsimile: (212) 682-5377

If to the Backup Servicer:

Norwest Bank Minnesota, National Association
 Sixth Street and Marquette Avenue,
 Minneapolis, Minnesota 55479-0070
 Attention: Corporate Trust Services/Asset-Backed Administration
 Telephone: (612) 667-1117
 Facsimile: (612) 667-3539

Section 7.03. No Waiver; Remedies and Severability. No failure on the part of AGIC to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. The parties further agree that the holding by any court of competent jurisdiction that any remedy pursued by AGIC hereunder is unavailable or unenforceable shall not affect in any way the ability of AGIC to pursue any other remedy available to it. In the event any provision of this Insurance Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, the parties hereto agree that such holding shall not invalidate or render unenforceable any other provision hereof.

Section 7.04. Payments. (a) All payments to AGIC hereunder shall be made in lawful currency of the United States and in immediately available funds and except for payments required to be made pursuant to Sections 2.04 hereof, shall be made prior to 2:00 p.m. (New York City time) on the date such payment is due by wire transfer to:

Chase Manhattan Bank
 ABA#: [*]
 Account #: [*]
 Credit: Asset Guaranty Insurance Company

or to such other office or account as AGIC may direct. Payments received by AGIC after 2:00 p.m. (New York City time) shall be deemed to have been received on the next succeeding Business Day, and such extension of time shall be included in computing interest, commissions or fees, if any, in connection with such payment.

(b) Whenever any payment under this Insurance Agreement shall be stated to be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such cases be included in computing interest,

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

commissions or fees, if any, in connection with such payment.

(c) Unless otherwise specified herein, AGIC shall be entitled to interest on all amounts owed to AGIC under this Insurance Agreement, together with interest on any and all amounts remaining unpaid (to the extent permitted by law, if in respect of any unpaid amounts representing interest) from the date such amounts become due until paid in full (after as well as before judgment), at a rate of interest equal [*]

SECTION 7.05. GOVERNING LAW AND JURY TRIAL WAIVER. THIS INSURANCE AGREEMENT SHALL BE CONSTRUED, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED, IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS INSURANCE AGREEMENT, THE POLICY OR ANY TRANSACTION CONTEMPLATED HEREBY, THEREBY OR BY THE INDENTURE AND FOR ANY COUNTERCLAIM THEREIN.

Section 7.06. Counterparts. This Insurance Agreement may be executed in counterparts by the parties hereto, and each such counterpart shall be considered an original and all such counterparts shall constitute one and the same instrument.

Section 7.07. Paragraph Headings, Etc. The headings of paragraphs contained in this Insurance Agreement are provided for convenience only. They form in no part of this Insurance Agreement and shall not affect its construction or interpretation.

Section 7.08. No Petition. None of Midland, the Servicer, the Backup Servicer or AGIC will institute against, or join any other Person in instituting against, the Issuer or the Trust Estate any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or other proceeding under any federal or state bankruptcy or similar law, for one year and one day after satisfaction of all of the Issuer's payment obligations under the Notes, the Premium Letter and the Reimbursement Obligations. The provisions of this Section 7.08 shall survive the termination of this Insurance Agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this Insurance Agreement, all as of the day and year first above mentioned.

ASSET GUARANTY INSURANCE COMPANY

By: /s/ Scott Mangan

Name: Scott Mangan
Title: Vice President

MIDLAND FUNDING 98-A CORPORATION

By: /s/ Ronald W. Bretches

Name: Ronald W. Bretches
Title: Treasurer

MIDLAND CREDIT MANAGEMENT, INC.,
individually and as Servicer

By: /s/ Ronald W. Bretches

Name: Ronald W. Bretches
Title: Senior Vice President

NORWEST BANK MINNESOTA, NATIONAL
ASSOCIATION, not in its individual capacity,
but solely as Trustee and as Backup Servicer

By: /s/ Bruce C. Wandersee

Name: Bruce C. Wandersee
Title: Asst. Vice President

THIS EXHIBIT CONTAINS CONFIDENTIAL INFORMATION WHICH HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST UNDER RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED. THE CONFIDENTIAL INFORMATION ON PAGES 6, A-1, A-2 AND A-3 HAS BEEN REPLACED WITH ASTERISKS.

EXHIBIT 10.8

MIDLAND CREDIT MANAGEMENT, INC.
500 WEST FIRST STREET
HUTCHINSON, KANSAS 67504

February 13, 1998

Mr. Franklin Chandler
500 West First Street
Hutchinson, Kansas 67501

Dear Mr. Chandler:

It is with great pleasure that we hereby confirm your employment as President and Chief Executive Officer of Midland Credit Management, Inc. (the "Company"), on the terms and conditions set forth in this letter and in the attached term sheet (the "Term Sheet"). During the term of your employment with the Company, you shall also serve as President and Chief Executive Officer of Midland Corporation of Kansas, the parent company of Midland ("MCK"), and Midland Financial Services, Inc., a wholly owned subsidiary of MCK ("MFS").

This letter agreement contains the entire agreement between the parties with respect to the matters covered herein and supersedes all prior agreements, written or oral, with respect thereto. This letter agreement may only be amended, superseded, canceled, extended or renewed and the terms hereof waived, only by a written instrument signed by the parties hereto, or in the case of a waiver, by the party waiving compliance.

You will report to the Board of Directors of the Company (the "Board") and your duties, which shall be substantially similar to your duties presently being performed as of the date hereof, will be performed primarily at the principal place of business of the Company in Hutchinson, Kansas. The Company shall furnish sufficient facilities, services, staffing and assistance to enable you to perform your duties hereunder. The term of your employment shall continue through the third anniversary of the date hereof, provided that such term shall be automatically extended for successive one year periods unless either you or the Company gives written notice to the other, at least one-hundred eighty (180) calendar days before such extension is to take effect, that they do not wish the term to be extended. This Agreement may be terminated prior to the expiration of the original term, or any extension thereof: (i) in the event that you shall die; (ii) in the event that you shall become Disabled (for purposes of this clause (ii), "Disabled" shall mean that you shall have failed, due to illness or other physical or mental incapacity, to render services of the character contemplated by this Agreement for an aggregate of more than ninety (90) calendar days during any twelve (12) month

period); (iii) for Cause (as hereafter defined); or (iv) in the event that you give written notice to the Company of your resignation.

For purposes of this letter agreement "Cause" means: (i) commission of any act of fraud or gross negligence by you in the course of your employment hereunder which, in the case of gross negligence, has a materially adverse effect on the business or condition (financial or otherwise) of the Company or any of its subsidiaries or affiliates; (ii) willful material misrepresentation at any time by you to the Board, or any of MCM Holding Company LLC, C.P. International Investments Limited or their affiliates (collectively, the "Principal Stockholders"); (iii) willful failure or refusal to comply with any of your material obligations hereunder or to comply with a reasonable and lawful instruction of the Board; (iv) engagement by you in any conduct or the commission by you of any act which is, in the reasonable opinion of the Board, materially injurious or detrimental to the substantial interest of any of the Principal Stockholders, MCK or the Company; (v) indictment for any felony involving fraud or moral turpitude, or conviction of any felony, whether of the United States or any state thereof or any similar foreign law to which you may be subject; (vi) any failure to substantially comply with any written rules, regulations, policies or procedures of the Company furnished to you which, if not complied with, could reasonably be expected to have a material adverse effect on the business of the Company or any of its subsidiaries or affiliates; or (vii) any willful failure to comply with the Company's, or any of its subsidiaries' or affiliates' policies regarding insider trading; provided, however, that in the case of clause (vi) of the definition of "Cause" set forth in this paragraph, if your failure or refusal referred to therein is curable by you, then "Cause" shall not be deemed to exist unless you fail or refuse to so cure within three (3) business days of your receipt from the Company of a request for such cure and such request to cure is the first such request delivered under this paragraph. A decision by the Company to deliver the notice referred to in the third sentence of the third paragraph of this letter agreement shall not constitute "Cause".

In the event of termination of your employment by the Company for reasons other than: (i) those set forth in clauses (i) - (iv) of the third paragraph of this letter agreement, or (ii) a decision by the Company not to deliver the notice referred to in the third sentence of the third paragraph of this letter agreement, Midland shall pay to you a sum equal to your annual base rate of salary in effect as of the effective date of such termination, payable in semi-monthly installments commencing with the month after such termination until the earlier of (x) the end of the then effective term of this letter agreement or (y) the first anniversary of such termination. In addition, in such event, you will be entitled, (i) to receive a pro rata portion of your annual bonus for the portion of the calendar year that you worked for the Company prior to such termination of employment, and (ii) at your election, to continue your coverage under all health and medical insurance policies, pursuant to Section 4980B of the Internal Revenue Code, as amended, or under Part 6 of Title I of the Employee Retirement Income Security Act of 1974, as amended, maintained by Midland, the cost of such coverage to be allocated

between you and Midland in a manner consistent with the allocation of health and medical coverage costs applicable to other active Midland executive officers.

You acknowledge that as the Company's President and Chief Executive Officer you will be involved, at the highest level, in the development, implementation, and management of the Company's and its subsidiaries' businesses, strategies and plans, including those which involve the Company's and its subsidiaries' finances, marketing operations, industrial relations, operations and acquisitions. By virtue of your unique and sensitive position, your employment by a competitor of the Company or its subsidiaries represents a serious competitive danger to the Company and its subsidiaries and the use of your talent, knowledge, and information about the Company's and its subsidiaries' businesses, strategies, and plans can and would constitute a valuable competitive advantage over the Company and its subsidiaries. In view of the foregoing, you covenant and agree that, for a period of three (3) years following the termination of your employment with the Company or the expiration of the then current term of this letter agreement, as the case may be, you will not engage or be engaged in any capacity, directly or indirectly, including, but not limited to, as an employee, agent, consultant, manager, executive, owner or stockholder (except as a passive investor owning less than one percent (1%) interest in a publicly held company) in any business or entity that is engaged in the business of purchasing defaulted or charged-off retail installment contracts, retail revolving contracts or other promissory notes (and related security agreements) or other unsecured loan accounts in the auto deficiency, consumer loan, credit card and student product lines, and managing, restructuring, reselling and/or liquidating such accounts for itself as the owner of such accounts.

You agree to treat as confidential and not to disclose to anyone other than the Company, its subsidiaries and affiliated companies, and you agree that you will not at any time during your employment and for a period of three (3) years thereafter, without the prior written consent of the Company, divulge, furnish, or make known or accessible to, or use of the benefit of anyone other than the Company, its subsidiaries and affiliated companies, any information of a confidential nature relating in any way to the business of the Company, its subsidiaries or affiliated companies, or any other Person having a direct business relationship with the Company or its subsidiaries, unless (i) you are required to disclose such information by requirements of law, (ii) such information is in the public domain through no fault of yours, or (iii) such information has been lawfully acquired by you from other sources unless you know that such information was obtained in violation of an agreement of confidentiality.

You agree that in addition to any other remedy provided at law or in equity, (a) the Company shall be entitled to a temporary restraining order, and both preliminary and permanent injunctive relief restraining you from violating the provisions of the preceding two paragraphs, (b) you will indemnify and hold each of the Company, its subsidiaries and either of the Principal Stockholders harmless from and against any and all damages or loss incurred by either of the Principal Stockholders, the Company or any of their affiliates (including reasonable attorneys' fees and expenses; provided,

however, that you shall not in connection with any one action or separate but substantially similar action arising out of the same allegation, be liable for the fees and expenses of more than one separate firm of attorneys at any time for all indemnified parties hereunder, except to the extent that local counsel, in addition to its regular counsel, is required in order to effectively pursue such claim, or to the extent that any conflict or potential conflict exists among the indemnified parties that would make separate representation advisable) as a direct result of any willful or reckless violation of such provisions; and (c) the Company's remaining obligations under this letter agreement, if any, shall cease (other than payment of your base salary through the date of such violation and any earned but unpaid vacation or except as may be required by law) as a result of any willful or reckless violation of such provisions.

You agree that the Company may withhold from any amounts payable to you hereunder all federal, state, local or other taxes that the Company determines are required to be withheld pursuant to any applicable law or regulation. You further agree that if the Internal Revenue Service or other taxing authority asserts a liability against the Company for failure to withhold taxes on any payment hereunder, you will pay to the Company the amount determined by such taxing authority that had not been withheld, together with any interest imposed by such taxing authority on such amount, within ninety (90) days of notice to you of such determination.

Any notice or other communication required or permitted under this Agreement shall be in writing and shall be delivered personally, or sent by certified, registered or express mail, postage prepaid, return receipt requested. Any such notice shall be deemed given when so delivered personally, or, if mailed, on the date of receipt, (i) if to the Company, to the attention of the Chairman of the Board at the address first written above, with a copy to Paul, Weiss, Rifkind, Wharton & Garrison, 1285 Avenue of the Americas, New York, New York 10019, Attention: Neale M. Albert, Esq., and (ii) if to you, at the address first written above.

This letter agreement and your rights and obligations hereunder may not be assigned by you. The Company may assign this letter agreement and its rights, together with its obligations, hereunder in connection with any sale, transfer or other disposition of all or substantially all of its assets or business, whether by merger, consolidation or otherwise.

This letter agreement shall be governed by the laws of the State of Kansas applicable to agreements made and to be performed entirely within such State.

If you agree with the terms outlined above and in the Term Sheet, please date and sign the copy of this letter enclosed for that purpose and return it to me.

Sincerely,

MIDLAND CREDIT MANAGEMENT, INC.

By: /s/ Gregory G. Meredith

Name: GREGORY G. MEREDITH

Title: VICE-PRESIDENT

Agreed and Accepted
this ____ day of February, 1998:

/s/ Franklin Chandler

Franklin Chandler

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

Franklin Chandler
 President and Chief Executive Officer
 of
 Midland Credit Management, Inc.,
 Midland Corporation of Kansas and
 Midland Financial Services, Inc.

Employment Term Sheet

PROVISION -----	TERM ----	COMMENTS -----
CONTRACT TERM	Three years, subject to renewal.	Automatic one year extensions unless the Company or executive gives 180 days' notice of non-renewal.
BASE SALARY	\$200,000/year, to be paid on a regular basis by Midland in accordance with Midland's payroll procedures and policies.	If Midland's net operating revenues for fiscal 1998 exceed [*] then the executive's base salary shall increase to [*] for fiscal 1999. If Midland's net operating revenues for fiscal 1999 exceed [*], then the executive's base salary shall increase to [*] for fiscal 2000. Midland's net operating revenues shall be calculated in accordance with GAAP based on Midland's audited financial statements for the respective fiscal year. Subsequent thereto and during any extension term, the executive's base salary shall be subject to increase, but not decrease, in an amount determined by the Board, in its sole discretion.

PROVISION -----	TERM -----	COMMENTS -----
ANNUAL CASH INCENTIVE	The executive shall be eligible to receive annual incentive cash bonuses based on Midland and individual performance assessed for each fiscal year relative to objectives agreed to in advance between the executive and the Board. (A copy of the incentive plan for fiscal 1998 is attached hereto as Annex A.)	Any annual cash incentive bonus payable hereunder shall be paid to the executive not later than 15 business days following the delivery of Midland's audited financial statements for the fiscal year with respect to which such bonus is payable.
BENEFITS	Benefits as are made available to other executives of Midland, including participation in the Midland's health/medical and insurance programs.	
VACATION	4 weeks per year.	
AUTOMOBILE	Midland shall continue to provide use of the automobile currently being provided to the executive.	

PROVISION -----	TERM -----	COMMENTS -----
EXPENSES		<p data-bbox="395 246 694 414">Reasonable and necessary out-of-pocket expenses incurred in the performance of duties shall be reimbursed by Midland in accordance with its policies.</p> <p data-bbox="395 436 742 560">Midland shall make donations to charitable organizations designated by the executive in an amount not to exceed \$25,000 per annum.</p> <p data-bbox="395 571 766 651">Annual membership dues for two country clubs shall be reimbursed or paid by Midland.</p>

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

Annex A to
Employment Agreement

ANNUAL CASH INCENTIVE PROGRAM
MIDLAND CREDIT MANAGEMENT, INC.
(FRANK CHANDLER)

The annual cash incentive program described below is being provided to Frank Chandler, Chief Executive Officer of Midland Credit Management, Inc. (the "Company"). During the term of the program, and subject to any conditions or restrictions contained in Mr. Chandler's employment agreement with the Company, he shall receive annual incentive cash bonuses based on the Company's performance for a targeted fiscal year. The annual cash incentive bonus shall be paid not later than 15 business days following the delivery of the Company's audited financial statements for the fiscal year with respect to which such bonus is payable. Mr. Chandler shall receive a cash incentive bonus calculated as a percentage of his annual base salary based on the "Actual Pre-Tax Profits" of the Company compared to the "Target Pre-Tax profits" of the Company for such fiscal year. The amount of cash incentive bonus payable for a fiscal year hereunder shall be determined according to Schedule I attached hereto and will range from [*] of his base salary if Actual Pre-Tax Profits are [*] of Target Pre-Tax Profits for such year, to a maximum of [*] of base salary if Actual Pre-Tax Profits equal or exceed [*] of Target Pre-Tax Profits. Percentages are to be rounded to the nearest whole number.

"Target Pre-Tax Profits" shall be determined by the Company's Board of Directors during the fourth fiscal quarter of each year for the next succeeding fiscal year. "Actual Pre-Tax Profits" shall be defined as the Company's pre-tax profits for the fiscal year calculated in a manner consistent with past practices and the practices used to develop the cash incentive program. The Target Pre-Tax Profits for Fiscal 1998 is [*] and has been calculated according to the attached Schedule II.

Examples: If Actual Pre-Tax Profits for fiscal 1998 were [*] (or [*] of Target Pre-Tax Profits, after rounding), no cash incentive bonus would be payable. If Actual Pre-Tax Profits for fiscal 1998 were [*] (or [*] of Target Pre-Tax Profits, after rounding), a cash incentive bonus of [*] of Mr. Chandler's annual base salary would be payable.

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

SCHEDULE I

Midland Credit Management, Inc.
Annual Cash Incentive Program Schedule - Frank Chandler

% of Target Pre-Tax Profits Achieved	Bonus as a % of Salary	% of Target Pre-Tax Profits Achieved	Bonus as a % of Salary
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* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

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THIS EXHIBIT CONTAINS CONFIDENTIAL INFORMATION WHICH HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST UNDER RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED. THE CONFIDENTIAL INFORMATION ON PAGES A-2, A-3 AND A-4 HAS BEEN REPLACED WITH ASTERISKS.

EXHIBIT 10.9

MIDLAND CREDIT MANAGEMENT, INC.
500 WEST FIRST STREET
HUTCHINSON, KANSAS 67504

February 13, 1998

Mr. John Chandler
4603 Spyglass
Hutchinson, KS 67502

Dear Mr. Chandler:

It is with great pleasure that we hereby confirm your employment as Vice President of Midland Credit Management, Inc. (the "Company"), on the terms and conditions set forth in this letter and in the attached term sheet (the "Term Sheet"). During the term of your employment with the Company you shall also serve as Vice President of Midland Corporation of Kansas, the parent company of Midland ("MCK"), and Midland Financial Services, Inc., a wholly owned subsidiary of MCK ("MFS").

This letter agreement contains the entire agreement between the parties with respect to the matters covered herein and supersedes all prior agreements, written or oral, with respect thereto. This letter agreement may only be amended, superseded, canceled, extended or renewed and the terms hereof waived, only by a written instrument signed by the parties hereto, or in the case of a waiver, by the party waiving compliance.

You will report to the Chief Executive Officer and the Board of Directors of the Company (the "Board") and your duties, which shall be substantially similar to your duties presently being performed as of the date hereof, will be performed primarily at the principal place of business of the Company in Hutchinson, Kansas. The Company shall furnish sufficient facilities, services, staffing and assistance to enable you to perform your duties hereunder. The term of your employment shall continue through the first anniversary of the date hereof, provided that such term shall be automatically extended for successive one year periods unless either you or the Company gives written notice to the other, at least ninety (90) calendar days before such extension is to take effect, that they do not wish the term to be extended. This Agreement may be terminated prior to the expiration of the original term, or any extension thereof: (i) in the event that you shall die; (ii) in the event that you shall become Disabled (for purposes of this clause (ii), "Disabled" shall mean that you shall have failed, due to illness or other physical or mental incapacity, to render services of the character contemplated by this Agreement for an aggregate of more than ninety (90) calendar days during any

twelve (12) month period); (iii) for Cause (as hereafter defined); or (iv) in the event that you give written notice to the Company of your resignation.

For purposes of this letter agreement "Cause" means: (i) commission of any act of fraud or gross negligence by you in the course of your employment hereunder which, in the case of gross negligence, has a materially adverse effect on the business or condition (financial or otherwise) of the Company or any of its subsidiaries or affiliates; (ii) willful material misrepresentation at any time by you to the Chief Executive Officer, the Board, or any of MCM Holding Company LLC, C.P. International Investments Limited or their affiliates (collectively, the "Principal Stockholders"); (iii) willful failure or refusal to comply with any of your material obligations hereunder or to comply with a reasonable and lawful instruction of the Board; (iv) engagement by you in any conduct or the commission by you of any act which is, in the reasonable opinion of the Board, materially injurious or detrimental to the substantial interest of any of the Principal Stockholders, MCK or the Company; (v) indictment for any felony involving fraud or moral turpitude, or conviction of any felony, whether of the United States or any state thereof or any similar foreign law to which you may be subject; (vi) any failure to substantially comply with any written rules, regulations, policies or procedures of the Company furnished to you which, if not complied with, could reasonably be expected to have a material adverse effect on the business of the Company or any of its subsidiaries or affiliates; or (vii) any willful failure to comply with the Company's, or any of its subsidiaries' or affiliates' policies regarding insider trading; provided, however, that in the case of clause (vi) of the definition of "Cause" set forth in this paragraph, if your failure or refusal referred to therein is curable by you, then "Cause" shall not be deemed to exist unless you fail or refuse to so cure within three (3) business days of your receipt from the Company of a request for such cure and such request to cure is the first such request delivered under this paragraph. A decision by the Company to deliver the notice referred to in the third sentence of the third paragraph of this letter agreement shall not constitute "Cause".

In the event of termination of your employment by the Company for reasons other than: (i) those set forth in clauses (i) - (iv) of the third paragraph of this letter agreement, or (ii) a decision by the Company not to deliver the notice referred to in the third sentence of the third paragraph of this letter agreement, Midland shall pay to you a sum equal to your annual base rate of salary in effect as of the effective date of such termination, payable in semi-monthly installments commencing with the month after such termination until the 12 month anniversary of such termination. In addition, in such event, you will be entitled, (i) to receive a pro rata portion of your annual bonus for the portion of the calendar year that you worked for the Company prior to such termination of employment, and (ii) at your election, to continue your coverage under all health and medical insurance policies, pursuant to Section 4980B of the Internal Revenue Code, as amended, or under Part 6 of Title I of the Employee Retirement Income Security Act of 1974, as amended, maintained by Midland, the cost of such coverage to be allocated between you and Midland in a manner consistent with the allocation of health and medical coverage costs applicable to other active Midland executive officers.

You acknowledge that as an executive officer of the Company you will be involved, at the highest level, in the development, implementation, and management of the Company's and its subsidiaries' businesses, strategies and plans, including those which involve the Company's and its subsidiaries' finances, marketing operations, industrial relations, operations and acquisitions. By virtue of your unique and sensitive position, your employment by a competitor of the Company or its subsidiaries represents a serious competitive danger to the Company and its subsidiaries and the use of your talent, knowledge, and information about the Company's and its subsidiaries' businesses, strategies, and plans can and would constitute a valuable competitive advantage over the Company and its subsidiaries. In view of the foregoing, you covenant and agree that, for a period of twelve (12) months following the termination of your employment with the Company or the expiration of the then current term of this letter agreement, as the case may be, you will not engage or be engaged in any capacity, directly or indirectly, including, but not limited to, as an employee, agent, consultant, manager, executive, owner or stockholder (except as a passive investor owning less than one percent (1%) interest in a publicly held company) in any business or entity that is engaged in the business of purchasing defaulted or charged-off retail installment contracts, retail revolving contracts or other promissory notes (and related security agreements) or other unsecured loan accounts in the auto deficiency, consumer loan, credit card and student product lines, and managing, restructuring, reselling and/or liquidating such accounts for itself as the owner of such accounts.

You agree to treat as confidential and not to disclose to anyone other than the Company, its subsidiaries and affiliated companies, and you agree that you will not at any time during your employment and for a period of eighteen (18) months thereafter, without the prior written consent of the Company, divulge, furnish, or make known or accessible to, or use of the benefit of anyone other than the Company, its subsidiaries and affiliated companies, any information of a confidential nature relating in any way to the business of the Company, its subsidiaries or affiliated companies, or any other Person having a direct business relationship with the Company or its subsidiaries, unless (i) you are required to disclose such information by requirements of law, (ii) such information is in the public domain through no fault of yours, or (iii) such information has been lawfully acquired by you from other sources unless you know that such information was obtained in violation of an agreement of confidentiality.

You agree that in addition to any other remedy provided at law or in equity, (a) the Company shall be entitled to a temporary restraining order, and both preliminary and permanent injunctive relief restraining you from violating the provisions of the preceding two paragraphs, (b) you will indemnify and hold each of the Company, its subsidiaries and either of the Principal Stockholders harmless from and against any and all damages or loss incurred by either of the Principal Stockholders, the Company or any of their affiliates (including reasonable attorneys' fees and expenses provided, however, that you shall not in connection with any one action or separate but substantially similar action arising out of the same allegation, be liable for the fees and expenses of more than one separate firm of attorneys at any time for all indemnified

parties hereunder, except to the extent that local counsel, in addition to its regular counsel, is required in order to effectively pursue such claim, or to the extent that any conflict or potential conflict exists among the indemnified parties that would make separate representation advisable) as a direct result of any willful or reckless violation of such provisions; and (c) the Company's remaining obligations under this letter agreement, if any, shall cease (other than payment of your base salary through the date of such violation and any earned but unpaid vacation or except as may be required by law) as a result of any willful or reckless violation of such provisions.

You agree that the Company may withhold from any amounts payable to you hereunder all federal, state, local or other taxes that the Company determines are required to be withheld pursuant to any applicable law or regulation. You further agree that if the Internal Revenue Service or other taxing authority asserts a liability against the Company for failure to withhold taxes on any payment hereunder, you will pay to the Company the amount determined by such taxing authority that had not been withheld, together with any interest imposed by such taxing authority on such amount, within ninety (90) days of notice to you of such determination.

Any notice or other communication required or permitted under this Agreement shall be in writing and shall be delivered personally, or sent by certified, registered or express mail, postage prepaid, return receipt requested. Any such notice shall be deemed given when so delivered personally, or, if mailed, on the date of receipt, (i) if to the Company, to the attention of the Chief Executive Officer at the address first written above, and (ii) if to you, at the address first written above.

This letter agreement and your rights and obligations hereunder may not be assigned by you. The Company may assign this letter agreement and its rights, together with its obligations, hereunder in connection with any sale, transfer or other disposition of all or substantially all of its assets or business, whether by merger, consolidation or otherwise.

This letter agreement shall be governed by the laws of the State of Kansas applicable to agreements made and to be performed entirely within such State.

If you agree with the terms outlined above and in the Term Sheet, please date and sign the copy of this letter enclosed for that purpose and return it to me.

Sincerely,

MIDLAND CREDIT MANAGEMENT, INC.

By: /s/ Franklin Chandler

Name:
Title:

Agreed and Accepted this 13th day of February, 1998:

/s/ John Chandler

John Chandler

John Chandler
Vice President
of
Midland Credit Management, Inc.,
Midland Corporation of Kansas and
Midland Financial Services, Inc.

Employment Term Sheet

PROVISION	TERM	COMMENTS
CONTRACT TERM	One year, subject to renewal.	Automatic one year extensions unless the Company or executive gives 90 days' notice of non-renewal.
BASE SALARY	\$80,000/year, to be paid on a regular basis by Midland in accordance with Midland's payroll procedures and policies.	Subject to increase, but not decrease, during the original term and any extension in an amount determined by the Board, in its sole discretion.
ANNUAL CASH INCENTIVE	The executive shall be eligible to receive annual incentive cash bonuses based on Midland and individual performance assessed for each fiscal year relative to objectives agreed to in advance between the executive and the Board. (A copy of the incentive plan for fiscal 1998 is attached hereto as Annex A.)	Any annual cash incentive bonus payable hereunder shall be paid to the executive not later than 15 business days following the delivery of Midland's audited financial statements for the fiscal year with respect to which such bonus is payable.
BENEFITS	Benefits as are made available to other executives of Midland, including participation in Midland's health/medical and insurance programs.	

PROVISION	TERM	COMMENTS
VACATION		Vacation shall be provided in accordance with Midland's existing policy.
EXPENSES		Reasonable and necessary out-of-pocket expenses incurred in the performance of duties shall be reimbursed by Midland in accordance with its policies. Annual dues for professional associations and fees for licenses necessary to perform the executive's duties shall be reimbursed or paid by Midland.

ANNEX A
INCENTIVE PLAN FOR FISCAL 1998

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*Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

Annex A to
Employment Agreement

ANNUAL CASH INCENTIVE PROGRAM
MIDLAND CREDIT MANAGEMENT, INC.
(VICE PRESIDENTS)

The annual cash incentive program described below is being provided to certain officers of Midland Credit Management, Inc. (the "Company"). During the term of the program, and subject to any conditions or restrictions contained in the participant's employment agreement with the Company, each participant shall receive annual incentive cash bonuses based on the Company's performance for a targeted fiscal year. The annual cash incentive bonus shall be paid to the participant not later than 15 business days following the delivery of the Company's audited financial statements for the fiscal year with respect to which such bonus is payable. The participant shall receive a cash incentive bonus calculated as a percentage of his annual base salary based on the "Actual Pre-Tax Profits" of the Company compared to the "Target Pre-Tax profits" of the Company for such fiscal year. The amount of cash incentive bonus payable for a fiscal year hereunder shall be determined according to Schedule I attached hereto and will range from [*] of the participant's base salary if Actual Pre-Tax Profits are [*] of Target Pre-Tax Profits for such year, to a maximum of [*] of base salary if Actual Pre-Tax Profits equal or exceed [*] of Target Pre-Tax Profits. Percentages are to be rounded to the nearest whole number.

"Target Pre-Tax Profits" shall be determined by the Company's Board of Directors during the fourth fiscal quarter of each year for the next succeeding fiscal year. "Actual Pre-Tax Profits" shall be defined as the Company's pre-tax profits for the fiscal year calculated in a manner consistent with past practices and the practices used to develop the cash incentive program. The Target Pre-Tax Profits for Fiscal 1998 is [*] and has been calculated according to the attached Schedule II.

Examples: If Actual Pre-Tax Profits for fiscal 1998 were [*] (or [*] of Target Pre-Tax Profits, after rounding), no cash incentive bonus would be payable. If Actual Pre-Tax Profits for fiscal 1998 were [*] (or [*] of Target Pre-Tax Profits, after rounding), a cash incentive bonus of [*] of the participant's annual salary would be payable.

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

SCHEDULE I

Midland Credit Management, Inc.
Annual Cash Incentive Program Schedule - Vice Presidents

% of Target Pre-Tax Profits Achieved	Bonus as a % of Salary	% of Target Pre-Tax Profits Achieved	Bonus as a % of Salary
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[*]

*Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

[*]

THIS EXHIBIT CONTAINS CONFIDENTIAL INFORMATION WHICH HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST UNDER RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED. THE CONFIDENTIAL INFORMATION ON PAGES A-2, A-3 AND A-4 HAS BEEN REPLACED WITH ASTERISKS.

EXHIBIT 10.10

MIDLAND CREDIT MANAGEMENT, INC.

500 WEST FIRST STREET

HUTCHINSON, KANSAS 67504

February 13, 1998

Mr. Brad Hochstein
500 West First
Hutchinson, KS 67501

Dear Mr. Hochstein:

It is with great pleasure that we hereby confirm your employment as Vice President of Midland Credit Management, Inc. (the "Company"), on the terms and conditions set forth in this letter and in the attached term sheet (the "Term Sheet"). During the term of your employment with the Company you shall also serve as Vice President of Midland Corporation of Kansas, the parent company of Midland ("MCK"), and Midland Financial Services, Inc., a wholly owned subsidiary of MCK ("MFS").

This letter agreement contains the entire agreement between the parties with respect to the matters covered herein and supersedes all prior agreements, written or oral, with respect thereto. This letter agreement may only be amended, superseded, canceled, extended or renewed and the terms hereof waived, only by a written instrument signed by the parties hereto, or in the case of a waiver, by the party waiving compliance.

You will report to the Chief Executive Officer and the Board of Directors of the Company (the "Board") and your duties, which shall be substantially similar to your duties presently being performed as of the date hereof, will be performed primarily at the principal place of business of the Company in Hutchinson, Kansas. The Company shall furnish sufficient facilities, services, staffing and assistance to enable you to perform your duties hereunder. The term of your employment shall continue through the first anniversary of the date hereof, provided that such term shall be automatically extended for successive one year periods unless either you or the Company gives written notice to the other, at least ninety (90) calendar days before such extension is to take effect, that they do not wish the term to be extended. This Agreement may be terminated prior to the expiration of the original term, or any extension thereof: (i) in the event that you shall die; (ii) in the event that you shall become Disabled (for purposes of this clause (ii), "Disabled" shall mean that you shall have failed, due to illness or other physical or mental incapacity, to render services of the character contemplated by this Agreement for an aggregate of more than ninety (90) calendar days during any

twelve (12) month period); (iii) for Cause (as hereafter defined); or (iv) in the event that you give written notice to the Company of your resignation.

For purposes of this letter agreement "Cause" means: (i) commission of any act of fraud or gross negligence by you in the course of your employment hereunder which, in the case of gross negligence, has a materially adverse effect on the business or condition (financial or otherwise) of the Company or any of its subsidiaries or affiliates; (ii) willful material misrepresentation at any time by you to the Chief Executive Officer, the Board, or any of MCM Holding Company LLC, C.P. International Investments Limited or their affiliates (collectively, the "Principal Stockholders"); (iii) willful failure or refusal to comply with any of your material obligations hereunder or to comply with a reasonable and lawful instruction of the Board; (iv) engagement by you in any conduct or the commission by you of any act which is, in the reasonable opinion of the Board, materially injurious or detrimental to the substantial interest of any of the Principal Stockholders, MCK or the Company; (v) indictment for any felony involving fraud or moral turpitude, or conviction of any felony, whether of the United States or any state thereof or any similar foreign law to which you may be subject; (vi) any failure to substantially comply with any written rules, regulations, policies or procedures of the Company furnished to you which, if not complied with, could reasonably be expected to have a material adverse effect on the business of the Company or any of its subsidiaries or affiliates; or (vii) any willful failure to comply with the Company's, or any of its subsidiaries' or affiliates' policies regarding insider trading; provided, however, that in the case of clause (vi) of the definition of "Cause" set forth in this paragraph, if your failure or refusal referred to therein is curable by you, then "Cause" shall not be deemed to exist unless you fail or refuse to so cure within three (3) business days of your receipt from the Company of a request for such cure and such request to cure is the first such request delivered under this paragraph. A decision by the Company to deliver the notice referred to in the third sentence of the third paragraph of this letter agreement shall not constitute "Cause".

In the event of termination of your employment by the Company for reasons other than: (i) those set forth in clauses (i) - (iv) of the third paragraph of this letter agreement, or (ii) a decision by the Company not to deliver the notice referred to in the third sentence of the third paragraph of this letter agreement, Midland shall pay to you a sum equal to your annual base rate of salary in effect as of the effective date of such termination, payable in semi-monthly installments commencing with the month after such termination until the 12 month anniversary of such termination. In addition, in such event, you will be entitled, (i) to receive a pro rata portion of your annual bonus for the portion of the calendar year that you worked for the Company prior to such termination of employment, and (ii) at your election, to continue your coverage under all health and medical insurance policies, pursuant to Section 4980B of the Internal Revenue Code, as amended, or under Part 6 of Title I of the Employee Retirement Income Security Act of 1974, as amended, maintained by Midland, the cost of such coverage to be allocated between you and Midland in a manner consistent with the allocation of health and medical coverage costs applicable to other active Midland executive officers.

You acknowledge that as an executive officer of the Company you will be involved, at the highest level, in the development, implementation, and management of the Company's and its subsidiaries' businesses, strategies and plans, including those which involve the Company's and its subsidiaries' finances, marketing operations, industrial relations, operations and acquisitions. By virtue of your unique and sensitive position, your employment by a competitor of the Company or its subsidiaries represents a serious competitive danger to the Company and its subsidiaries and the use of your talent, knowledge, and information about the Company's and its subsidiaries' businesses, strategies, and plans can and would constitute a valuable competitive advantage over the Company and its subsidiaries. In view of the foregoing, you covenant and agree that, for a period of twelve (12) months following the termination of your employment with the Company or the expiration of the then current term of this letter agreement, as the case may be, you will not engage or be engaged in any capacity, directly or indirectly, including, but not limited to, as an employee, agent, consultant, manager, executive, owner or stockholder (except as a passive investor owning less than one percent (1%) interest in a publicly held company) in any business or entity that is engaged in the business of purchasing defaulted or charged-off retail installment contracts, retail revolving contracts or other promissory notes (and related security agreements) or other unsecured loan accounts in the auto deficiency, consumer loan, credit card and student product lines, and managing, restructuring, reselling and/or liquidating such accounts for itself as the owner of such accounts.

You agree to treat as confidential and not to disclose to anyone other than the Company, its subsidiaries and affiliated companies, and you agree that you will not at any time during your employment and for a period of eighteen (18) months thereafter, without the prior written consent of the Company, divulge, furnish, or make known or accessible to, or use of the benefit of anyone other than the Company, its subsidiaries and affiliated companies, any information of a confidential nature relating in any way to the business of the Company, its subsidiaries or affiliated companies, or any other Person having a direct business relationship with the Company or its subsidiaries, unless (i) you are required to disclose such information by requirements of law, (ii) such information is in the public domain through no fault of yours, or (iii) such information has been lawfully acquired by you from other sources unless you know that such information was obtained in violation of an agreement of confidentiality.

You agree that in addition to any other remedy provided at law or in equity, (a) the Company shall be entitled to a temporary restraining order, and both preliminary and permanent injunctive relief restraining you from violating the provisions of the preceding two paragraphs, (b) you will indemnify and hold each of the Company, its subsidiaries and either of the Principal Stockholders harmless from and against any and all damages or loss incurred by either of the Principal Stockholders, the Company or any of their affiliates (including reasonable attorneys' fees and expenses provided, however, that you shall not in connection with any one action or separate but substantially similar action arising out of the same allegation, be liable for the fees and expenses of more than one separate firm of attorneys at any time for all indemnified

parties hereunder, except to the extent that local counsel, in addition to its regular counsel, is required in order to effectively pursue such claim, or to the extent that any conflict or potential conflict exists among the indemnified parties that would make separate representation advisable) as a direct result of any willful or reckless violation of such provisions; and (c) the Company's remaining obligations under this letter agreement, if any, shall cease (other than payment of your base salary through the date of such violation and any earned but unpaid vacation or except as may be required by law) as a result of any willful or reckless violation of such provisions.

You agree that the Company may withhold from any amounts payable to you hereunder all federal, state, local or other taxes that the Company determines are required to be withheld pursuant to any applicable law or regulation. You further agree that if the Internal Revenue Service or other taxing authority asserts a liability against the Company for failure to withhold taxes on any payment hereunder, you will pay to the Company the amount determined by such taxing authority that had not been withheld, together with any interest imposed by such taxing authority on such amount, within ninety (90) days of notice to you of such determination.

Any notice or other communication required or permitted under this Agreement shall be in writing and shall be delivered personally, or sent by certified, registered or express mail, postage prepaid, return receipt requested. Any such notice shall be deemed given when so delivered personally, or, if mailed, on the date of receipt, (i) if to the Company, to the attention of the Chief Executive Officer at the address first written above, and (ii) if to you, at the address first written above.

This letter agreement and your rights and obligations hereunder may not be assigned by you. The Company may assign this letter agreement and its rights, together with its obligations, hereunder in connection with any sale, transfer or other disposition of all or substantially all of its assets or business, whether by merger, consolidation or otherwise.

This letter agreement shall be governed by the laws of the State of Kansas applicable to agreements made and to be performed entirely within such State.

If you agree with the terms outlined above and in the Term Sheet, please date and sign the copy of this letter enclosed for that purpose and return it to me.

Sincerely,

MIDLAND CREDIT MANAGEMENT, INC.

By: /s/ Franklin Chandler

Name:

Title:

Agreed and Accepted
this 13th day of February, 1998:

/s/ Brad Hochstein

Brad Hochstein

Brad Hochstein
Vice President
of
Midland Credit Management, Inc.,
Midland Corporation of Kansas and
Midland Financial Services, Inc.

Employment Term Sheet

PROVISION -----	TERM -----	COMMENTS -----
CONTRACT TERM	One year, subject to renewal.	Automatic one year extensions unless the Company or executive gives 90 days' notice of non-renewal.
BASE SALARY	\$95,000/year, to be paid on a regular basis by Midland in accordance with Midland's payroll procedures and policies. A \$10,000 bonus shall be payable on each of March 31, 1998 and June 30, 1998.	Subject to increase, but not decrease, during the original term and any extension in an amount determined by the Board, in its sole discretion.
ANNUAL CASH INCENTIVE	The executive shall be eligible to receive annual incentive cash bonuses based on Midland and individual performance assessed for each fiscal year relative to objectives agreed to in advance between the executive and the Board. (A copy of the incentive plan for fiscal 1998 is attached hereto as Annex A.)	Any annual cash incentive bonus payable hereunder shall be paid to the executive not later than 15 business days following the delivery of Midland's audited financial statements for the fiscal year with respect to which such bonus is payable.
BENEFITS	Benefits as are made available to other executives of Midland, including participation in Midland's health/medical and insurance programs.	

PROVISION -----	TERM -----	COMMENTS -----
VACATION		Vacation shall be provided in accordance with Midland's existing policy.
EXPENSES		<p>Reasonable and necessary out-of-pocket expenses incurred in the performance of duties shall be reimbursed by Midland in accordance with its policies.</p> <p>Annual dues for professional associations and fees for licenses necessary to perform the executive's duties shall be reimbursed or paid by Midland.</p>

ANNEX A
INCENTIVE PLAN FOR FISCAL 1998

A-1

*Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

Annex A to
Employment Agreement

ANNUAL CASH INCENTIVE PROGRAM
MIDLAND CREDIT MANAGEMENT, INC.
(VICE PRESIDENTS)

The annual cash incentive program described below is being provided to certain officers of Midland Credit Management, Inc. (the "Company"). During the term of the program, and subject to any conditions or restrictions contained in the participant's employment agreement with the Company, each participant shall receive annual incentive cash bonuses based on the Company's performance for a targeted fiscal year. The annual cash incentive bonus shall be paid to the participant not later than 15 business days following the delivery of the Company's audited financial statements for the fiscal year with respect to which such bonus is payable. The participant shall receive a cash incentive bonus calculated as a percentage of his annual base salary based on the "Actual Pre-Tax Profits" of the Company compared to the "Target Pre-Tax profits" of the Company for such fiscal year. The amount of cash incentive bonus payable for a fiscal year hereunder shall be determined according to Schedule I attached hereto and will range from [*] of the participant's base salary if Actual Pre-Tax Profits are [*] of the Target Pre-Tax Profits for such year, to a maximum of [*] of base salary if Actual Pre-Tax Profits equal or exceed [*] of Target Pre-Tax Profits. Percentages are to be rounded to the nearest whole number.

"Target Pre-Tax Profits" shall be determined by the Company's Board of Directors during the fourth fiscal quarter of each year for the next succeeding fiscal year. "Actual Pre-Tax Profits" shall be defined as the Company's pre-tax profits for the fiscal year calculated in a manner consistent with past practices and the practices used to develop the cash incentive program. The Target Pre-Tax Profits for Fiscal 1998 is [*] and has been calculated according to the attached Schedule II.

Examples: If Actual Pre-Tax Profits for fiscal 1998 were [*] (or [*] of Target Pre-Tax Profits, after rounding), no cash incentive bonus would be payable. If Actual Pre-Tax Profits for fiscal 1998 were [*] (or [*] of Target Pre-Tax Profits, after rounding), a cash incentive bonus of [*] of the participant's annual salary would be payable.

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

SCHEDULE I

Midland Credit Management, Inc.
Annual Cash Incentive Program Schedule - Vice Presidents

% of Target Pre-Tax Profits Achieved	Bonus as a % of Salary	% of Target Pre-Tax Profits Achieved	Bonus as a % of Salary
-----	-----	-----	-----

[*]

*Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

[*]

STATE OF KANSAS)
) ss
RENO COUNTY)

Registration fee: Amount of Indebtedness \$275,000.00 Fees \$715.00 Paid this 1st day of March, 1996 No. 70 Mary W. Track Register of Deeds Reno County, Kansas by

This instrument was filed for record on the 1st day of March A.D. 1996 at 9:25 o'clock A.M. and duly recorded in Book 633 on Page 70 Fee \$18.00

/s/ Mary W. Track

by REGISTER OF DEEDS

- - - State of Kansas ----- Space Above This Line For Recording Data -----

REAL ESTATE MORTGAGE
(With Future Advance Clause)

1. DATE AND PARTIES. The date of this Mortgage (Security Instrument) is February 12, 1996 and the parties, their addresses and tax identification numbers, if required, are as follows:

MORTGAGOR: MIDLAND CREDIT MANAGEMENT, INC.
500 WEST 1ST
HUTCHINSON, KS 67501

[] If checked, refer to the attached Addendum incorporated herein, for additional Mortgages, their signatures and acknowledgments.

LENDER: BANK OF KANSAS
ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF KANSAS
FINANCIAL SQUARE PO BOX 1707
SOUTH HUTCHINSON, KS 67504-1707
TAXPAYER I.D. #: 48-0581733

2. CONVEYANCE. For good and valuable consideration, the receipt and sufficiency of which is acknowledged, and to secure the Secured Debt (defined below) and Mortgagor's performance under this Security Instrument, Mortgagor grants, bargains, conveys, mortgages and warrants to Lender the following described property:

REFER TO EXHIBIT "B" WHICH IS ATTACHED HERETO AND MADE A PART HEREOF.

The property is located in RENO at
.....
(County)
500 WEST 1ST, HUTCHINSON, Kansas 67501
.....
(Address) (City) (ZIP Code)

Together with all rights, easements, appurtenances, royalties, mineral rights, oil and gas rights, crops, timber, all diversion payments or third party payments made to crop producers, all water and riparian rights, wells, ditches, reservoirs, and water stock and all existing and future improvements, structures, fixtures, and replacements that may now, or at any time in the future, be part of the real estate described above (all referred to as "Property").

3. MAXIMUM OBLIGATION LIMIT. The total principal amount secured by this Security Instrument at any one time shall not exceed \$275,000.00. This limitation of amount does not include interest and other fees and charges validly made pursuant to this Security Instrument. Also, this limitation does not apply to advances made under the terms of this Security Instrument to protect Lender's security and to perform any of the covenants contained in this Security Instrument. The limitation is for the purposes set forth in K.S.A. Section 9-1101, Section 58-2336 and Section 79-3102.

4. SECURED DEBT AND FUTURE ADVANCES. The term "Secured Debt" is defined as follows:
A. Debt incurred under the terms of all promissory note(s), contract(s), guaranty(s) or other evidence of debt described below and all their extensions, renewals, modifications or substitutions. (When referencing the debts below it is suggested that you include items such as borrowers' names, note amounts, interest rates, maturity dates, etc.)
LOAN #7034 DATED FEBRUARY 12, 1996 IN THE LOAN AMOUNT OF \$500,000.00.
B. All future advances from Lender to Mortgagor or other future obligations of Mortgagor to Lender under any promissory note, contract, guaranty, or other evidence of debt existing now or executed after this Security

Instrument whether or not this Security Instrument is specifically referenced, or such future advances or future obligations are incurred for any purpose that was related or unrelated to the purpose of the Security Instrument. If more than one person signs this Security Instrument, each Mortgagor agrees that this Security Instrument will secure all future advances and future obligations that are given to or incurred by any one or more Mortgagor, or any one or more Mortgagor and others. All future advances and other future obligations are secured by this Security Instrument even though all or part may not yet be advanced. All future advances and other future obligations are secured as if made on the date of this Security Instrument. Nothing in this Security Instrument shall constitute a commitment to make additional or future loans or advances in any amount. Any such commitment must be agreed to in a separate writing.

C. All obligations Mortgagor owes to Lender, which now exist or may later arise, to the extent not prohibited by law, including, but not limited to, liabilities for overdrafts relating to any deposit account agreement between Mortgagor and Lender.

D. All additional sums advanced and expenses incurred by Lender for insuring, preserving or otherwise protecting the Property and its value and any other sums advanced and expenses incurred by Lender under the terms of this Security Instrument.

This Security Instrument will not secure any other debt if Lender fails to give any required notice of the right of rescission.

5. PAYMENTS. Mortgagor agrees that all payments under the Secured Debt will be paid when due and in accordance with the terms of the Secured Debt and this Security Instrument.

6. WARRANTY OF TITLE. Mortgagor warrants that Mortgagor is or will be lawfully seized of the estate conveyed by this Security Instrument and has the right to grant, bargain, convey, sell, mortgage and warrant the Property. Mortgagor also warrants that the Property is unencumbered, except for encumbrances of record.

7. PRIOR SECURITY INTERESTS. With regard to any other mortgage, deed of trust, security agreement or other lien document that created a prior security interest or encumbrance on the Property, Mortgagor agrees:

A. To make all payments when due and to perform or comply with all covenants.

B. To promptly deliver to Lender any notices that Mortgagor receives from the holder. C. Not to allow any modification or extension of, nor to request any future advances under any note or agreement secured by the lien document without Lender's prior written consent.

8. CLAIMS AGAINST TITLE. Mortgagor will pay all taxes, assessments, liens, encumbrances, lease payments, ground rents, utilities, and other charges relating to the Property when due. Lender may require Mortgagor to provide to Lender copies of all notices that such amounts are due and the receipts evidencing Mortgagor's payment. Mortgagor will defend title to the Property against any claims that would impair the lien of this Security Instrument. Mortgagor agrees to assign to Lender, as requested by Lender, any rights, claims or defenses Mortgagor may have against parties who supply labor or materials to maintain or improve the Property.

9. DUE ON SALE OR ENCUMBRANCE. Lender may, at its option, declare the entire balance of the Secured Debt to be immediately due and payable upon the creation of, or contract for the creation of, any lien, encumbrance, transfer or sale of the Property. This right is subject to the restrictions imposed by federal law (12 C.F.R. 591), as applicable. This covenant shall run with the Property and shall remain in effect until the Secured Debt is paid in full and this Security Instrument is released.

10. TRANSFER OF AN INTEREST IN THE MORTGAGOR. If Mortgagor is an entity other than a natural person (such as a corporation or other organization), Lender may demand immediate payment if:

A. A beneficial interest in Mortgagor is sold or transferred.

B. There is a change in either the identity or number of members of a partnership or similar entity.

C. There is a change in ownership of more than 25 percent of the voting stock of a corporation or similar entity.

However, Lender may not demand payment in the above situations if it is prohibited by law as of the date of this Security Instrument.

11. ENTITY WARRANTIES AND REPRESENTATIONS. If Mortgagor is an entity other than a natural person (such as a corporation or other organization), Mortgagor makes to Lender the following warranties and representations which shall continue as long as the Secured Debt remains outstanding:

A. Mortgagor is duly organized and validly existing in Mortgagor's state of incorporation or organization. Mortgagor is in good standing in all states in which Mortgagor transacts business. Mortgagor has the power and authority to own the Property and to carry on its business as now being conducted and, as applicable, is qualified to do so in each state in which Mortgagor operates.

B. The execution, delivery and performance of this Security Instrument by

Mortgagor and the obligations evidenced by the Secured Debt are within the power of Mortgagor, have been duly authorized, have received all necessary governmental approval, and will not violate any provision of law, or order of court or governmental agency.

C. Other than previously disclosed in writing to Lender, Mortgagor has not changed its name within the last ten years and has not used any other trade or fictitious name. Without Lender's prior written consent, Mortgagor does not and will not use any other name and will preserve its existing name, trade names and franchises until the Secured Debt is satisfied.

12. PROPERTY CONDITION, ALTERATIONS AND INSPECTION. Mortgagor will keep the Property in good condition and make all repairs that are reasonably necessary. Mortgagor shall not commit or allow any waste, impairment, or deterioration of the Property. Mortgagor will keep the Property free of noxious weeds and grasses. Mortgagor agrees that the nature of the occupancy and use will not substantially change without Lender's prior written consent. Mortgagor will not permit any change in any license, restrictive covenant or easement without Lender's prior written consent. Mortgagor will notify Lender of all demands, proceedings, claims, and actions against Mortgagor, and of any loss or damage to the Property.

No portion of the Property will be removed, demolished or materially altered without Lender's prior written consent except that Mortgagor has the right to remove items of personal property comprising a part of the Property that become worn or obsolete; provided that such personal property is replaced with other personal property at least equal in value to the replaced personal property, free from any title retention device, security agreement or other encumbrance. Such replacement of personal property will be deemed subject to the security interest created by this Security Instrument. Mortgagor shall not partition or subdivide the Property without Lender's prior written consent.

Lender or Lender's agents may, at Lender's option, enter the Property at any reasonable time for the purpose of inspecting the Property. Lender shall give Mortgagor notice at the time of or before an inspection specifying a reasonable purpose

for the inspection. Any inspection of the Property shall be entirely for Lender's benefit and Mortgagor will in no way rely on Lender's inspection.

13. **AUTHORITY TO PERFORM.** If Mortgagor fails to perform any duty or any of the covenants contained in this Security Instrument, Lender may, without notice, perform or cause them to be performed. Mortgagor appoints Lender as attorney in fact to sign Mortgagor's name or pay any amount necessary for performance. Lender's right to perform for Mortgagor shall not create an obligation to perform, and Lender's failure to perform will not preclude Lender from exercising any of Lender's other rights under the law or this Security Instrument. If any construction on the Property is discontinued or not carried on in a reasonable manner, Lender may take all steps necessary to protect Lender's security interest in the Property, including completion of the construction.
14. **ASSIGNMENT OF LEASES AND RENTS.** Mortgagor grants, bargains, conveys and warrants to Lender as additional security all the right, title and interest in and to any and all:
- A. Existing or future leases, subleases, licenses, guaranties and any other written or verbal agreements for the use and occupancy of any portion of the Property, including any extensions, renewals, modifications or substitutions of such agreements (all referred to as "Leases").
 - B. Rents, issues and profits (all referred to as "Rents"), including but not limited to security deposits, minimum rent, percentage rent, additional rent, common area maintenance charges, parking charges, real estate taxes, other applicable taxes, insurance premium contributions, liquidated damages following default, cancellation premiums, "loss of rents" insurance, guest receipts, revenues, royalties, proceeds, bonuses, accounts, contract rights, general intangibles, and all rights and claims which Mortgagor may have that in any way pertain to or are on account of the use or occupancy of the whole or any part of the Property.

In the event any item listed as Leases or Rents is determined to be personal property, this Security Instrument will also be regarded as a security agreement.

Mortgagor will promptly provide Lender with true and correct copies of all existing and future Leases. Mortgagor may collect, receive, enjoy and use the Rents so long as Mortgagor is not in default. Except for one lease period's rent, Mortgagor will not collect in advance any future Rents without Lender's prior written consent. Upon default, Mortgagor will receive Rents in trust for Lender and Mortgagor will not commingle the Rents with any other funds. Amounts collected shall be applied at Lender's discretion to payments on the Secured Debt as therein provided, to costs of managing, protecting and preserving the Property and to any other necessary related expenses including Lender's attorneys' fees and court costs.

Mortgagor agrees that this assignment is immediately effective between the parties to this Security Instrument without the necessity for Lender to take possession of the Property or control of the Rents, to take action tantamount to the taking of such possession or control, or to take any action whatsoever. However, Lender agrees to enforce this assignment only upon default by Mortgagor. This assignment will remain effective during any period of redemption by the Mortgagor until the Secured Debt is satisfied. Unless otherwise provided by state law, Mortgagor agrees that Lender may take actual possession of the Property without commencing any legal action or proceeding. Actual possession of the Property is deemed to occur when Lender notifies Mortgagor of Mortgagor's default and demands that Mortgagor and Mortgagor's tenants pay all Rents due or to become due directly to Lender. Thereafter, either Lender or Mortgagor may notify the tenants and demand that all future Rents be paid directly to Lender. On receiving the notice of default, Mortgagor will endorse and deliver to Lender any payments of Rents. If Mortgagor becomes subject to a voluntary or involuntary bankruptcy, Mortgagor agrees that Lender is entitled to receive relief from the automatic stay in bankruptcy for the purpose of enforcing this assignment under state and federal law.

Mortgagor warrants that no default exists under the Leases or any applicable landlord law. Mortgagor also agrees to maintain, and to require the tenants to comply with, the Leases and any applicable law. Mortgagor will promptly notify Lender of any noncompliance. If Mortgagor neglects or refuses to enforce compliance with the terms of the Leases, then Lender may, at Lender's option, enforce compliance. Mortgagor will obtain Lender's written authorization before Mortgagor consents to sublet, modify, cancel, or otherwise alter the Leases, to accept the surrender of the Property covered by such Leases (unless the Leases so require), or to assign, compromise or encumber the Leases or any future Rents. If Lender acts to manage, protect and preserve the Property, Lender does not assume or become liable for its maintenance, depreciation, or other losses or damages, except those due to Lender's gross negligence or intentional torts. Otherwise, Mortgagor will hold Lender harmless and indemnify Lender for any and all liability, loss or damage that Lender may incur as a consequence of the assignment under this section.

15. **LEASEHOLDS; CONDOMINIUMS; PLANNED UNIT DEVELOPMENTS.** Mortgagor agrees to comply with the provisions of any lease if this Security Instrument is on a leasehold. If the Property includes a unit in a condominium or a planned unit development, Mortgagor will perform all of Mortgagor's duties under the covenants, by-laws, or regulations of the condominium or planned unit

development.

16. DEFAULT. Mortgagor will be in default if any of the following occur:

- A. Any party obligated on the Secured Debt fails to make payment when due;
- B. A breach of any term or covenant in this Security Instrument or any other document executed for the purpose of creating, securing or guarantying the Secured Debt;
- C. The making or furnishing of any verbal or written representation, statement or warranty to Lender that is false or incorrect in any material respect by Mortgagor or any person or entity obligated on the Secured Debt;
- D. The death, dissolution, or insolvency of, appointment of a receiver for, or application of any debtor relief law to, Mortgagor or any other person or entity obligated on the Secured Debt;
- E. A good faith belief by Lender at any time that Lender is insecure with respect to any person or entity obligated on the Secured Debt or that the prospect of any payment is impaired or the value of the Property is impaired;
- F. A material adverse change in Mortgagor's business including ownership, management, and financial conditions, which Lender in its opinion believes impairs the value of the Property or repayment of the Secured Debt; or
- G. Any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 C.F.R. Part 1940, Subpart G, Exhibit M.

(page 3 of 6)

17. REMEDIES ON DEFAULT. In some instances, federal and state law will require Lender to provide Mortgagor with notice of the right to cure or other notices and may establish time schedules for foreclosure actions. Subject to these limitations, if any, Lender may accelerate the Secured Debt and foreclose this Security Instrument in a manner provided by law if Mortgagor is in default.

At the option of Lender, all or any part of the agreed fees and charges, accrued interest and principal shall become immediately due and payable, after giving notice if required by law, upon the occurrence of a default or anytime thereafter. In addition, Lender shall be entitled to all the remedies provided by law, the terms of the Secured Debt, this Security Instrument and any related documents. All remedies are distinct, cumulative and not exclusive, and the Lender is entitled to all remedies provided at law or equity, whether or not expressly set forth. The acceptance by Lender of any sum in payment or partial payment on the Secured Debt after the balance is due or is accelerated or after foreclosure proceedings are filed shall not constitute a waiver of Lender's right to require complete cure of any existing default. By not exercising any remedy on Mortgagor's default, Lender does not waive Lender's right to later consider the event a default if it continues or happens again.

18. EXPENSES; ADVANCES ON COVENANTS; ATTORNEYS' FEES; COLLECTION COSTS. Except when prohibited by law, Mortgagor agrees to pay all of Lender's expenses if Mortgagor breaches any covenant in this Security Instrument. Mortgagor will also pay on demand any amount incurred by Lender for insuring, inspecting, preserving or otherwise protecting the Property and Lender's security interest. These expenses will bear interest from the date of the payment until paid in full at the highest interest rate in effect as provided in the terms of the Secured Debt. Mortgagor agrees to pay all reasonable costs and expenses incurred by Lender in collecting, enforcing or protecting Lender's rights and remedies under this Security Instrument. This amount may include, but is not limited to, collection agency fees or attorneys' fees, but not both, and other legal costs and expenses incurred by Lender in exercising any remedy under this Loan or under the law, for all persons other than salaried employees of Lender. This Security Instrument shall remain in effect until released. Mortgagor agrees to pay for any recordation costs of such release.
19. ENVIRONMENTAL LAWS AND HAZARDOUS SUBSTANCES. As used in this section, (1) Environmental Law means, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, 42 U.S.C. 9601 et seq.), all other federal, state and local laws, regulations, ordinances, court orders, attorney general opinions or interpretive letters concerning the public health, safety, welfare, environment or a hazardous substance; and (2) Hazardous Substance means any toxic, radioactive or hazardous material, waste, pollutant or contaminant which has characteristics which render the substance dangerous or potentially dangerous to the public health, safety, welfare or environment. The term includes, without limitation, any substances defined as "hazardous material," "toxic substances," "hazardous waste" or "hazardous substance" under any Environmental Law.

Mortgagor represents, warrants and agrees that:

- A. Except as previously disclosed and acknowledged in writing to Lender, no Hazardous Substance has been, is, or will be located, transported, manufactured, treated, refined, or handled by any person on, under or about the Property, except in the ordinary course of business and in strict compliance with all applicable Environmental Law.
- B. Except as previously disclosed and acknowledged in writing to Lender, Mortgagor has not and will not cause, contribute to, or permit the release of any Hazardous Substance on the Property.
- C. Mortgagor will immediately notify Lender if (1) a release or threatened release of Hazardous Substance occurs on, under or about the Property or migrates or threatens to migrate from nearby property; or (2) there is a violation of any Environmental Law concerning the Property. In such an event, Mortgagor will take all necessary remedial action in accordance with Environmental Law.
- D. Except as previously disclosed and acknowledged in writing to Lender, Mortgagor has no knowledge of or reason to believe there is any pending or threatened investigation, claim, or proceeding of any kind relating to (1) any Hazardous Substance located on, under or about the Property; or (2) any violation by Mortgagor or any tenant of any Environmental Law. Mortgagor will immediately notify Lender in writing as soon as Mortgagor has reason to believe there is any such pending or threatened investigation, claim, or proceeding. In such an event, Lender has the right, but not the obligation, to participate in any such proceeding including the right to receive copies of any documents relating to such proceedings.
- E. Except as previously disclosed and acknowledged in writing to Lender, Mortgagor and every tenant have been, are and shall remain in full compliance with any applicable Environmental Law.
- F. Except as previously disclosed and acknowledge in writing to Lender, there are no underground storage tanks, private dumps or open wells located on or under the Property and no such tank, dump or well will

be added unless Lender first consents in writing.

- G. Mortgagor will regularly inspect the Property, monitor the activities and operations on the Property, and confirm that all permits, licenses or approvals required by any applicable Environmental Law are obtained and complied with.
- H. Mortgagor will permit, or cause any tenant to permit, Lender or Lender's agent to enter and inspect the Property and review all records at any reasonable time to determine (1) the existence, location and nature of any Hazardous Substance on, under or about the Property; (2) the existence, location, nature, and magnitude of any Hazardous Substance that has been released on, under or about the Property; or (3) whether or not Mortgagor and any tenant are in compliance with applicable Environmental Law.
- I. Upon Lender's request and at any time, Mortgagor agrees, at Mortgagor's expense, to engage a qualified environmental engineer to prepare an environmental audit of the Property and to submit the results of such audit to Lender. The choice of the environmental engineer who will perform such audit is subject to Lender's approval.
- J. Lender has the right, but not the obligation, to perform any of Mortgagor's obligations under this section at Mortgagor's expense.
- K. As a consequence of any breach of any representation, warranty or promise made in this section, (1) Mortgagor will indemnify and hold Lender and Lender's successors or assigns harmless from and against all losses, claims, demands, liabilities, damages, cleanup, response and remediation costs, penalties and expenses, including without limitation all costs of litigation and attorneys' fees, which Lender and Lender's successors or assigns may sustain; and (2) at Lender's discretion, Lender may release this Security Instrument and in return Mortgagor will provide

Lender with collateral of at least equal value to the Property secured by this Security Instrument without prejudice to any of Lender's rights under this Security Instrument.

- L. Notwithstanding any of the language contained in this Security Instrument to the contrary, the terms of this section shall survive any foreclosure or satisfaction of this Security Instrument regardless of any passage of title to Lender or any disposition by Lender of any or all of the Property. Any claims and defenses to the contrary are hereby waived.

20. CONDEMNATION. Mortgagor will give Lender prompt notice of any pending or threatened action, by private or public entities to purchase or take any or all of the Property through condemnation, eminent domain, or any other means. Mortgagor authorizes Lender to intervene in Mortgagor's name in any of the above described actions or claims. Mortgagor assigns to Lender the proceeds of any award or claim for damages connected with a condemnation or other taking of all or any part of the Property. Such proceeds shall be considered payments and will be applied as provided in this Security Instrument. This assignment of proceeds is subject to the terms of any prior mortgage, deed of trust, security agreement or other lien document.

21. INSURANCE. Mortgagor agrees to maintain insurance as follows:

- A. Mortgagor shall keep the Property insured against loss by fire, flood, theft and other hazards and risks reasonably associated with the Property due to its type and location. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Mortgagor subject to Lender's approval, which shall not be unreasonably withheld. If Mortgagor fails to maintain the coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property according to the terms of this Security Instrument.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard "mortgage clause" and, where applicable, "loss payee clause." Mortgagor shall immediately notify Lender of cancellation or termination of the insurance. Lender shall have the right to hold the policies and renewals. If Lender requires, Mortgagor shall immediately give to Lender all receipts of paid premiums and renewal notices. Upon loss, Mortgagor shall give immediate notice to the insurance carrier and Lender. Lender may make proof of loss if not made immediately by Mortgagor.

Unless otherwise agreed in writing, all insurance proceeds shall be applied to restoration or repair of the Property or to the Secured Debt, whether or not then due, at Lender's option. Any application of proceeds to principal shall not extend or postpone the due date of scheduled payment nor change the amount of any payment. Any excess will be paid to the Mortgagor. If the Property is acquired by Lender, Mortgagor's right to any insurance policies and proceeds resulting from damage to the Property before the acquisition shall pass to Lender to the extent of the Secured Debt immediately before the acquisition.

- B. Mortgagor agrees to maintain comprehensive general liability insurance naming Lender as an additional insured in an amount acceptable to Lender, insuring against claims arising from any accident or occurrence in or on the Property.
- C. Mortgagor agrees to maintain rental loss or business interruption insurance, as required by Lender, in an amount equal to at least coverage of one year's debt service, and required escrow account deposits (if agreed to separately in writing), under a form of policy acceptable to Lender.

22. ESCROW FOR TAXES AND INSURANCE. Unless otherwise provided in a separate agreement, Mortgagor will not be required to pay to Lender funds for taxes and insurance in escrow.

23. FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS. Mortgagor will provide to Lender upon request, any financial statement or information Lender may deem reasonably necessary. Mortgagor agrees to sign, deliver, and file any additional documents or certifications that Lender may consider necessary to perfect, continue, and preserve Mortgagor's obligations under this Security Instrument and Lender's lien status on the Property.

24. JOINT AND INDIVIDUAL LIABILITY; CO-SIGNERS; SUCCESSORS AND ASSIGNS BOUND. All duties under this Security Instrument are joint and individual. If Mortgagor signs this Security Instrument but does not sign an evidence of debt, Mortgagor does so only to mortgage Mortgagor's interest in the Property to secure payment of the Secured Debt and Mortgagor does not agree to be personally liable on the Secured Debt. If this Security Instrument secures a guaranty between Lender and Mortgagor, Mortgagor agrees to waive any rights that may prevent Lender from bringing any action or claim against Mortgagor or any party indebted under the obligation. These rights may include, but are not limited to, any anti-deficiency or one-action laws. Mortgagor agrees that Lender and any party to this Security Instrument may extend, modify or make any change in the terms of this Security Instrument or any evidence of debt without Mortgagor's consent. Such a change will not release Mortgagor from the terms of this Security Instrument. The duties and benefits of this Security Instrument shall bind and benefit the successors and assigns of Mortgagor and Lender.

25. APPLICABLE LAW; SEVERABILITY; INTERPRETATION. This Security Instrument is governed by the laws of the jurisdiction in which Lender is located, except

to the extent otherwise required by the laws of the jurisdiction where the Property is located. This Security Instrument is complete and fully integrated. This Security Instrument may not be amended or modified by oral agreement. Any section in this Security Instrument, attachments, or any agreement related to the Secured Debt that conflicts with applicable law will not be effective, unless that law expressly or impliedly permits the variations by written agreement. If any section of this Security Instrument cannot be enforced according to its terms, that section will be severed and will not affect the enforceability of the remainder of this Security Instrument. Whenever used, the singular shall include the plural and the plural the singular. The captions and headings of the sections of this Security Instrument are for convenience only and are not to be used to interpret or define the terms of this Security Instrument. Time is of the essence in this Security Instrument.

26. NOTICE. Unless otherwise required by law, any notice shall be given by delivering it or by mailing it by first class mail to the appropriate party's address on page 1 of this Security Instrument, or to any other address designated in writing. Notice to one mortgagor will be deemed to be notice to all mortgagors.

27. WAIVERS. Except to the extent prohibited by law, Mortgagor waives all appraisement, homestead exemption, and redemption rights relating to the Property. However, the waiver of redemption is not applicable to that portion of the Property that covers agricultural land or a single or two-family dwelling owned by or held in trust for a natural person.

28. U.C.C. PROVISIONS. If checked, the following are applicable to, but do not limit, this Security Instrument:

- CONSTRUCTION LOAN. This Security Instrument secures an obligation incurred for the construction of an improvement on the Property.
- FIXTURE FILING. Mortgagor grants to Lender a security interest in all goods that Mortgagor owns now or in the future and that are or will become fixtures related to the Property.
- CROPS; TIMBER; MINERALS; RENTS, ISSUES, AND PROFITS. Mortgagor grants to Lender a security interest in all crops, timber and minerals located on the Property as well as all rents, issues, and profits of them including, but not limited to, all Conservation Reserve Program (CRP) and Payment in Kind (PIK) payments and similar governmental programs (all of which shall also be included in the term "Property").
- PERSONAL PROPERTY. Mortgagor grants to Lender a security interest in all personal property located on or connected with the Property, including all farm products, inventory, equipment, accounts, documents, instruments, chattel paper, general intangibles, and all other items of personal property Mortgagor owns now or in the future and that are used or useful in the construction, ownership, operation, management, or maintenance of the Property (all of which shall also be included in the term "Property"). The term "personal property" specifically excludes that property described as "household goods" secured in connection with a "consumer" loan as those terms are defined in applicable federal regulations governing unfair and deceptive credit practices.
- FILING AS FINANCING STATEMENT. Grantor agrees and acknowledges that this Security Instrument also suffices as a financing statement and any carbon, photographic or other reproduction may be filed of record for purposes of Article 9 of the Uniform Commercial Code.

29. OTHER TERMS. If checked, the following are applicable to this Security Instrument:

- LINE OF CREDIT. The Secured Debt includes a revolving line of credit provision. Although the Secured Debt may be reduced to a zero balance, this Security Instrument will remain in effect until released.
- AGRICULTURAL PROPERTY. Mortgagor covenants and warrants that the Property will be used principally for agricultural or farming purposes and that Mortgagor is an individual or entity allowed to own agricultural land as specified by law.
- PURCHASE MONEY MORTGAGE. The Secured Debt includes money which is used in whole or in part to purchase the Property.
- ADDITIONAL TERMS.

30. WAIVER OF JURY TRIAL. TO THE EXTENT NOT PROHIBITED BY LAW, MORTGAGOR AND LENDER KNOWINGLY AND INTENTIONALLY WAIVE THE RIGHT, WHICH THE PARTY MAY HAVE, TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION ARISING FROM THE SECURED DEBT, OR ANY OTHER AGREEMENT EXECUTED IN CONJUNCTION WITH THE EVIDENCE OF DEBT AND THIS MORTGAGE. MORTGAGOR AND LENDER EACH ACKNOWLEDGE THAT THIS SECTION HAS EITHER BEEN BROUGHT TO THE ATTENTION OF EACH PARTY'S LEGAL COUNSEL OR THAT EACH PARTY HAD THE OPPORTUNITY TO DO SO.

SIGNATURES: By signing below, Mortgagor agrees to the terms and covenants contained in this Security Instrument and in any attachments. Mortgagor also acknowledges receipt of a copy of this Security Instrument on the date stated on page 1.

Entity Name: MIDLAND CREDIT MANAGEMENT, INC. Entity Name:

By: /s/ Frank Chandler, 2/16/96

(Signature) Frank Chandler, (Date) (Signature) (Date)
President

(Signature) (Date) (Signature) (Date)

ACKNOWLEDGMENT:

STATE OF _____, COUNTY OF _____ }ss.
(Individual) This instrument was acknowledged before me this ____ day of _____
by _____
My commission expires:
(Seal) -----

(Notary Public)

STATE OF KANSAS , COUNTY OF RENO }ss.

This instrument was acknowledged before me this 12TH day of FEBRUARY, 1996

by FRANK CHANDLER, PRESIDENT

------(Title(s))
of MIDLAND CREDIT MANAGEMENT, INC.

------(Name of Business or Entity)

(Business
or Entity
Acknowledgment)

a -----on behalf of the business or entity.

My commission expires: May 3, 1996 /s/ Lisa R. Chronister

(Seal)

LISA R. CHRONISTER
Notary Public - State of Kansas
My Appt. Expires 5-3-96

(Notary Public)

COMMENCEMENT DATE CERTIFICATE

This Commencement Date Certificate is entered into as of this 17th day of February 1998 between 4405 E. Baseline Road Limited Partnership, an Arizona limited partnership ("Landlord") and Midland Credit Management, Inc., a Kansas corporation ("Tenant").

RECITALS

Landlord and Tenant entered into that Net Industrial Lease (the "Lease") covering the premises located at 4310 E. Broadway Road, Phoenix, Arizona 85040, consisting of approximately 30,000 square feet (the "Premises").

AGREEMENT

1. Defined Terms. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Lease.
2. Confirmation of Lease Commencement. Landlord and Tenant confirm that the Effective Date, pursuant to Article 4 of the Lease, is March 1, 1998, and that the Termination Date of the Lease is February 28, 2003.
3. Effect of the Commencement Date Certificate. Except as expressly amended by this Commencement Date Certificate, all the terms, covenants and conditions of the Lease remain in full force and effect.

Landlord and Tenant hav executed this Commencement Date Certificate as of the date written above.

<p>LANDLORD:</p> <p>4405 E. BASELINE ROAD LIMITED PARTNERSHIP, an Arizona limited partnership</p>	<p>TENANT:</p> <p>MIDLAND CREDIT MANAGEMENT, INC., A Kansas corporation</p>
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<p>By: San Salvador Management, L.L.C., an Arizona limited liability company Its General Partner</p>	<p>By: Frank Chandler ----- Its: President -----</p>
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By:-----
Its Principal

NET INDUSTRIAL LEASE

INFORMATION SCHEDULE

This Information Schedule is a part of the Lease between the parties named below. The information in this Schedule is further explained and detailed in the rest of the Lease, most particularly in the referenced Lease paragraphs.

INFORMATION		ARTICLE OR PARAGRAPH
DATE OF LEASE:	November 19, 1997	
PARTIES:		#1, 20
LANDLORD:	4405 E. Baseline Road Limited Partnership c/o Scottsdale Property Management 97, L.L.C. 9495 E. San Salvador Drive, Suite 100 Scottsdale, AZ 85258 Attention: Mitchell Mudick FAX: (602) 860-2999	
TENANT:	Midland Credit Management, Inc. 500 W. First, Box 576 Hutchinson, KS 67504-0576 Attention: John Chandler FAX: (316) 665-0140	#1, 20
PREMISES:	Building consisting of approximately 30,000 Square Feet located at 4310 E. Broadway Road Phoenix, AZ 85040	#2(a)
	Adjacent Site Improvements: Parking areas	#2(b) Exhibit "A"
ALLOWANCES:	Tenant Improvements	#3 Exhibit "C"

TERM; RENEWAL OPTION:	The "Lease Term" shall begin on the Effective Date and end at midnight on the last day of the fifth year following the Effective Date (the "Termination Date"), unless sooner terminated or extended pursuant to the terms hereof. Renewal Option: As set forth in Exhibit "F".	#4 Exhibit "F"
FIRST RIGHTS OF REFUSAL:	As set forth in Exhibit "H".	Exhibit "H"
RENTS:	Fixed Minimum Rent: As set forth in Exhibit "E".	#5 Exhibit "E"
SECURITY DEPOSIT:	\$18,600.00	#5.4
PERMITTED USES:	General Office	#6.1
LANDLORD'S BROKER:	Lee & Associates	#21
TENANT'S BROKER:	None	#21
ADDITIONAL EXHIBITS:	The following Exhibits are attached to and made a part of this Lease.	
	"A" Description of Property	
	"B" Intentionally Omitted	
	"C" Tenant Improvements	
	"D" Dangerous/Hazardous Chemicals and Materials	
	"E" Fixed Minimum Rent Schedule	
	"F" Renewal Option	
	"G" Tenant Removal Items	
	"H" First Rights of Refusal	

LEASE PROVISIONS

1. Parties. This Lease is made as of the date shown in the Information Schedule, between the parties as provided in said Schedule.
2. Premises, Property. In consideration of the agreements in this Lease and other consideration paid, Landlord leases to the Tenant and Tenant leases from Landlord:
 - (a) the "Premises" which consists of the building identified in the Information Schedule, which building is located on the Property described in Exhibit "A" (the "Property") (including square footage amount(s) which are agreed to and accepted by the parties), and as depicted on the revised Preliminary Space Plan of the Premises dated October 22, 1997, which was prepared by Tiera and has been approved by Landlord and Tenant (the "Space Plan").
 - (b) the nonexclusive right to use the "Adjacent Site Improvements" described in Exhibit "A", if any; and
 - (c) the nonexclusive right to use, together with Landlord and other tenants (if any) of the Property, the driveways, parking areas (to the extent not leased to other tenants for their sole use), and grounds. Tenant will be entitled to the use of 150 parking spaces. All parking spaces surrounding the Premises will be reserved for Tenant's use. Other parking will be random in the adjacent parking lot. Tenant will not be permitted to use parking spaces surrounding the building located at 4302 E. Broadway Road.
3. Tenant Improvements. Landlord will complete tenant improvements to the Premises, as depicted on the Space Plan and set out in Exhibit "C" hereto (the "Tenant Improvements"), which Tenant Improvements will be completed on or prior to the Effective Date at Landlord's sole expense.
4. Term: Commencement and Termination; Effective Date. The Term of the Lease shall commence and terminate as provided in the Information Schedule. This Lease is not terminable by Tenant, except as expressly stated herein. The "Effective Date" is the later of (i) the date upon which the Tenant Improvements (as described in Article 3 hereof) are substantially complete, or (ii) January 1, 1998. The term "substantially complete" as used in this Article 4 means that state of completion which will allow Tenant to commence its business operations at the Premises without material interference from Landlord's contractor. Landlord shall provide Tenant with written notice that the Tenant Improvements are substantially complete. Landlord anticipates that the Tenant Improvements will be substantially complete prior to January 1, 1998. The parties shall confirm the Effective Date in writing.

5. Rents, Security Deposits.

5.1(a) Fixed Minimum Rent. Tenant agrees to pay Landlord Fixed Minimum Rent for the Premises in the amounts listed on Exhibit "E" hereto. The Fixed Minimum Rent will be paid in monthly installments, in advance, without offset, deduction or prior demand, on the first day of each month of the original and any extended Lease Term. The Fixed Minimum Rent for the first month of the Term will be paid by Tenant upon execution of this Lease.

5.1(b) Additional Rent. All fees, charges, costs, expenses or other sums payable by Tenant hereunder, other than Fixed Minimum Rent, whether or not designated as such, shall be considered "Additional Rent". For purposes hereof, the term "Rent" shall include Fixed Minimum Rent or Additional Rent, or both, as the context may require. It is further understood and agreed that, except as may be expressly set forth herein, Landlord shall at all times be entitled to receive the Rent payable hereunder irrespective of any damage or destruction to the Premises or the Property or the impairment of any services or utilities thereto and Tenant shall not be entitled to terminate this Lease nor shall Tenant be entitled to an abatement of Rent by reason of said causes. Tenant hereby acknowledges the foregoing and expressly waives its rights under A.R.S. Section 33-343 or any statute of similar effect.

Landlord and Tenant contemplate that the Rent provided for herein is a "net" Rent to Landlord, and that, except as provided otherwise in the Lease, all maintenance costs and any and all other charges, assessments and expenses attributable to the Premises or the operation thereof, whether or not expressly provided for in this Lease (collectively, the "Premises Costs"), shall be solely the responsibility of, and performed and paid for by, Tenant. Should Landlord incur any reasonable expense for Premises Costs, Tenant shall reimburse Landlord in full within ten business days after receipt by Tenant of each invoice therefor.

In addition to the Premises Costs, Tenant agrees to pay: (A) forty-nine percent (49%) of the following operating expenses for the Property (collectively, the "Property Costs"): (i) real property taxes payable by Landlord pursuant to Paragraph 5.2 hereof, (ii) the cost of maintaining insurance payable by Landlord pursuant to Article 8 hereof, and (iii) the cost of any common area charges payable by Landlord pursuant to Paragraph 7.2 hereof; (B) Tenant's pro rata share of the cost of a service contract, if any, for the repair and maintenance of the HVAC system, pursuant to Paragraph 7.2 hereof; (C) Tenant's pro-rata share of the cost of jointly metered utilities, if any, pursuant to Article 11 hereof; and (D) an administrative fee equal to two percent (2%) of the Fixed Minimum Rent for the Premises (the "Administrative Fee"). Accordingly, during each month of the Term of this Lease, on the same day that Fixed Minimum Rent is due hereunder, Tenant shall pay Landlord an amount equal to 49% of 1/12 of the estimated annual Property Costs plus 1/12 of the Administrative Fee.

The initial monthly payments for Property Costs are based upon the projected amounts for the year in question. Monthly payments for Property Costs may be increased or decreased annually to reflect changes in the projected Property Costs. If Tenant's total Property Costs payments are less than 49% of the actual Property Costs for such payment period(s),

Tenant shall pay the difference to Landlord with Tenant's next monthly Rent payment; provided, however, if no further monthly Rent payment is scheduled to be paid by Tenant, then Tenant shall pay the difference within ten (10) business days after demand therefor. If Tenant's total Property Costs payments are more than 49% of the actual Property Costs for such payment period(s), such overage shall be credited against Tenant's next monthly payment(s); provided, however, to the extent such overage exceeds further amounts owed by Tenant, Landlord shall refund such overage excess directly to Tenant. Within ninety (90) days after the end of each Lease year, or as soon thereafter as is reasonably practical, Landlord shall provide Tenant with a statement showing actual Property Costs for the preceding Lease year.

- 5.1(c) Rent Tax. Together with, and in addition to, any payment of Fixed Minimum Rent or any other sums payable hereunder by Tenant, Tenant shall also pay to Landlord any excise, sales or transaction privilege tax levied by any governmental authority upon Landlord (except Landlord's income tax) in connection with or as a result of any payments required to be made by Tenant hereunder.
- 5.1(d) Advance Rental Payment. If twice during any period of 12 consecutive calendar months during the Term Tenant shall not timely remit to Landlord any Fixed Minimum Rent or Additional Rent as and when required hereunder, then Landlord shall have the express right to require that Tenant pay all Fixed Minimum Rent thereafter due in advance on a quarterly basis. Notice of election by Landlord under this Paragraph shall be delivered to Tenant in writing. Not later than five days after receipt of such notice, Tenant shall remit to Landlord all sums including Fixed Minimum Rent, Additional Rent or both, then due and owing under this Lease. Concurrently with the payment of such arrearages, Tenant shall also pay the Fixed Minimum Rent owed for that three-month period commencing as of the first day of the calendar month next ensuing after the notice contemplated by this Paragraph is delivered. Thereafter, unless otherwise advised by Landlord in writing that the election made pursuant to this Paragraph has been revoked, Tenant shall continue to pay Fixed Minimum Rent in advance on a quarterly basis without further demand therefor by Landlord. By its execution hereof, Tenant acknowledges, agrees and confirms that the right granted Landlord pursuant to this Paragraph is being made in lieu of a personal guaranty by any officer, director, shareholder or other person involved with Tenant to secure the performance by Tenant of its rental obligations hereunder. No interest shall be payable by Landlord on sums received pursuant to this Paragraph nor shall Landlord be required to keep such sums in a separate account. Provided no default by Tenant has occurred and is continuing, sums received pursuant to this Paragraph shall be applied by Landlord against the Fixed Minimum Rent obligations of Tenant hereunder as and when such obligations occur.
- 5.2 Real Property Taxes. Landlord agrees to pay all real property taxes applicable to the Property. Landlord shall have the right to employ a tax consulting firm to attempt to assure a fair tax burden on the Property within the applicable taxing jurisdiction. Tenant agrees to pay forty-nine percent (49%) of the cost of such consultant, provided that the real property taxes applicable to the Property are reduced by more than the amount of the cost of such consultant.

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- 5.3 Rent Obligations Independent; Abatement; Proration; Where Payable; Late Charges. The Rent obligations are independent of any other obligations of Tenant or Landlord, and Tenant is not entitled to any abatement or reduction in Rent except as expressly provided. Tenant waives the benefit of any statute which would alter this agreement of the parties. Rent due for any period which is less than one month will be prorated. Rent is payable to Landlord at the address listed in the Information Schedule or such other places the Landlord may designate from time to time in writing. A handling fee in the amount of \$200 or five percent of the sum not timely received by Landlord, whichever is less, shall be due on any Rent not paid within ten days of the due date, irrespective of whether Landlord elects to pursue actions under Article 13 as a consequence of such late payment.
- 5.4 Security Deposit. Upon execution of this Lease, Tenant shall deposit with Landlord a cash Security Deposit in the amount provided in the Information Schedule. Landlord may apply all or part of the Security Deposit to any unpaid Rent or other charges due from Tenant or to cure any default of Tenant. If Landlord uses any part of the Security Deposit, Tenant shall restore the Security Deposit to its full amount within ten days after Landlord's written request. Tenant's failure to comply with this provision shall be a material default. No interest is payable on the Security Deposit. Landlord is not required to keep the Security Deposit in a separate account and no trust relationship is created as to the Security Deposit.
6. Use.
- 6.1 Use. Tenant covenants and agrees to use the Premises for no purpose other than those listed in the Information Schedule.
- 6.2 Compliance with Law. Tenant, at its expense, will comply promptly with all statutes, ordinances, rules and regulations, orders and requirements (including the recommendations of fire rating organizations, Tenant's and Landlord's underwriters and insurance companies), in effect during the Lease Term regulating the use of the Premises by Tenant; excluding, however, those requiring structural changes or substantial modification of the Premises. Tenant will not carry on, nor permit any dangerous or offensive activity so as to create damage to the real property upon which the Premises are located, waste, a nuisance, or, disturbance to other tenants.
- 6.3 Environmental Protections. Tenant acknowledges that there are in effect federal, state, and local laws, regulations, and guidelines, and that additional and other laws, regulations, and guidelines may hereinafter be enacted to take effect relating to or affecting the Property, and concerning the impact on the environment of construction, land use, maintenance and operation of structures, and the conduct of business. Tenant will not cause or permit to be caused, any act or practice, by negligence, omission, or otherwise that would adversely affect the environment, or do anything or permit anything, to be done that would violate any of said laws, regulations or guidelines. Tenant agrees to comply with Exhibit "D" ("Control of Dangerous/Hazardous Chemicals and Materials"). Tenant shall indemnify, defend, protect and hold Landlord, its employees, agents, partners, members, officers and directors, harmless from and against all claims, accidents, suits, proceedings, judgments, losses, costs, damages, liabilities (including, without limitation, sums paid in settlement of claims), deficiencies, fines, penalties, punitive damages or expenses

(including, without limitation, reasonable attorneys', experts', and consultants' fees, investigation and laboratory fees, court costs and litigation expenses) resulting from any adverse effect to the environment caused by Tenant, directly or indirectly resulting from the presence of any Hazardous Materials in, on, or under the Premises or Property that were introduced to the Premises or Property by Tenant during the Term hereof. All obligations of Tenant under this Paragraph 6.3 shall survive the expiration or earlier termination of the Lease. Landlord shall indemnify, defend, protect and hold Tenant, its employees, agents, partners, members, officers and directors, harmless from and against all claims, accidents, suits, proceedings, judgments, losses, costs, damages, liabilities (including, without limitation, sums paid in settlement of claims), deficiencies, fines, penalties, punitive damages or expenses (including, without limitation, reasonable attorneys', experts', and consultants' fees, investigation and laboratory fees, court costs and litigation expenses) resulting from any adverse effect to the environment caused by Landlord, directly or indirectly resulting from the presence of any Hazardous Materials in, on, or under the Premises or Property that were introduced to the Premises or Property by Landlord prior to the Term hereof. All obligations of Landlord under this Paragraph 6.3 shall survive the expiration or earlier termination of the Lease.

6.4 Condition of Premises. Tenant accepts the Premises in the condition existing as of the date of this Lease. Tenant accepts the Premises subject to all applicable zoning, municipal, county, state and federal laws, ordinances and regulations governing use of the Premises and to any covenants or restrictions of record, and matters disclosed by any attached exhibits. Tenant acknowledges that Landlord and Landlord's agent have not made any representation or warranty as to the suitability of the Premises for Tenant's business.

7. Maintenance, Repairs and Alterations.

7.1 Tenant's Obligations. By entry hereunder, Tenant shall be deemed to have accepted the Property as being in good condition and repair. Except to the extent Landlord is specifically responsible therefor under this Lease, Tenant shall, at Tenant's sole cost and expense, make all repairs to, and provide all maintenance for the Premises and all improvements therein and thereon. At all times during the Term, Tenant shall keep the Premises in good order and repair, and in a safe, clean, neat and sanitary condition. Except to the extent Landlord is specifically responsible therefor under this Lease, Tenant's obligations of maintenance and repair shall include by way of illustration, and not limitation, the maintenance and repair of any storefront, doors, window casements, glazing, plumbing, pipes, electrical wiring as well as the maintenance, and repair of those conduits and the heating, ventilating and air conditioning ("HVAC") system servicing the Premises (when there is an air conditioning system). Tenant shall, upon the expiration or sooner termination of this Lease, surrender the Premises to Landlord in good condition, broom clean, ordinary wear and tear excepted. Any damage to the Premises caused by Tenant's use of the Premises shall be repaired at the sole cost and expense of Tenant. If Tenant refuses or fails to commence repairs or maintenance for which Tenant is responsible under this Lease within a reasonable time, but not later than ten days following written notice or demand made by Landlord, or to adequately and diligently complete such repairs or maintenance within a reasonable time thereafter, Landlord may enter the Premises and perform such obligation without liability to Tenant for any loss or damage to Tenant caused

thereby, and Tenant shall pay to Landlord, on demand, as Additional Rent, the cost thereof plus 15% of such cost for Landlord's overhead and supervision. Such sums shall also bear interest at the rate provided in Paragraph 24.10 from the date advanced until repaid. Landlord may, but shall not be obligated to, repair, at the expense of Tenant, all damage or injury to the Premises, or to the Property or to its fixtures, appurtenances or equipment, caused by Tenant or its officers, agents, employees, contractors, visitors or licensees. Tenant agrees that the performance of any maintenance, repair or replacements by the Landlord pursuant to this Paragraph 7.1 shall not constitute a re-entry of the Premises by Landlord, nor a breach of any covenant of quiet enjoyment contained in this Lease.

Tenant agrees to store trash in suitable containers outside the building where the Premises is located ("Building"). Tenant agrees not to store goods, pallets, drums, or any other materials outside the Building in any manner so as to be visible from any street or walkway adjacent to the Building.

Tenant shall not place a load upon any floor of the Premises exceeding the floor load per square foot area which such floor was designed to carry and which is allowed by law. Use by Tenant of any mezzanines for storage is at Tenant's sole risk and Tenant agrees to indemnify Landlord from any claims resulting from any such use.

In the event Landlord designates specific parking areas within the parking and loading areas, Tenant will cause its employees, agents, and invitees to park only in the designated areas.

Except as otherwise permitted hereunder, no repair or servicing of any motorized vehicle shall be allowed on the Property or in any parking or loading areas, roadways, or service areas within the Property. No vehicle (including equipment, trailers, and machinery) shall be abandoned or disabled or in a state of non-operation or disrepair upon the property of the Landlord, and Tenant shall enforce this restriction against Tenant's employees, agents, and invitees. Tenant shall have the right to service its vehicles within the Property so long as the vehicle being serviced is disabled only temporarily, i.e. for a period less than 48 hours, and provided further that such vehicle is not visible from any street or walkway adjacent to the Property. Should Landlord determine that a violation of this restriction has occurred, Landlord shall have the right to cause the offending vehicle to be removed and all costs of such removal shall be the obligation of the Tenant responsible for such vehicle within ten days of written notice to Tenant.

7.2 Landlord's Obligations. Unless caused by Tenant or its officers, agents, employees, contractors, visitors or licensees, and subject to the provisions of Article 9 hereof, for the first six (6) months of the Term of the Lease, Landlord shall, at Landlord's sole cost and expense, (i) maintain the structural soundness of the roof, foundation and exterior walls of the Premises, and of the air conditioning units servicing the Premises, in good repair, normal wear and tear excepted, and (ii) maintain the electrical, plumbing and HVAC systems servicing the Premises. Thereafter, any such costs or expenses (other than such structural replacement costs covered under clause (i) above) shall be Premises Costs in accordance with the provisions of Paragraph 5.1(b) hereof. Tenant shall immediately give Landlord written notice of defect or need for repairs, after which Landlord shall have

reasonable opportunity to repair same or cure such defect. It is expressly understood that Landlord may obtain a service contract for the repair and maintenance of the HVAC system, which maintenance contract shall conform to the requirements under the system's warranty, if any. Notwithstanding any other provision herein to the contrary, Landlord hereby agrees that all HVAC units serving the Premises shall be in working order and otherwise operational as of the Date of Occupancy.

Subject to the provisions of Article 9 hereof, Landlord shall be responsible for the operation, maintenance, and repair of the common areas of the Property in good condition, normal wear and tear excepted, and the costs or expenses therefor (including any replacement costs) shall be Property Costs in accordance with the provisions of Paragraph 5.1(b) hereof.

7.3 [Intentionally omitted.]

7.4 Surrender of Premises. At the end of the Term, or any other termination of the Lease, Tenant will return the Premises in good, clean condition and operating order, after completing all maintenance and replacement which is Tenant's responsibility. Damage by ordinary wear and tear is excepted to the extent that it is not part of Tenant's obligation to maintain and replace. Extraordinary wear and tear due to Tenant's use of the Premises is the responsibility of Tenant. Damage to the Premises caused by Paragraph 7.5(c) removals will be repaired by Tenant. Tenant shall notify Landlord in writing at least 120 days prior to vacating the Premises and shall within 30 days prior to vacating arrange to meet with Landlord for a joint inspection of the Premises prior to vacating. If Tenant fails to give such notice or to arrange for such inspection, then Landlord's inspection of the Premises shall be deemed correct for the purpose of determining Tenant's responsibility for repairs and restoration of the Premises.

7.5 Alterations and Additions.

7.5(a) Consent. Without Landlord's prior written consent, Tenant shall not make any alterations or improvements to the Premises, nor shall Tenant make any changes to the exterior of the Premises, or any other structure within the Property. Landlord may condition its consent with any of the following:

- (i) Tenant's agreement to remove any alterations or improvements upon termination, and to restore the Premises or Property to its prior condition (if requested to do so by Landlord).
- (ii) A lien and completion bond equal to one and one-half times the estimated cost of improvements.
- (iii) Insurance necessary to protect both parties while work is in progress.
- (iv) Waivers of Liens from all contractors or sub-contractors involved in the alterations or improvements.

- 7.5(b) Liens. Claims for, or purporting to be for, labor or materials furnished to Tenant shall be paid by Tenant when due, or secured by bond, so as to immediately discharge any liens filed against the Premises or Property. In the event Tenant does not discharge any such liens, Landlord shall have the right, but not the obligation, to discharge such liens. Any such amount paid or incurred by Landlord shall be immediately due and payable as additional rent by Tenant to Landlord together with interest at the rate indicated in Paragraph 24.10 from the date of payment by Landlord until paid by Tenant.
- 7.5(c) Surrender or Removal of Alterations. Unless removal is required by Landlord, at Landlord's option, all alterations or improvements, irrespective of whether any of such personalty shall be installed within the Premises so as to constitute a fixture therein, will become the property of Landlord and will be surrendered with the Premises at the end of the Lease Term or other termination, without payment. Machinery, trade fixtures, furniture, equipment or other personal property acquired by Tenant with Tenant's separate funds shall remain the property of Tenant and may be removed by Tenant subject to Paragraph 7.4. Additionally, all interior appointments made or installed by Tenant at the Premises during the Term hereof, including, without limitation, any millwork, cabinetry or partition walls, shall remain at the Premises upon the expiration or sooner termination of this Lease and shall be the property of Landlord except to the extent that any of such items are identified on Exhibit "G" hereto (the "Tenant Removal Items"). Provided no event of default by Tenant then exists hereunder, Tenant shall have the right to remove the Tenant Removal Items from the Premises upon the expiration of or sooner termination of this lease if such removal can be effectuated without causing material damage to the Premises which cannot be repaired. All damage sustained by the Premises upon any such removal, whether such damage is material or otherwise, shall be paid for by Tenant to Landlord upon demand.
8. Insurance.
- 8.1 Liability Insurance. During the Lease Term, Tenant will maintain a policy of 'workers' compensation insurance and a broad form policy of comprehensive general liability insurance insuring Landlord and Tenant against liability arising out of the use, occupancy or maintenance of the Premises. The insurance will be for not less than \$2,000,000 combined single limit personal injury and property damage. The limits of the insurance will not limit the liability of Tenant. The policy will contain cross-liability endorsements, if applicable, and will insure Tenant's performance of the indemnity provisions of Paragraph 8.5.
- 8.2(a) Casualty Insurance. During the Lease Term, Landlord will maintain property damage liability insurance including damage by fire, sprinkler damage, vandalism, malicious mischief and all perils customarily covered under extended coverage endorsements. Such insurance shall be in an amount equal to the replacement cost of the Premises, except for a commercially reasonable deductible. During the Lease Term, Tenant will maintain fire and extended coverage insurance covering the replacement cost of (i) all alterations, additions, partitions, and improvements installed or placed on the Premises by Tenant or by Landlord on behalf of Tenant, and (ii) all of Tenant's personal property contained within the Premises. Landlord's policy will be excess over Tenant's policies.

- 8.2(b) Payment of Premiums; Insurance Policies. If Tenant fails to maintain the required insurance, Landlord may, but is not obligated to, maintain the insurance at Tenant's expense. Each insurance policy shall expressly provide that it is not subject to invalidation of the Landlord's interest by reason of any act or omission on the part of Tenant.
- 8.2(c) Tenant's Personal Property. Tenant assumes all risk of loss or damage to Tenant's Property. Tenant assumes the risk that loss or damage to Tenant's Property, to the Premises or to any other property may result in loss of income, profits or good will to the business of Tenant or other persons interested in Tenant's Property. Tenant releases and holds Landlord harmless from liability for these losses or damage, except if arising out of Landlord's gross negligence or willful misconduct. Tenant's Property includes all goods, equipment, inventory, merchandise, records and other personal property and all fixtures, improvements and betterments placed in or about the Premises, belonging to Tenant or any person connected with, or claiming under or through Tenant. Tenant agrees to indemnify Landlord and save it harmless from all loss or claims, including reasonable attorneys' fees and costs in defending a claim, arising, out of loss or damage to Tenant's Property belonging to others, except if arising out of Landlord's gross negligence or willful misconduct. Landlord means Landlord, its employees and agents. Tenant shall provide insurance to the extent of not less than 90% of the fair market value of Tenant's Property as appraised by Tenant's insurer(s), with an agreed amount endorsement. Tenant, at its sole cost and expense, shall obtain the insurance coverages necessary to provide protection for the risks and obligations to indemnify assumed by Tenant and shall maintain such insurance for the Lease Term. Tenant agrees to notify each insurance carrier of Tenant's assumption of risk, release and indemnification stated above. Tenant acknowledges that its insurance coverages could be voided or otherwise adversely affected by the requirements of this Paragraph 8.2(c) unless the insurance carrier has waived its right of subrogation or has otherwise agreed to the above assumption of risk, release and hold harmless agreement and indemnification.
- 8.3(a) Tenant's Insurance Policies. Insurance carried by Tenant will be with responsible carriers acceptable to Landlord and licensed in the State of Arizona. Tenant will deliver to Landlord certified copies of the policies of insurance or certificates evidencing the existence and amounts of the insurance. No policy shall be cancelable or subject to reduction of coverage or other modification except after 30 days prior written notice to Landlord. Tenant shall, at least 30 days prior to the expiration of the policies, furnish Landlord with renewals or "Binders" for the policies, or Landlord may order the required insurance and charge the cost to Tenant pursuant to Paragraph 23. All policies shall name Landlord, any person, firm, or corporation designated by Landlord, and Tenant, as co-insureds, and shall contain or provide for such loss-payable endorsements as may be required by the holder of any mortgage or deed of trust constituting a lien upon the Property or any part thereof, including the Premises. All policies shall be written as primary policies, not contributing with and not in excess of coverage which Landlord may carry. All such policies shall contain a provision that Landlord, although named as an insured, shall nevertheless be entitled to recover under such policies for any loss occasioned to it, its servants, agents, and employees by reason of the negligence of Tenant. All such insurance shall provide that the coverage afforded shall not be affected by the performance of any work in or about the Premises.

- 8.3(b) Increased Risk. Tenant will not do anything or permit anything to be done or any hazardous condition to exist ("Increased Risk") which shall invalidate or cause the cancellation of the insurance policies carried by either Tenant or Landlord. If Tenant does or permits any Increased Risk which causes an increase in the cost of Landlord's insurance policies then Tenant shall reimburse Landlord pursuant to Paragraph 23 for additional premiums attributable to any act, omission or operation of Tenant causing the increase in the premiums, including, but not limited to, non-compliance with recommendations under Paragraph 6.2. Payment of additional premiums will not excuse Tenant from terminating or removing the Increased Risk unless Landlord agrees in writing. Absent agreement, Tenant shall promptly terminate or remove the Increased Risk.
- 8.4 Waiver of Subrogation on Property Policies. Each party releases the other party from any and all liability or responsibility (to the other party or anyone claiming through or under them by way of subrogation or otherwise) for loss or damage to property resulting from causes insured against, even if such casualty has been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible.
- 8.5 Indemnity. Except if arising out of Landlord's gross negligence or willful misconduct, Tenant shall indemnify and hold harmless Landlord, its agents and employees, from and against any and all claims arising from: (a) Tenant's use of the Premises, (b) the conduct of Tenant's business or anything else done or permitted by Tenant to be done in or about the Premises or elsewhere in the Property, (c) any breach or default in the performance of Tenant's obligations under the Lease, or arising from any negligence of the Tenant, or Tenant's agents, contractors or employees. Tenant shall defend Landlord against all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claim, action or proceeding. In case any action or proceeding is brought against Landlord by reason of a claim, Tenant, upon notice from Landlord, shall defend the same at Tenant's expense by counsel satisfactory to Landlord. Tenant assumes all risk of damage to property or injury to persons, in or about the Premises arising from any cause and Tenant waives all such claims against Landlord, except claims due to Landlord's gross negligence or willful misconduct. The liability of Tenant to indemnify Landlord, its agents and employees, shall not extend to any matter against which Landlord shall be effectively protected by insurance, provided that if any liability shall exceed the amount of effective and collectable insurance, the liability of Tenant shall apply to the excess. Whether the insurance is "effective" depends in part, but not by way of limitation, on the absence of any defense to coverage made by the insurer.

9. Casualty Damage.
- 9.1(a) Notice; No Repairs Elected. If the Premises or any part of the Premises should be damaged or destroyed by fire or other peril, Tenant immediately shall give written notice to Landlord. If the Premises should be totally destroyed by any peril or if they should be so damaged thereby that, in Landlord's estimation, rebuilding or repairs cannot be completed within ninety (90) days after the date of such damage, this Lease shall terminate and the Rent shall be abated during the unexpired portion of this Lease, effective upon the date of the occurrence of such damage.
- 9.1(b) Repairs Elected. If the Premises or any part of the Premises should be damaged by any peril, and in Landlord's estimation, rebuilding or repairs can be substantially completed within ninety (90) days after the date of such damage (the "Repair Period"), this Lease shall not terminate, and Landlord shall restore the Premises to substantially its previous condition, except that, other than the Tenant Improvements, Landlord shall not be required to rebuild, repair or replace any part of the partitions, fixtures, additions and other improvements that may have been constructed, erected or installed in, or about the Premises or for the benefit of, or by or for Tenant. Rent shall be abated during such portion of the Repair Period, if any, that the Premises are unusable by Tenant for the conduct of its business operations. If such repairs and rebuilding have not been substantially completed within ninety (90) days after the date of such damage, Tenant, as Tenant's exclusive remedy, may, as the case may be, terminate this Lease by delivering written notice of termination to Landlord in which event the rights and obligations hereunder shall cease and terminate.
- 9.2 Lenders. Notwithstanding anything herein to the contrary, in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises requires that the insurance proceeds be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within fifteen (15) days after such requirement is made known by any such holder, whereupon all rights and obligations hereunder shall cease and terminate.
- 9.3 Waiver. Anything in this Lease to the contrary notwithstanding, Landlord and Tenant hereby waive and release each other of and from any and all rights of recovery, claim, action or cause of action, against each other, their agents, officers and employees, for any loss or damage that may occur to the Premises, improvements to the Premises, or personal property within the Premises, for any reason regardless of cause or origin. Each party to this Lease agrees immediately after execution of this Lease to give each insurance company, which has issued to it policies of fire and extended coverage insurance, written notice of the terms of the mutual waivers contained in this subparagraph, and if necessary, to have the insurance policies properly endorsed.
- 9.4 Damage During Last Six Months of Term. If casualty damage occurs to the Premises or any part thereof during the last six months of the Lease Term, Landlord may terminate this Lease irrespective of the extent of the damage. If Tenant has an unexpired option to extend or renew the Lease, the option to extend or renew must be exercised within 20 days of the casualty. If the option is exercised, Landlord may not cancel unless there

is substantial damage. If the option is not exercised, the option is terminated and Landlord may terminate the Lease.

10. Personal Premises Taxes. Tenant will timely pay all taxes assessed against trade fixtures, furnishings, equipment and all other personal property of Tenant. Tenant will cause these items to be assessed and billed separately from the real property of Landlord.
11. Utilities. Tenant will pay directly to the appropriate supplier, the cost of all water/sewer, gas, heat, light, electrical, telephone, refuse disposal and other utilities and services supplied to the Premises, and any taxes on those bills. If any services are not separately metered, Tenant will pay as Additional Rent a proportion of all jointly-metered utilities used by any other occupants of the Premises based either upon type and extent of use or on area, as reasonably determined by Landlord.
12. Assignment and Subletting.
 - 12.1 Landlord's Consent Required. Tenant will not voluntarily or by operation of law assign, transfer, mortgage, sublet or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Premises or Property, without Landlord's prior written consent which consent may not be unreasonably withheld by Landlord. Any attempted assignment, transfer, mortgage, encumbrance or subletting without consent shall, at Landlord's election, be deemed void as against Landlord, and shall constitute a breach of the Lease.
 - 12.2 No Release of Tenant. Regardless of Landlord's consent, no subletting, or assignment will alter the primary liability of Tenant to pay Rent or to perform all other obligations to be performed by Tenant. Acceptance of Rent from any other person will not be deemed a waiver by Landlord of any provision of this Lease. Consent to one assignment or subletting will not be deemed consent to any subsequent assignment or subletting.
 - 12.3 Processing Fees. If Landlord consents to a sublease or assignment, Tenant will pay to Landlord the greater of: (i) Landlord's actual cost of reviewing and documenting such assignment or sublease, including attorneys' fees or (ii) a standard processing fee of \$350.
 - 12.4 No Financial Gain. If Landlord consents to an assignment or sublease, Tenant shall not realize any financial gain resulting from any increase in the rental value of the Premises. Therefore, as a condition of any assignment or subletting, it is agreed by the parties that Landlord shall receive all consideration due or to become due to Tenant from any assignee or sublessee with respect to such assignment or subletting, including, without limitation, the full and complete rental payments paid by such assignee or sublessee, including any amounts paid in excess of Tenant's financial obligations set forth in this Lease, less Tenant's reasonable costs incurred in connection with such assignment or subletting.
13. Defaults; Remedies.

13.1 Events of Default. It is a default by Tenant under this Lease if any of the following "Events of Default" happens:

- (a) if any Fixed Minimum Rent is not paid when due and default continues for a period of 5 days; or
- (b) if any Additional Rent is not paid when due and default continues for a period of 10 days; or
- (c) if the provisions of Paragraph 5.4 are not fully complied with; or
- (d) if Tenant's obligations under the provisions of Paragraph 6.3 are not fully complied with; or
- (e) if Tenant defaults under any of the terms of this Lease other than as set out in Paragraph 13.1(a), and default continues for 10 days after written notice (except if default cannot be completely cured within 10 days, it will not be an Event of Default if Tenant starts to cure within the 10-day period, and in good faith continually proceeds to remedy the default); or
- (f) if Tenant or any person who has guaranteed performance, files a voluntary petition in bankruptcy or is adjudicated a bankrupt or insolvent, or files a petition or answer seeking relief under any federal, state or other statute or regulation, or seeks or consents or acquiesces in the appointment of a trustee, receiver or liquidator of Tenant or guarantor, or of all or any substantial part of Tenant's Properties or of the Premises or any or all rents, earnings, or income or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due; or
- (g) if a petition is filed against Tenant, or any person who has guaranteed performance, seeking relief under any federal, state or other statute or regulation, which remains undismissed or unstayed for an aggregate of 60 days (whether or not consecutive), or if a trustee, receiver or liquidator of Tenant or guarantor, or of all or any substantial part of its properties or of the Premises or any or all rents, or income is appointed without the consent or acquiescence of Tenant, or guarantor, and the appointment remains unvacated or unstayed for an aggregate of 60 days (whether or not consecutive); or
- (h) in the event Tenant or Tenant's subsidiary or affiliate shall lease other premises from Landlord, any default under such other leases shall be deemed to be a default under this Lease and Landlord may enforce all rights and remedies for an Event of Default herein.

13.2 Notice; Termination. Landlord at any time after the happening of an Event of Default may declare an Event of Default by written notice to Tenant specifying the Event(s) of Default. In the same or a later written notice Landlord may elect that this Lease terminate at 5:00 p.m. on the date listed by Landlord. The date will be at least ten (10) days after the giving

of the termination notice (including the termination date). On the date in the notice, subject to Paragraph 13.4. the Lease and all interests demised will terminate and all rights of the Tenant shall cease. The termination will not take place if before the stated date and time:

- (i) Tenant has paid all arrears of Fixed Minimum Rent and Additional Rent and all other amounts payable by Tenant, (together with interest pursuant to Paragraph 24.10) and as Additional Rent all expenses (including, without limitation, attorneys' fees and expenses) incurred by Landlord due to any default by Tenant (the "Arrearages"), and
- (ii) all other defaults have been cured to the satisfaction of Landlord.

13.3 Repossession, Re-letting. After notice of an Event of Default, whether before or after a termination as provided in Paragraph 13.2, Landlord, without further notice and with no liability to Tenant, may repossess the Premises, by summary proceedings, ejectment or otherwise, and may remove Tenant and all other persons and any and all property from the Premises. After such repossession, Landlord may (but is under no obligation to) sell Tenant's property and apply the amount of any net proceeds from such sale(s) to Tenant's obligations hereunder, with any surplus returned to Tenant. If Landlord elects not to sell Tenant's property and other arrangements have not been made between the parties regarding the disposition of such property, Landlord is hereby authorized as Tenant's agent, with no liability therefor, to select an auctioneer, and shall employ such auctioneer to conduct a sale of such property on behalf of Tenant, and to apply the proceeds therefrom, net of all costs to Landlord, to Tenant's obligations hereunder, with any surplus returned to Tenant. Landlord will make commercially reasonable efforts after such repossession to re-let the Premises, any part thereof, or the Premises with additional property, on account of Tenant (until Landlord makes demand for final damages), in Tenant's or Landlord's name, without notice to Tenant, for a term (which may be more or less than the period which would have been the balance of the term of this Lease) and on conditions (including concessions, periods of rent-free use, or alterations) and for purposes which Landlord determines, and Landlord may receive the rents from any such relettings. Landlord is not liable for failure to collect any rent due upon any such reletting. In the event Landlord does not elect to re-let the Premises, Tenant may present suitable and qualified Tenants to Landlord to obtain consent, which may or may not be provided at Landlord's sole discretion, for an assignment of the Lease.

13.4 Survival of Tenant's Obligations; Damages. No provisions in Paragraphs 13.1, 13.2 and 13.3 will relieve Tenant of its liability and obligations under this Lease, all of which will survive. Landlord will not be deemed to accept a surrender of Tenant's Lease or otherwise discharge Tenant because Landlord takes or accepts possession of the Premises or exercises control over them as provided. Acceptance of surrender and discharge may be done only by an instrument executed on behalf of Landlord by its duly authorized officer or employee.

In the event of termination or repossession following an Event of Default, Tenant will pay to Landlord the Arrearages up to the earlier of the date of termination or repossession.

Further, Tenant, until the end of what would have been the Term of this Lease in the absence of termination and whether or not the Premises or any part have been relet, is liable to Landlord for, and will pay to Landlord, as liquidated and agreed "Current Damages" for Tenant's default:

- (a) the Fixed Minimum Rent and all Additional Rent and other charges payable by Tenant or which would be payable if this Lease had not terminated, plus all Landlord's expenses in connection with any reletting, including, without limitation, repossession costs, brokerage commission, legal expenses, attorneys' fees, expenses of employees, alteration costs, and expenses of preparation for such reletting, LESS
- (b) the net proceeds, if any, of any re-letting on account of Tenant pursuant to Paragraph 13.3. If the Premises or any part has been relet with additional property, the net proceeds, if any, of reletting shall be prorated.

Tenant shall pay Current Damages to Landlord monthly on the days on which the Fixed Minimum Rent would have been payable if the Lease were not terminated, and Landlord is entitled to recover same from Tenant each month.

After termination under Paragraph 13.2, whether or not Landlord has collected Current Damages, Tenant will pay to Landlord, on demand, as liquidated and agreed "Final Damages" for Tenant's default and in lieu of all Current Damages beyond the date of demand:

- (a) an amount equal to the present cash value on the date of demand of the Fixed Minimum Rent and Additional Rent and other charges which would have been payable from the date of demand for what would have been the unexpired term of this Lease if it had not been terminated, plus the Arrearages to the earlier of the date of termination or repossession and Current Damages up to the date of demand which remain unpaid, LESS
- (b) the net proceeds, if any, of any re-letting on account of Tenant pursuant to Paragraph 13.3. If the Premises or any part has been relet with additional property, the net proceeds, if any, of reletting shall be prorated..

If any statute or rule of law governing a proceeding in which Final Damages are to be proved validly limits the amount to an amount less than that provided for, Landlord is entitled to the maximum amount allowable under the statute or rule of law. The discount rate of interest shall be as provided in Paragraph 24.10; provided, however, such discount rate shall in no event exceed eight percent 8% per annum.

14. Condemnation; Partial or Total Taking. If all or any part of the Premises or the Property shall be taken for public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain, or by consent to sale in lieu thereof, and such taking in Landlord's reasonable judgment renders the Premises untenable for Tenant's business, this Lease shall terminate as of the date of transfer of possession, and the parties shall have no claim against each other for the value of any unexpired Term of this Lease.

If such taking results in a loss of more than 25% of the Premises, Tenant may elect to terminate this Lease as of the date of transfer of possession, and the parties shall have no claim against each other for the value of any unexpired Term of this Lease. All compensation or damages awarded for such taking or transfer shall belong to and be the property of Landlord, except for any specific award to Tenant for fixtures and improvements installed by Tenant at its expense, interruption of or damage to Tenant's business, Tenant's moving expenses, or any other claim of Tenant recoverable in its own right and not derivatively through Landlord. If there is any taking or transfer in respect of the Premises or the Property not subject to the first two sentences of this Article 14, this Lease shall continue in full force and effect and the Rent will be abated or reduced by an amount that is proportionate to the loss.

15. Force Majeure. If Landlord's performance of any obligation under any provision in this Lease is delayed by an act or neglect of Tenant, Act of God, strike, labor dispute, unavailability of materials, boycott, governmental restrictions, riots, insurrection, war, catastrophe, or act of the public enemy, the period for the beginning or completion of the obligation is extended for a period equal to the delay.
16. Subordination. This Lease, at Landlord's option, will be subordinate to any form of security now or later placed on the real property upon which the Premises are situated, and to all advances made on the security and to all renewals, modifications, consolidations, replacements and extensions. Tenant's right to quiet possession of the Premises will not be disturbed if Tenant is not in default under this Lease, unless it is otherwise terminated under the terms hereof. If any mortgagee, trustee or ground lessor elects to have this Lease prior to the lien of its security, and gives written notice to Tenant, the Lease will be deemed prior to the security, whether dated before or after the date of the security, or the recording date. Tenant agrees to execute any required documents, and Tenant irrevocably appoints Landlord as Tenant's attorney-in-fact to do so, if Tenant fails to so execute within 10 days after written demand.
17. Estoppel Certificate. Tenant, after not less than ten days prior written notice from Landlord, will deliver to Landlord a written statement (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of the modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the Rent and other charges are paid in advance, if any, (ii) stating the amount of the Security Deposit, if any, held by Landlord and (iii) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord, or stating any claimed defaults. The statement may be relied upon by any prospective purchaser of the Property or lender considering the Property as security for a loan.

Tenant's failure to deliver the statement within said time will be conclusive upon Tenant (i) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (ii) that any Security Deposit is as represented by Landlord, (iii) that there are no uncured defaults in Landlord's performance, and (iv) that not more than one month's Rent has been paid in advance.

18. Intentionally Omitted.

19. Corporate Authority. If Tenant is a corporation, each individual executing this Lease on behalf of the corporation represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of the corporation, in accordance with a duly adopted resolution of the Board of Directors of the corporation, or in accordance with the bylaws of the corporation, and that this Lease is binding upon the corporation.
20. Notices. All notices required or permitted under this Lease shall be in writing and shall be deemed duly given if sent by United States certified or registered mail, return receipt requested, by confirmed facsimile, or by Federal Express or other major overnight courier that provides evidence of delivery, addressed to Landlord or Tenant, respectively, at the addresses provided in the Information Schedule.
- Either party by notice as provided above may change the address for notices and/or payment of Rent.
21. Broker's Fee. Landlord and Tenant acknowledge that the broker(s) in this transaction (the "Broker") are as listed in the Information Schedule and that payments of commissions will be in accordance with their respective agreements. Landlord and Tenant each represent and warrant to each other that except for the Broker, no broker, agent or finder has been employed by it in connection with this Lease and no commissions are payable by it to any person. Tenant and Landlord each agree to indemnify, defend and save harmless the other from any expenses or claim for fees or commissions resulting from the indemnifying party having dealt with any broker, agent or finder in negotiating this Lease. Tenant represents it did not deal with any other broker, agent or finder other than the Broker. Landlord represents that it shall be solely responsible for those commissions due the Broker. By their execution hereof, Landlord and Tenant mutually agree and understand that if this Lease is renewed, extended or otherwise modified, then no additional compensation shall be due the Broker as a consequence of such action.
22. Landlord's Access. Landlord and Landlord's agents have the right to enter the Premises at reasonable times for the purposes of inspecting the Premises, showing the Premises to prospective purchasers, tenants or lenders, and making alterations, repairs, improvements or additions to the Premises that Landlord deems necessary or desirable; provided, however, except in cases of emergency, such entry shall not be made unless at least 24 hours' prior notice of such entry is given to Tenant by Landlord. Except in emergency situations, Landlord's agents must be accompanied by Tenant's representative during any entry to the Premises by Landlord. Landlord may place any ordinary "For Sale" or "For Lease" signs on the Property without rebate of rent liability during the final 60 days of the Term.
23. Landlord's Liability. The term "Landlord" means only the owner or owners of the fee title to the Property at the time in question. If the Landlord (or the then grantor) transfers any title or interest, from and after the date of transfer the Landlord (or the then grantor) is relieved of all liability for Landlord's obligations. Any Security Deposit not delivered to the grantee is excepted. Landlord's obligations under this Lease shall thereafter be binding on Landlord's successors and assigns. Tenant agrees to attorn to any transferee or lender of Landlord.

24. Landlord's Right. If Tenant fails to make any required payment or defaults in performing any other term in this Lease, Landlord may, but need not (and without waiving the default), make such payment or remedy other defaults for Tenant's account and at Tenant's expense, immediately and without notice in case of emergency, otherwise on ten days written notice to Tenant. The costs, with interest under Paragraph 24.10, and with charges equaling 15 % of the cost (to cover Landlord's Overhead), is due as Additional Rent with Tenant's next Fixed Minimum Rent installment.
25. Miscellaneous.
- 25.1 Time of Essence. Time is of the essence under this Lease.
- 25.2 Covenants and Conditions. Each provision of this Lease performable by Tenant is both a covenant and a condition.
- 25.3 Captions. Article and Paragraph captions are only for convenience.
- 25.4 Incorporation of Prior Agreements; Amendments. This Lease contains all agreements of the parties with respect to any matter mentioned. No prior agreement or understanding is effective after execution of this Lease. This Lease may be modified in writing only, signed by the parties. The exhibits listed on the Information Schedule and attached to this Lease are part of this Lease as fully as if placed in the body of the Lease.
- 25.5 Cumulative Remedies. No remedy or election is exclusive but, wherever possible, is cumulative with all other remedies at law or in equity.
- 25.6 Severability. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall not affect the validity of any other provision. The valid portions of the Lease shall be interpreted together to accomplish the intent of the parties.
- 25.7 Merger. The voluntary or other surrender by Tenant or a mutual cancellation will work a merger, and at Landlord's option, will terminate existing subtenancies or operate as an assignment of subtenancies.
- 25.8 Holding Over. If Tenant retains possession of the Premises after the Term expires (unless extended pursuant to the terms hereof), without the written consent of Landlord, the occupancy will be a tenancy from month-to-month at a rent in the amount of 150% of the last Fixed Minimum Rent plus all Additional Rent and other charges payable and upon all other terms contained herein. Any options (i.e. renewal, expansion) and rights of first refusal contained in the Lease are terminated in the event of a holdover tenancy.
- 25.9 Waivers. Waiver by Landlord of any provision or breach by Tenant of any provision of the Lease is not a waiver of any other provision or of any subsequent breach by Tenant of the same or any other provision. Landlord's consent or approval of any act will not make it unnecessary to obtain Landlord's consent or approval in the future. The acceptance of Rent by Landlord is not a waiver of any breach by Tenant other than a failure of Tenant to pay the particular Rent accepted, regardless of whether Landlord knows of such a breach.

- 25.10 Interest on Past-due Obligations. Any amount due to Landlord not paid when due will bear interest from the date due at 4% over the prime lending rate in effect from time to time at Bank One Arizona or 18% per annum, whichever rate is lower. Payment of interest will not cure any default by Tenant under this Lease except as expressly provided.
- 25.11 Attorney Fees. If either party brings an action regarding terms or rights under this Lease, the prevailing party in any action, on trial or appeal, is entitled to reasonable attorneys' fees as fixed by the court to be paid by the losing party. The term "attorneys' fees" shall include, but is not limited to, reasonable attorneys' fees incurred in any and all judicial, bankruptcy, reorganization, administrative or other proceedings, including appellate proceedings, whether the proceedings arise before or after entry of a final judgment, and all costs and disbursements in connection with the matter.
- 25.12 Waiver of Jury Trial. Landlord and Tenant each waive trial by jury in any action, proceeding, or counterclaim brought by either of the parties to this Lease against the others on any matter whatsoever arising out of or in any way connected with this Lease or its termination, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, any claim of injury or damage, or any emergency statutory or other statutory remedy.
- 25.13 Recording. Tenant will not record this Lease without Landlord's written consent. Any recordation, at Landlord's option, will constitute a non-curable default of Tenant.
- 25.14 Signs and Auctions. Tenant shall not place any sign upon or conduct any auction on the Premises or Property without Landlord's prior written consent, which consent shall not be unreasonably withheld. Landlord's consent to the placement of any sign on the Premises or Property shall not, either expressly or by implication, constitute a representation or warranty by Landlord that such sign complies with applicable law or regulation.
- 25.15 Security. Tenant acknowledges that the Rent reserved in this Lease does not include the cost of security guards or other security measures, and that Landlord has no obligation to provide such services. Tenant assumes all responsibility for the protection of Tenant, its agents, employees and invitees from acts of third parties.
- 25.16 Easements and Restrictive Covenants. Landlord reserves the right to grant and record easements, cross easements, rights, restrictive covenants and conditions and dedications which it deems necessary or desirable. The grants will not unreasonably interfere with Tenant's use of the Premises. Tenant agrees to promptly execute documents reasonably requested by Landlord to give effect to the foregoing obligations of Tenant under this paragraph. Failure to execute will be a material breach under this Lease.
- 25.17 Rules and Regulations. Tenant will comply with the rules and regulations respecting the Property. Notice of the rules and regulations will be posted or given to Tenant. Furthermore, any rules and regulations hereafter promulgated for the Property shall be uniformly applied to all tenants in the Property, including Tenant.

25.18 Binding Effect; Choice of Law. Subject to provisions restricting assignments or subletting and to the provisions of Paragraph 12, this Lease will bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State of Arizona.

25.19 Absence of Option. This Lease becomes effective only upon execution by Landlord. Both parties acknowledge that they have reviewed this Lease thoroughly and have given their voluntary consent to the provisions. Landlord and Tenant agree that, at execution, the terms are commercially reasonable and show the intent of the parties.

IN WITNESS WHEREOF, the parties have executed this Lease in duplicate as of the day and year first above.

LANDLORD:

4405 E. BASELINE ROAD LIMITED PARTNERSHIP,
an Arizona limited partnership

By: San Salvador Management, L.L.C.,
an Arizona limited liability company
Its General Partner

By: /s/ David Reesor

Its: PRINCIPAL

TENANT:

MIDLAND CREDIT MANAGEMENT, INC.,
a Kansas corporation

By: /s/ Frank Chandler

Its: PRESIDENT

EXHIBIT "A"

DESCRIPTION OF THE PROPERTY AND ADJACENT SITE IMPROVEMENTS

The Property is described as follows:

PARCEL NO. 1:

Lot 9, MARICOPA FREEWAY CENTER UNIT 2 SOUTH, a subdivision recorded in Book 171 of Maps, page 6, records of Maricopa County, Arizona.

PARCEL NO. 2:

That portion of Lot 3, MARICOPA FREEWAY CENTER UNIT 3 SOUTH, a subdivision recorded in Book 178 of Maps, page 8, records of Maricopa County, Arizona, more particularly described as follows:

Beginning at the Southeast corner of said Lot 3;

Thence South 89 degrees 25 minutes 52 seconds West, along the South line of said Lot 3, 200.00 feet;

Thence South 89 degrees 08 minutes 05 seconds West continuing along said South line, 29.05 feet to the True Point of Beginning;

Thence North 0 degrees 43 minutes 0 seconds West, 273.97 feet to a point on the North line of said Lot 3;

Thence South 89 degrees 08 minutes 05 seconds West along the said North line, 189.76 feet;

Thence South 0 degrees 51 minutes 55 seconds East along the West line of said Lot 3, 273.97 feet;

Thence North 89 degrees 08 minutes 05 seconds East along the South line of said Lot 3, 189.05 feet to the True Point of Beginning.

PARCEL NO. 3:

A non-exclusive easement for ingress and egress over the South 140 feet of the East 50 feet of Lot 2, MARICOPA FREEWAY CENTER UNIT 3 SOUTH, a subdivision recorded in Book 178 of Maps, page 8, records of Maricopa County, Arizona, as created in document recorded in Recording No. 86-164418.

The Adjacent Site Improvements are described as follows:

The parking lot adjacent to the Building.

EXHIBIT "C"
TENANT IMPROVEMENTS

GTI CONTRACTORS, INC.
4811 N. 7th Street, Suite A-4
Phoenix, AZ 85014

REVISED ESTIMATE
DATE ESTIMATE
11/3/97 313

PROPERTY/TENANT
Midland Credit Corporation
4310 E. Broadway Road
Phoenix, Arizona

PROJECT
Midland Credit Corporation

ORIGINAL PLAN DATE	REVISED PLAN DATE	RENTABLE SQ FT	COST PER SQ FT
10/22/97	10/28/97	30,000	\$13.13

ITEM	DESCRIPTION	QTY	RATE	TOTAL
Demolition Wall	140 lineal feet of existing walls, storefront and glass sections	140	15.00	2,100.00
Demolition La	Demo of existing exterior building, pad and fence	1	1,180.00	1,180.00
Demolition La	Demo and remove covered patio area	1	600.00	600.00
	Demolition Total			3,880.00
Frame & DW				
Int Partition	340 lineal feet of new interior partitions to grid	340	35.00	11,900.00
Furr out	890 lineal feet furr out all 11' high exterior walls with 2-1/2" studs with insulation	890	20.00	17,800.00
Columns	Furr out 24 columns at modular areas	24	140.00	3,360.00
	Frame and Drywall Total			33,060.00
Acoustical				
Ceiling Tile	New 30,000 square foot 2X4 acoustical grid ceiling	30,000	1.10	33,000.00
	Acoustical Ceiling Total			33,000.00
Doors				
Interior Door	12 new paint grade interior door	12	193.60	2,323.20
Timely Frames	12 timely door frames	12	146.00	1,752.00
	TOTAL			

Property/Tenant ----- Midland Credit Corporation 4310 E. Broadway Road Phoenix, Arizona	Project ----- Midland Credit Corporation
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Original Plan Date	Revised Plan Date	Rentable Sq Ft	Cost Per Sq Ft		
-----	-----	-----	-----		
10/22/97	10/28/97	30,000	\$13.13		
Item	Description	Qty	Rate	Total	
-----	-----	---	---	-----	
Door Labor	Door & Frame labor	12	200.00	2,400.00	
Metal Door	2 new 3.0 X 7.0 metal insulated door and frame with wire glass sidelite	2	980.00	1,960.00	
	Doors Total			8,435.20	
Hardware					
Passage	12 new passage door handles	12	62.00	744.00	
Hinges	33 new building standard door handles	33	7.00	231.00	
Stops	12 new building standard door stops	12	4.00	48.00	
Stops	2 floor mounted door stop	2	16.00	32.00	
	Hardware Total			1,055.00	
Glass					
Storefront	New storefront glass sections and new glass entrance; includes glass at managers office	1	9,100.00	9,100.00	
	Glass Total			9,100.00	
Millwork					
Lower Cabinet	32 lineal feet of lower cabinets	32	115.00	3,680.00	
Upper Cabinet	32 lineal feet of upper cabinets	32	100.00	3,200.00	
Countertops	32 lineal feet of countertops	32	45.00	1,440.00	
Countertops	40 lineal feet of countertops in restrooms	40	100.00	4,000.00	
	Millwork Total			12,320.00	
			TOTAL		

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 GTI CONTRACTORS, INC.
 4811 N. 7th Street, Suite A-4
 Phoenix, AZ 85014

REVISED ESTIMATE
 DATE ESTIMATE
 11/3/97 313

PROPERTY/TENANT
 Midland Credit Corporation
 4310 E. Broadway Road
 Phoenix, Arizona

PROJECT
 Midland Credit Corporation

ORIGINAL PLAN DATE	REVISED PLAN DATE	RENTABLE SQ FT	COST PER SQ FT	
10/22/97	10/28/97	30,000	\$13.13	
ITEM	DESCRIPTION	QTY	RATE	TOTAL
Plumbing				
Cap Plumbing	Cap plumbing at 3 locations below floor per code and infill concrete to finish floor level	1	380.00	380.00
Plumbing Demo	Demo all toilets, sinks, partitions and accessories	1	2,238.00	2,238.00
Water Lines	Rework plumbing supplies and drains to accept new; repair drywall and floors as needed	1	3,600.00	3,600.00
ADA	New handicapped toilets, urinals, partitions, grab bars and accessories required by the ADA	1	12,210.00	12,210.00
	Plumbing Total			18,428.00
Fire Protect				
Sprinkler Mod	Sprinkler relocation and modifications to existing	1	14,500.00	14,500.00
	Fire Protection Total			14,500.00
Site Work	Site Work Total			17,100.00
Concrete				
Ramp	Handicap ramp at specified location	1	590.00	590.00
	Concrete Total			590.00
			TOTAL	

GTI CONTRACTORS, INC.
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PROPERTY/TENANT
Midland Credit Corporation
4310 E. Broadway Road
Phoenix, Arizona

PROJECT
Midland Credit Corporation

ORIGINAL PLAN DATE	REVISED PLAN DATE	RENTABLE SQ FT	COST PER SQ FT
10/22/97	10/28/97	30,000	\$13.13

ITEM	DESCRIPTION	QTY	RATE	TOTAL
Electrical				
Elec Demo	Demo	1	200.00	200.00
Duplex Outlet	40 standard duplex outlets	40	45.00	1,800.00
Duplex Outlet	5 standard - double	5	52.00	260.00
Duplex Outlet	12 standard dedicated duplex outlet	12	165.00	1,980.00
Tele Outlet	25 standard telephone/computer outlet	25	22.00	550.00
Exit Sign	13 standard c/w battery exit signs	13	150.00	1,950.00
Emer Light	14 standard emergency wall battery pack light	14	150.00	2,100.00
Emer Light	4 emergency night lights; 2 head for restroom	4	100.00	400.00
2X4 Lighting	375 new 2 X 4 light fixtures; electronic ballasts	375	135.00	50,625.00
Switches	17 standard switches	17	47.00	799.00
Circuits	Tie in existing in restroom	1	300.00	300.00
Light Fixture	3 keyless light fixtures in electrical room	3	65.00	195.00
Light Fixture	3 - 1X4 strips in computer room	3	65.00	195.00
GFIC	5 GFIC receptacles	5	65.00	325.00
Power Pole	9 power poles with new circuits	9	425.00	3,825.00
Panel	Repairs to existing electrical panels	1	1,000.00	1,000.00
Electrical -	Distribution of power and lighting	1	2,500.00	2,500.00
Light Fixture	Extras for restrooms: 9 light fixtures	125	9.00	1,125.00
			TOTAL	

GTI CONTRACTORS, INC.
 4811 N. 7th Street, Suite A-4
 Phoenix, AZ 85014

REVISED ESTIMATE
 DATE ESTIMATE
 11/3/97 313

PROPERTY/TENANT

Midland Credit Corporation
 4310 E. Broadway Road
 Phoenix, Arizona

PROJECT
 Midland Credit Corporation

ORIGINAL PLAN DATE	REVISED PLAN DATE	RENTABLE SQ FT	COST PER SQ FT
10/22/97	10/28/97	30,000	\$13.13

ITEM	DESCRIPTION	QTY	RATE	TOTAL
Switches	4 standard switches	4	47.00	188.00
GFIC	4 GFIC receptacles	4	65.00	260.00
Fan	4 exhaust fan tie-ins	4	46.00	184.00
Fan	4 exhaust fan switches	4	47.00	188.00
Extras for computer room:				
Dedicated	4-20 amp dedicated outlets	4	150.00	600.00
Circuits	1-240 volt 30 amp circuit; isolated ground	1	200.00	200.00
Electrical Total				71,749.00
Heating & Air HVAC	Allowance		53,838.00	53,838.00
	-Repairs to existing units is extra; price assumes we have adequate tonnage for space			
	-Repairs to existing hard duct on 13 units			
	-39 new ducted returns on 13 units (these are presently not to code)			
	-125 new supplies			
	-13 new thermostats			
	-New hard duct as required			
	-No flex runs over 14 feet			
TOTAL				

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 GTI CONTRACTORS, INC.
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 Phoenix, AZ 85014

REVISED ESTIMATE
 DATE ESTIMATE
 11/3/97 313

PROPERTY/TENANT
 Midland Credit Corporation
 4310 E. Broadway Road
 Phoenix, Arizona

PROJECT
 Midland Credit Corporation

ORIGINAL PLAN DATE	REVISED PLAN DATE	RENTABLE SQ FT	COST PER SQ FT	
10/22/97	10/28/97	30,000	\$13.13	
ITEM	DESCRIPTION	QTY.	RATE	TOTAL
	-No EMS included, but can be priced if needed			
HVAC	Extras for restrooms:		1,194.00	1,194.00
	-Demo and reinstall exhaust fans			
	-Demo and install 4 new outlets			55,032.00
	Heating and Air Conditioning Total			
Paint	Painting of walls throughout		6,720.00	6,720.00
Walls	Painting of 16 doors	16	100.00	1,600.00
Door Finish	Paint Total			8,320.00
Flooring				
Carpet	3,334 square yards 32 oz. cut pile carpet	3,334	14.00	46,676.00
VCT	2,720 square yards	2,720	1.25	3,400.00
Base	1,800 lineal feet	1,800	1.00	1,800.00
Ceramic Tile	220 square feet of ceramic tile on all restroom wet walls	220	10.00	2,200.00
	Flooring Total			54,076.00
General Cond				
Allowance	Misc materials and off hour labor	1	1,000.00	1,000.00
Dumpster	Dumpster Rental	2	400.00	800.00
			TOTAL	

GTI CONTRACTORS, INC.
4811 N. 7th Street, Suite A-4
Phoenix, AZ 85014

REVISED ESTIMATE

DATE ESTIMATE

11/3/97 313

PROPERTY/TENANT

Midland Credit Corporation
4310 E. Broadway Road
Phoenix, Arizona

PROJECT

Midland Credit Corporation

ORIGINAL PLAN DATE	REVISED PLAN DATE	RENTABLE SQ FT	COST PER SQ FT	
10/22/97	10/28/97	30,000	\$ 13.13	
ITEM	DESCRIPTION	QTY	RATE	TOTAL
Tele Board	Install telephone mounting board	2	110.00	220.00
Supervision	8 weeks supervision	8	600.00	4,800.00
Clean	Final cleaning of entire space	30,000	0.15	4,500.00
Profit & OH	Profit & Overhead		24,638.00	24,638.00
	General Conditions Total			35,958.00
	Sales Tax		4.5825%	17,257.84
			TOTAL	\$393,861.04
	Add 6 ton AC unit at north end of bldg			6,000.00
	Ceiling insulation			12,000.00
	Architectural construction drawings			30,000.00
	Drywall relocation and cleaning			20,000.00

				\$461,861.04

EXHIBIT "D"

CONTROL OF DANGEROUS/HAZARDOUS CHEMICALS AND MATERIALS

In consideration of existing and future legislation concerning the handling, storage, use and disposition of dangerous hazardous chemicals and materials, Tenant acknowledges the risks and liabilities associated with same and agrees to the following:

- A. Tenant shall determine what laws, regulations and ordinances regarding the handling, storage, use and disposition of dangerous or hazardous chemicals and materials apply to Tenant's business with respect to the Premises or Property. Tenant shall take all reasonable and necessary steps, including any inspections, tests or studies, as required by such laws to cause prompt and ongoing compliance therewith.
- B. Tenant agrees to immediately notify Landlord and the appropriate authorities of any spills, accidents, or improper discharges of any dangerous or hazardous chemicals and materials. Further, in addition to and in further support of and compliance with other hold harmless and indemnification obligations, Tenant acknowledges and assumes total responsibility for any and all dangerous or hazardous chemicals and materials it may handle, store, use and dispose of in or about the Premises or Property. Such responsibility shall include, but not be limited to, medical costs and personal injury awards (compensatory and/or punitive), environmental cleanups and related costs, governmental fines against Landlord or Tenant resulting from Tenant's willful or negligent handling, storage, use, disposition of dangerous or hazardous chemicals and materials, or Tenant's non-compliance with acceptable law.
- C. Tenant shall, upon Landlord's or governmental request, disclose the type and quantity of dangerous or hazardous chemicals and materials handled, stored, used or disposed of in or about the Premises or Property.
- D. Tenant shall endeavor to:
 1. Maintain and control all inventories of dangerous or hazardous chemicals and materials handled, stored, used or disposed of in or about the Premises or Property.
 2. Educate managers, employees, and shipping personnel on the proper handling, storage, use and disposition of dangerous or hazardous chemicals and materials.
 3. Develop a dangerous/hazardous chemicals and materials accident plan.
 4. Isolate key use and storage areas of dangerous or hazardous chemicals and materials from ground waters, surface waters, and soils.
 5. Keep informed about existing and future governmental requirements concerning dangerous or hazardous chemicals and materials and Tenant's respective compliance obligations.

EXHIBIT "E"
RENT SCHEDULE

During the Term of the Lease, Tenant's monthly Fixed Minimum Rent will be as follows:

Months -----	Rate -----	Amount -----
1 - 30	\$0.62/sf	\$18,600/mo.
31 - 60	\$0.67/sf	\$20,100/mo.

EXHIBIT "F"

OPTION TO EXTEND

Tenant will have the option to extend the Term of this Lease for one five-year period (the "Extended Term"), subject to the further provisions of this Exhibit "F".

a. Tenant must exercise the option with respect to the Extended Term, if at all, by giving written notice of exercise to Landlord on or before the date which is 270 days prior to the Termination Date. Any notice of extension by Tenant is called "Tenant's Notice". Tenant will have no right to extend the Term of this Lease if Tenant's Notice is not timely delivered.

b. It is a condition precedent to Tenant's option to extend that Tenant not be in default of any material provision of the Lease on the date that any Tenant's Notice is given; provided, however, that if Tenant is in default but the cure period has not expired, then this condition shall be deemed satisfied if Tenant cures the default within the permitted cure period.

c. The Extended Term will be on the same terms and conditions as this Lease except that (i) Tenant's Fixed Minimum Rent will be based on an amount equal to the prevailing market rate ("Market Rate") at the time of Tenant's Notice for space of comparable age, size, location and quality; and (ii) all references in the Lease to the "Term" will mean the Extended Term.

d. If Tenant disputes Landlord's determination of the Market Rate, Tenant may, by giving written notice to Landlord within 15 days following Tenant's receipt of Landlord's Notice of the Rent for the Extended Term, withdraw its exercise of the option to extend.

EXHIBIT "G"

TENANT REMOVAL ITEMS

MIDLAND CREDIT MANAGEMENT, INC.
4310 E. BROADWAY
PHOENIX, AZ

2 file cabinets
Hewitt Packert fax/printer
Brother 7000 fax/printer
2 personal computers - 1 with speakers
2 main switchboard phone centers
Danka copier
Large and small dry erase board
Receptionist desk (1 large unit)
Office Mgr. Large desk unit and hutch
Paper shredder
Cherry desk (2), credenza (2)
Computer shelving racks
Computer room phones: (2) standard, (1) console
Computer printer
Phone technology equipment
Computer stand
Pitney Bowes Postage meter/weigh station
Television
(8) 4' round tables
(35) standard chairs
(105) roller chairs
(91) CRT Screens
(92) standard phones
(2) microwaves
1 refrigerator

Any other thing of personal property including (but not limited to) office furnishings, equipment or supplies which are moveable or which have not been attached to the above described premises to such an extent they become or constitute fixtures.

EXHIBIT "H"

FIRST RIGHTS OF REFUSAL

1. First Right of Refusal to Purchase Property. During the Term of the Lease, provided Tenant is not in default under the Lease, Tenant will have a right of first refusal to purchase all, but not less than all, of the Property under the same terms and conditions as those offered to a third party that is ready, willing, and able to purchase the Property under such terms and conditions. Tenant must accept or reject Landlord's notice of interest of a third party to purchase the Property in writing within five (5) business days after delivery of such notice. If Tenant accepts within the required time frame, Landlord and Tenant will promptly enter into a purchase and sale agreement for the Property, and the sale of the Property to Tenant shall close within 60 days after the date of Tenant's written acceptance. If Tenant does not accept within the required time frame, or if the sale of the Property does not close within 60 days after the date of Tenant's written acceptance for any reason other than Landlord's default under the purchase and sale agreement for the Property, Tenant's right of first refusal to purchase the Property will lapse (unless Landlord does not sell the Property to such third party), and Landlord may proceed to sell the Property to such third party subject to the provisions of the Lease then in effect.

2. First Right of Refusal to Lease Additional Space. During the term of the Lease, provided Tenant is not in default under the Lease, Tenant will have a right of first refusal to lease any or all of the space in the building adjacent to the Premises, which adjacent building is located on the Property at 4302 East Broadway Road ("Additional Space"), under the same terms and conditions as those offered to a third party that is ready, willing, and able to lease such Additional Space under such terms and conditions. Tenant must accept or reject any Landlord's notice of interest of a third party to lease space in the adjacent building in writing within five (5) business days after delivery of such notice. If Tenant accepts within the required time frame, Landlord and Tenant will promptly execute an amendment to the existing Lease for the Additional Space. If Tenant does not accept within the required time frame, Tenant's right of first refusal to lease the Additional Space that is the subject of such notice of interest to lease space in the adjacent building will lapse unless Landlord does not lease such Additional Space to such third party.

TENENT REMOVAL ITEMS
MIDLAND CREDIT MANAGEMENT, INC.
4310 E. BROADWAY
PHOENIX, AZ

2 file cabinets
Hewitt Packert fax/printer
Brother 7000 fax/printer
2 personal computers -- 1 with speakers
2 main switchboard phone centers
Danka copier
Large and small dry erase board
Receptionist desk (1 large unit)
Office Mgr. Large desk unit and hutch
Paper shredder
Cherry desk (2), credenza (2)
Computer shelving racks
Computer room phones: (2) standard, (1) console
Computer printer
Phone technology equipment
Computer stand
Pitney Bowes Postage meter/weigh station
Television
(8) 4' round tables
(35) standard chairs
(105) roller chairs
(91) CRT Screens
(92) standard phones
(2) microwaves
1 refrigerator

FIRST AMENDMENT TO NET INDUSTRIAL LEASE

This First Amendment to Net Industrial Lease ("First Amendment") is entered into as of this 22nd day of June, 1998, between 4405 E. BASELINE ROAD LIMITED PARTNERSHIP, an Arizona limited partnership ("Landlord") and MIDLAND CREDIT MANAGEMENT, INC., a Kansas corporation ("Tenant").

RECITALS

Landlord and Tenant entered into that Net Industrial Lease dated November 19, 1997 (the "Lease") covering 30,000 square feet (the "Original Premises") of the building located at 4310 E. Broadway Road (the "Building"), Phoenix, Arizona.

Landlord and Tenant wish to arrange for Tenant's lease of additional space, to adjust the rent for the Original Premises and to make other amendments to the Lease.

Landlord and Tenant agree the Lease is amended as follows:

AGREEMENT

1. Effective Date. Except as otherwise provided herein, the effective date of the Lease amendments as set out in this First Amendment is September 1, 1998 (the "Effective Date").

2. Defined Terms. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Lease.

3. Additional Premises. Tenant will lease from Landlord the following additional space (the "Additional Premises") on the terms and conditions set forth below:

Additional Premises: Approximately 22,613 rentable square feet of the building located at 4302 E. Broadway, as outlined on Exhibit "A" attached hereto.

Term: Sixty (60) months, commencing on the Effective Date and ending August 31, 2003.

Fixed Minimum Rent: Months 1 - 30 @ \$.45 per rsf NNN*
Months 31 - 60 @ \$.50 per rsf NNN*

*These amounts do not include rental taxes, Additional Rent, excess tenant improvements costs (if any), or any other sums payable to Landlord under the Lease, all of which sums remain payable during the term of the Lease.

Security Deposit: Tenant currently has deposited with Landlord a security deposit in the amount of \$18,600.00. Upon execution of this First Amendment, Tenant will increase the security deposit by \$16,800.00 for a total security deposit in the amount of \$35,400.00.

Use: General Office and Telephone Operators.

Parking: Notwithstanding anything to the contrary contained in Paragraph 2(c) of the Lease, as of the Effective Date, Tenant may use up to 90 additional parking spaces located adjacent to the Additional Premises or in the Wood Street lot.

Improvements: Landlord will complete tenant improvements to the Additional Premises (the "Additional Premises Tenant Improvements") on or prior to the Effective Date, pursuant to a space plan approved by both Landlord and Tenant, and attached hereto as Exhibit "C". In the event the actual costs of the Additional Premises Tenant Improvements exceed \$169,597 (the "Allowance") (\$7.50/r.s.f.), Landlord shall amortize any excess costs as additional Fixed Minimum Rent for the Additional Premises over the term of the Lease of the Additional Premises, including a 10% annual rate of interest and will adjust the Fixed Minimum Rent for the Additional Premises accordingly. If the actual costs of the improvements are less than \$169,597, Tenant shall receive no rental abatement or other credit for the underage. Insofar as the estimated costs for the Additional Premises Tenant

Improvements are \$402,086.67, exceeding the Allowance by \$232,489.67, Tenant's Fixed Minimum Rent for the Additional Premises is estimated to be the amounts specified on Exhibit "F" attached hereto, which amounts are subject to further revision based on determination of the final costs for the Additional Premises Tenant Improvements.

Early Occupancy: If the Additional Premises Tenant Improvements are completed prior to the Effective Date, Tenant may occupy the Additional Premises upon completion of the Additional Premises Tenant Improvements for no additional rent.

As of the earlier of the Effective Date or the date of Tenant's occupancy of the Additional Premises, the provisions of the Lease and this First Amendment will apply to Tenant's lease of the Additional Premises as if the Additional Premises were included as part of the Premises, except as otherwise provided in this First Amendment.

4. Pro Rata Share. Notwithstanding anything to the contrary in the Lease, from and after the Effective Date, Tenant's pro-rata share for all purposes under the Lease, and specifically as to Property Costs as provided for in Paragraph 5.1(b) ("Additional Rent") of the Lease, shall be 85.95% (52,613 r.s.f) 61,212 r.s.f.).

5. Extension of Term of Original Premises. The Term of the Lease for the Original Premises will be extended through August 31, 2003 to be co-terminus with the Term of the Lease for the Additional Premises.

6. Rental Adjustments for Original Premises. Notwithstanding anything to the contrary in the Lease, following full execution of this First Amendment, Landlord will adjust Tenant's Rent for the Original Premises pursuant to the terms of this Section 6. Accordingly, effective as of the Effective Date, Exhibit "E" attached to the Lease is deleted in its entirety and is replaced by the "Revised Fixed Minimum Rent Schedule for Original Premises" attached hereto as Revised Exhibit "E".

- (a) The parties acknowledge that, as a result of change order requests by Tenant, the costs incurred to build out the Original Premises (the "Original Improvements") exceeded the Original Improvements amount provided for in Exhibit "C" of the Lease by \$38,532.88. Accordingly, Landlord and Tenant agree that, from and after the Effective Date, the Fixed Minimum Rent for the Original Premises shall be increased to include such excess Original Improvements costs, amortized over the remaining Term of the Lease at 10% annual interest.
- (b) At Tenant's request, Landlord will build out a new restroom facility consisting of 555 square feet located in the Original Premises pursuant to the space plan attached hereto as Exhibit "B" (the "Restroom Improvements"). Landlord will provide an allowance of up to \$4,162.50 (\$7.50/r.s.f.) to provide the Restroom Improvements. The estimated costs of the Restroom Improvements exceed the \$4,162.50 allowance, by \$35,394.62. Accordingly, Landlord and Tenant agree that, from and after the Effective Date, the Fixed Minimum Rent for the Original Premises shall be further increased to include such excess Restroom Improvements costs, amortized over the remaining Term of the Lease at 10% annual interest, subject to further revision based on final costs for the Restroom Improvements.
- (c) At Tenant's request, Landlord will construct six new offices within the Original Premises (the "Office Improvements") at an estimated total cost of \$26,843.25. Accordingly, Landlord and Tenant agree that, from and after the Effective Date, the Fixed Minimum Rent for the Original Premises shall be further increased to include such excess Office Improvements costs, amortized over the remaining term of lease at 10% annual interest, subject to further revision based on final costs for the Office Improvements.
- (d) The parties further acknowledge that construction of the Restroom Improvements and the Office Improvements will cause a substantial interruption of Tenant's business activities at the Premises. Landlord shall use its commercially reasonable efforts to minimize such interruption. However, notwithstanding anything to the contrary in the Lease or elsewhere in this First Amendment, Tenant shall receive a \$30,000 credit against the Fixed Minimum Rent for the Original Premises owed by Tenant for the months of July and August of 1998 (the "Business Interruption Credit").

7. Option to Extend. As of the Effective Date, Landlord and Tenant hereby acknowledge and confirm that Tenant's option to extend the Term of the Lease as set out in Exhibit "F" of the

Lease applies to all, and only all, of the space then under lease by Tenant on the Property, at the time Tenant provides Landlord written notice of Tenant's intent to exercise its option to extend the Lease term.

8. Satellite Dish. Landlord's approval is hereby granted to Tenant to place, install, and maintain, at Tenant's sole expense and solely for Tenant's use in the conduct of its business at the Premises, at any time during the Term of the Lease or any extensions or renewals, not more than one satellite dish (the "Satellite Dish") on the roof of the Original Premises, subject to Landlord's approval as to size and location of same, which approval will not be withheld unreasonably. Tenant will assume responsibility for installation and maintenance of the Satellite Dish, which installation and maintenance shall be in accordance with sound engineering practices and in compliance with applicable laws of any governmental authority having jurisdiction over the Property, the Premises or any activity conducted thereon by Tenant. Tenant shall obtain all permits, licenses and approvals required by law for the installation and maintenance, repair and replacement of the Satellite Dish.

- (a) Landlord shall in no event be responsible for any loss or injury to Tenant, its agents or employees, or the general public resulting from Tenant's or its agents' or contractors' installation, repair, replacement, maintenance or use of the Satellite Dish and Tenant shall indemnify and hold Landlord harmless from and against all claims, actions, damages, liabilities and expenses in connection with the loss of life, personal injury or damaged property arising out of the installation, repair, replacement, maintenance or use of the Satellite Dish by Tenant or Tenant's employees, agents and contractors.
- (b) All risk of physical damage or loss with respect to the Satellite Dish and to the Project site where the Satellite Dish is placed (if such damage or loss is related to the Satellite Dish) is assumed by Tenant.
- (c) Upon expiration of the Lease Term, or any extensions or renewals, Tenant shall have the right to remove or cause to be removed, and Landlord shall have the right to require Tenant to remove, the Satellite Dish. If Tenant elects or is required by Landlord to remove the Satellite Dish, Tenant shall repair any damage caused by such removal.

9. Remaining Lease Terms. Except as expressly amended by this First Amendment, all the terms, covenants, and conditions of the Lease remain in full force and effect. In the event of any conflict between the provisions of this First Amendment and the Lease, the provisions of this First Amendment shall control.

IN WITNESS WHEREOF, Landlord and Tenant have executed this First Amendment to Lease on the date written above.

TENANT:

MIDLAND CREDIT MANAGEMENT, INC.,
a Kansas corporation

LANDLORD:

4405 E. BASELINE ROAD LIMITED PARTNERSHIP,
an Arizona limited partnership,

By: /s/ John A. Chandler 6/24/98

Its: SR. VICE-PRESIDENT

By: San Salvador Management, L.L.C.,
an Arizona limited liability company
Its General Partner

By: /s/ David Reesor

Its: PRINCIPAL

EXHIBIT "A"
ADDITIONAL PREMISES

[GRAPHIC OF FLOOR PLAN]

ADDITIONAL PREMISES
4302 E. Broadway
22,711 r.s.f.

A - 1

EXHIBIT "B"
SPACE PLAN FOR RESTROOM IMPROVEMENTS
[GRAPHIC OF FLOOR PLAN]

B - 1

EXHIBIT "C"
SPACE PLAN FOR ADDITIONAL PREMISES

[GRAPHIC OF FLOOR PLAN]

C - 1

REVISED EXHIBIT "E"
REVISED FIXED MINIMUM RENT SCHEDULE FOR ORIGINAL PREMISES

Tenant's monthly Fixed Minimum Rent for the Original Premises will be as follows:

DATES -----	RATE ----	AMOUNT -----
7/1/98 - 7/31/98	\$0.62/sf	\$0.00*
8/1/98 - 8/31/98	\$0.62/sf	\$7,300.00*
9/1/98 - 2/28/01	\$0.6913/sf	\$20,741.08**
3/1/01 - 8/31/03	\$0.7414/sf	\$22,241.08/mo**

*Fixed Minimum Rent from 7/1/98 - 8/31/98 reflects the Business Interruption Credit referenced in Section 6(d) of this First Amendment.

**Fixed Minimum Rent from 9/1/98 - 8/31/03 includes the amortized excess costs of the Original Improvements, Restroom Improvements and Office Improvements referenced in Sections 6(a), (b) and (c) of this First Amendment (see attached Amortization Table).

Amortize

AMORTIZATION TABLE

INITIAL DATA

LOAN DATA

Loan amount: 100,770.75
 Annual interest rate: 10.00000%
 Term in years: 5
 Payments per year: 12
 First payment due: 9/1/98

TABLE DATA

Table starts at date:
 or at payment number:

PERIODIC PAYMENT

Entered payment:
 Calculated payment: \$2,141.08

The table uses the calculated periodic payment amount
 unless you enter a value for "Entered payment".

CALCULATIONS

Use payment of: \$2,141.08
 1st payment in table: 1

Beginning balance at payment 1: 100,770.75
 Cumulative interest prior to payment 1: 0.00

TABLE

NO.	PAYMENT DATE	BEGINNING BALANCE	INTEREST	PRINCIPAL	ENDING BALANCE	CUMULATIVE INTEREST
1	9/1/98	100,770.75	839.76	1,301.32	99,469.43	839.76
2	10/1/98	99,469.43	828.91	1,312.17	98,157.26	1,668.67
3	11/1/98	98,157.26	817.98	1,323.10	96,834.15	2,486.65
4	12/1/98	96,834.15	806.95	1,334.13	95,500.02	3,293.60
5	1/1/99	95,500.02	795.83	1,345.25	94,154.78	4,089.43
6	2/1/99	94,154.78	784.62	1,356.46	92,798.32	4,874.05
7	3/1/99	92,798.32	773.32	1,367.76	91,430.56	5,647.37
8	4/1/99	91,430.56	761.92	1,379.16	90,051.40	6,409.29
9	5/1/99	90,051.40	750.43	1,390.65	88,660.75	7,159.72
10	6/1/99	88,660.75	738.84	1,402.24	87,258.51	7,898.56
11	7/1/99	87,258.51	727.15	1,413.93	85,844.58	8,625.72
12	8/1/99	85,844.58	715.37	1,425.71	84,418.87	9,341.09
13	9/1/99	84,418.87	703.49	1,437.59	82,981.28	10,044.58
14	10/1/99	82,981.28	691.51	1,449.57	81,531.71	10,736.09
15	11/1/99	81,531.71	679.43	1,461.65	80,070.06	11,415.52
16	12/1/99	80,070.06	667.25	1,473.83	78,596.23	12,082.77
17	1/1/00	78,596.23	654.97	1,486.11	77,110.12	12,737.74
18	2/1/00	77,110.12	642.58	1,498.50	75,611.62	13,380.32
19	3/1/00	75,611.62	630.10	1,510.98	74,100.64	14,010.42
20	4/1/00	74,100.64	617.51	1,523.58	72,577.06	14,627.93
21	5/1/00	72,577.06	604.81	1,536.27	71,040.79	15,232.73
22	6/1/00	71,040.79	592.01	1,549.07	69,491.72	15,824.74
23	7/1/00	69,491.72	579.10	1,561.98	67,929.73	16,403.84
24	8/1/00	67,929.73	566.08	1,575.00	66,354.73	16,969.92
25	9/1/00	66,354.73	552.96	1,588.12	64,766.61	17,522.88
26	10/1/00	64,766.61	539.72	1,601.36	63,165.25	18,062.60
27	11/1/00	63,165.25	526.38	1,614.70	61,550.55	18,588.97
28	12/1/00	61,550.55	512.92	1,628.16	59,922.39	19,101.90
29	1/1/01	59,922.39	499.35	1,641.73	58,280.66	19,601.25
30	2/1/01	58,280.66	485.67	1,655.41	56,625.25	20,086.92

Amortize

31	3/1/01	56,625.25	471.88	1,669.20	54,956.05	20,558.80
32	4/1/01	54,956.05	457.97	1,683.11	53,272.93	21,016.77
33	5/1/01	53,272.93	443.94	1,697.14	51,575.80	21,460.71
34	6/1/01	51,575.80	429.80	1,711.28	49,864.51	21,890.50
35	7/1/01	49,864.51	415.54	1,725.54	48,138.97	22,306.04
36	8/1/01	48,138.97	401.16	1,739.92	46,399.05	22,707.20
37	9/1/01	46,399.05	386.66	1,754.42	44,644.63	23,093.86
38	10/1/01	44,644.63	372.04	1,769.04	42,875.58	23,465.90
39	11/1/01	42,875.58	357.30	1,783.78	41,091.80	23,823.19
40	12/1/01	41,091.80	342.43	1,798.65	39,293.15	24,165.63
41	1/1/02	39,293.15	327.44	1,813.64	37,479.51	24,493.07
42	2/1/02	37,479.51	312.33	1,828.75	35,650.76	24,805.40
43	3/1/02	35,650.76	297.09	1,843.99	33,806.77	25,102.49
44	4/1/02	33,806.77	281.72	1,859.36	31,947.41	25,384.21
45	5/1/02	31,947.41	266.23	1,874.85	30,072.56	25,650.44
46	6/1/02	30,072.56	250.60	1,890.48	28,182.08	25,901.04
47	7/1/02	28,182.08	234.85	1,906.23	26,275.85	26,135.89
48	8/1/02	26,275.85	218.97	1,922.12	24,353.74	26,354.86
49	9/1/02	24,353.74	202.95	1,938.13	22,415.61	26,557.81
50	10/1/02	22,415.61	186.80	1,954.28	20,461.32	26,744.60
51	11/1/02	20,461.32	170.51	1,970.57	18,490.75	26,915.12
52	12/1/02	18,490.75	154.09	1,986.99	16,503.76	27,069.21
53	1/1/03	16,503.76	137.53	2,003.55	14,500.21	27,206.74
54	2/1/03	14,500.21	120.84	2,020.25	12,479.97	27,327.57
55	3/1/03	12,479.97	104.00	2,037.08	10,442.89	27,431.57
56	4/1/03	10,442.89	87.02	2,054.06	8,388.83	27,518.60
57	5/1/03	8,388.83	69.91	2,071.17	6,317.66	27,588.50
58	6/1/03	6,317.66	52.65	2,088.43	4,229.22	27,641.15
59	7/1/03	4,229.22	35.24	2,105.84	2,123.39	27,676.39
60	8/1/03	2,123.39	17.69	2,123.39	0.00	27,694.09

EXHIBIT "F"
FIXED MINIMUM RENT SCHEDULE FOR ADDITIONAL PREMISES

Tenants monthly fixed minimum rent will be as follows:

DATES	RATE*	AMOUNT
9/1/98 - 2/28/01**	\$0.65/sf	\$14,698.45/mo.
3/1/03 - 8/31/03	\$0.70/sf	\$15,829.10/mo.

*This rate is based on the estimate to complete the tenant improvements per the approved space plan. The final rate is subject to change if buildout costs are higher due to change orders or miscellaneous other unforeseen costs.

**Fixed Minimum Rent from 9/1/98 - 8/31/03 includes the amortization of excess tenant improvement costs from the initial buildout estimate.

Amortize

AMORTIZATION TABLE
-----INITIAL DATA

LOAN DATA

TABLE DATA

Loan amount: 232,489.67
 Annual interest rate: 10.0000%
 Term in years: 5
 Payments per year: 12
 First payment due: 9/1/98

Table starts at date:
 or at payment number:

PERIODIC PAYMENT

Entered payment:
 Calculated payment: \$4,939.72

The table uses the calculated periodic payment amount
 unless you enter a value for "Entered payment".

CALCULATIONS

Use payment of: \$4,939.72
 1st payment in table: 1

Beginning balance at payment 1: 232,489.67
 Cumulative interest prior to payment 1: 0.00

TABLE

NO.	PAYMENT DATE	BEGINNING BALANCE	INTEREST	PRINCIPAL	ENDING BALANCE	CUMULATIVE INTEREST
1	9/1/98	232,489.67	1,937.41	3,002.30	229,487.37	1,937.41
2	10/1/98	229,487.37	1,912.39	3,027.32	226,460.04	3,849.81
3	11/1/98	226,460.04	1,887.17	3,052.55	223,407.49	5,736.98
4	12/1/98	223,407.49	1,861.73	3,077.99	220,329.50	7,598.70
5	1/1/99	220,329.50	1,836.08	3,103.64	217,225.86	9,434.78
6	2/1/99	217,225.86	1,810.22	3,129.50	214,096.36	11,245.00
7	3/1/99	214,096.36	1,784.14	3,155.58	210,940.78	13,029.14
8	4/1/99	210,940.78	1,757.84	3,181.88	207,758.90	14,786.98
9	5/1/99	207,758.90	1,731.32	3,208.39	204,550.50	16,518.30
10	6/1/99	204,550.50	1,704.59	3,235.13	201,315.37	18,222.89
11	7/1/99	201,315.37	1,677.63	3,262.09	198,053.28	19,900.52
12	8/1/99	198,053.28	1,650.44	3,289.27	194,764.01	21,550.96
13	9/1/99	194,764.01	1,623.03	3,316.69	191,447.32	23,173.99
14	10/1/99	191,447.32	1,595.39	3,344.32	188,103.00	24,769.39
15	11/1/99	188,103.00	1,567.52	3,372.19	184,730.81	26,336.91
16	12/1/99	184,730.81	1,539.42	3,400.30	181,330.51	27,876.34
17	1/1/00	181,330.51	1,511.09	3,428.63	177,901.88	29,387.42
18	2/1/00	177,901.88	1,482.52	3,457.20	174,444.68	30,869.94
19	3/1/00	174,444.68	1,453.71	3,486.01	170,958.66	32,323.64
20	4/1/00	170,958.66	1,424.66	3,515.06	167,443.60	33,748.30
21	5/1/00	167,443.60	1,395.36	3,544.36	163,899.25	35,143.66
22	6/1/00	163,899.25	1,365.83	3,573.89	160,325.36	36,509.49
23	7/1/00	160,325.36	1,336.04	3,603.67	156,721.68	37,845.53
24	8/1/00	156,721.68	1,306.01	3,633.70	153,087.98	39,151.55
25	9/1/00	153,087.98	1,275.73	3,663.99	149,423.99	40,427.28
26	10/1/00	149,423.99	1,245.20	3,694.52	145,729.47	41,672.48
27	11/1/00	145,729.47	1,214.41	3,725.31	142,004.17	42,886.89
28	12/1/00	142,004.17	1,183.37	3,756.35	138,247.82	44,070.26
29	1/1/01	138,247.82	1,152.07	3,787.65	134,460.16	45,222.33
30	2/1/01	134,460.16	1,120.50	3,819.22	130,640.95	46,342.83

Amortize

31	3/1/01	130,640.95	1,088.67	3,851.04	126,789.90	47,431.50
32	4/1/01	126,789.90	1,056.58	3,883.14	122,906.77	48,488.09
33	5/1/01	122,906.77	1,024.22	3,915.50	118,991.27	49,512.31
34	6/1/01	118,991.27	991.59	3,948.12	115,043.15	50,503.90
35	7/1/01	115,043.15	958.69	3,981.03	111,062.12	51,462.60
36	8/1/01	111,062.12	925.52	4,014.20	107,047.92	52,388.11
37	9/1/01	107,047.92	892.07	4,047.65	103,000.27	53,280.18
38	10/1/01	103,000.27	858.34	4,081.38	98,918.89	54,138.52
39	11/1/01	98,918.89	824.32	4,115.39	94,803.49	54,962.84
40	12/1/01	94,803.49	790.03	4,149.69	90,653.80	55,752.87
41	1/1/02	90,653.80	755.45	4,184.27	86,469.53	56,508.32
42	2/1/02	86,469.53	720.58	4,219.14	82,250.39	57,228.90
43	3/1/02	82,250.39	685.42	4,254.30	77,996.09	57,914.32
44	4/1/02	77,996.09	649.97	4,289.75	73,706.34	58,564.28
45	5/1/02	73,706.34	614.22	4,325.50	69,380.84	59,178.50
46	6/1/02	69,380.84	578.17	4,361.54	65,019.30	59,756.68
47	7/1/02	65,019.30	541.83	4,397.89	60,621.41	60,298.50
48	8/1/02	60,621.41	505.18	4,434.54	56,186.87	60,803.68
49	9/1/02	56,186.87	468.22	4,471.49	51,715.37	61,271.91
50	10/1/02	51,715.37	430.96	4,508.76	47,206.62	61,702.87
51	11/1/02	47,206.62	393.39	4,546.33	42,660.29	62,096.26
52	12/1/02	42,660.29	355.50	4,584.22	38,076.07	62,451.76
53	1/1/03	38,076.07	317.30	4,622.42	33,453.65	62,769.06
54	2/1/03	33,453.65	278.78	4,660.94	28,792.72	63,047.84
55	3/1/03	28,792.72	239.94	4,699.78	24,092.94	63,287.78
56	4/1/03	24,092.94	200.77	4,738.94	19,353.99	63,488.55
57	5/1/03	19,353.99	161.28	4,778.44	14,575.56	63,649.84
58	6/1/03	14,575.56	121.46	4,818.26	9,757.30	63,771.30
59	7/1/03	9,757.30	81.31	4,858.41	4,898.89	63,852.61
60	8/1/03	4,898.89	40.82	4,898.89	0.00	63,893.43

This Second Amendment to Net Industrial Lease ("Second Amendment") is entered into as of this 28th day of August, 1998, between 4405 E. BASELINE ROAD LIMITED PARTNERSHIP, an Arizona limited partnership ("Landlord") and MIDLAND CREDIT MANAGEMENT, INC., a Kansas corporation ("Tenant").

RECITALS

Landlord and Tenant entered into that Net Industrial Lease dated November 19, 1997, that certain Commencement Date Certificate dated February 17, 1998 and a First Amendment to Net Industrial Lease ("First Amendment") dated June 22, 1998, (collectively, the "Lease") covering 30,000 square feet (the "Original Premises") of the building located at 4310 E. Broadway Road and 22,613 square feet (the "Additional Premises") of the building located at 4302 E. Broadway Road, (collectively, the "Premises") Phoenix, Arizona.

Landlord and Tenant wish to adjust the occupancy date for the Additional Premises due to Tenant's desire for substantial changes in the build out of the Additional Premises and to make other amendments to the Lease.

Landlord and Tenant agree the Lease is amended as follows:

AGREEMENT

1. Effective Date. Except as otherwise provided herein, the effective date of the Lease amendments as set out in this Second Amendment is September 1, 1998 (the "Effective Date").

2. Defined Terms. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Lease.

3. Adjustments for Build Out of Additional Premises. At Tenant's request, pursuant to the terms of that certain letter approved by Tenant August 21, 1998, a copy of which is attached hereto as Exhibit "A", Landlord will make further changes in the build out of the Additional Premises, including a new office, a training room, 15-16 new computer jacks, duplex outlets and phone jacks, activation of two 10-ton AC units in the telemarketing area, including required duct work, and an electrical panel to accommodate the increased electrical requirements (collectively, the "Additional 4302 Improvements"), as shown on the space plan attached hereto as Revised Exhibit "C". The estimated costs of the Additional 4302 Improvements is \$30,000.00. Accordingly, Landlord and Tenant agree that, retroactive to the Effective Date, once the actual costs of the Additional 4302 Improvements are determined, the Fixed Minimum Rent for the Additional Premises shall be increased to include the Additional 4302 Improvements costs, amortized over the Term of the Lease at 10% annual interest.

4. Adjustment to Occupy Date. Notwithstanding anything to the contrary in the First Amendment, the parties acknowledge that construction of the Additional 4302 Improvements will require additional permits from the City of Phoenix and will result in the delay of Tenant's occupancy of the Additional Premises until approximately October 1, 1998. Irrespective of the delay in occupying the Additional Premises, Tenant specifically agrees that rental payments for the Additional Premises will commence September 1, 1998, and that such rental payments will be retroactively adjusted in accordance with the terms of Section 3 of this Second Amendment.

5. Remaining Lease Terms. Except as expressly amended by this Second Amendment, all the terms, covenants, and conditions of the Lease remain in full force and effect. In the event of any conflict between the provisions of this Second Amendment and the Lease, the provisions of this Second Amendment shall control.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Second Amendment to Lease on the date written above.

TENANT:

MIDLAND CREDIT MANAGEMENT, INC.,
a Kansas corporation

By: /s/ John A. Chandler
Its: Sr. Vice President

LANDLORD:

4405 E. BASELINE ROAD LIMITED PARTNERSHIP,
an Arizona limited partnership,

By: San Salvador Management, L.L.C.,
an Arizona limited liability company
Its General Partner

By: /s/ David Reesor
Its: Principal

This Third Amendment to Net Industrial Lease ("Third Amendment") is entered into as of this 5th day of November, 1998, between 4405 E. BASELINE ROAD LIMITED PARTNERSHIP, an Arizona limited partnership ("Landlord") and MIDLAND CREDIT MANAGEMENT, INC., a Kansas corporation ("Tenant").

RECITALS

Landlord and Tenant entered into that Net Industrial Lease dated November 19, 1997, that certain Commencement Date Certificate dated February 17, 1998, a First Amendment to Net Industrial Lease ("First Amendment") dated June 22, 1998, and a Second Amendment to Net Industrial Lease ("Second Amendment") dated August 28, 1998 (collectively, the "Lease") covering 30,000 square feet (the "Original Premises") of the building located at 4310 E. Broadway Road and 22,613 square feet (the "Additional Premises") of the building located at 4302 E. Broadway Road, (collectively, the "Premises") Phoenix, Arizona.

Landlord and Tenant wish to adjust the rent for the Premises and to make other amendments to the Lease.

Landlord and Tenant agree the Lease is amended as follows:

AGREEMENT

1. Effective Date. Except as otherwise provided herein, the effective date of the Lease amendments as set out in this Third Amendment is September 1, 1998 (the "Effective Date").

2. Defined Terms. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Lease.

3. Rental Adjustments for Premises. Notwithstanding anything to the contrary in the First Amendment or the Second Amendment, following full execution of this Third Amendment, Landlord will adjust Tenant's Rent for the Premises pursuant to the terms of this Section 3. Accordingly, effective as of the Effective Date, Exhibits "E" and "F" attached to the First Amendment are replaced by the "Combined Fixed Minimum Rent Schedule for Premises" attached hereto as Revised Exhibit "E".

- (a) The parties acknowledge that, pursuant to Landlord's letter to Tenant dated August 3, 1998, as a result of tenant change orders and City of Phoenix Plan Check changes, the costs incurred to build out the Additional Premises as provided for in the First Amendment exceeded the estimated excess costs by \$20,577.83.
- (b) At Tenant's further request, pursuant to a certain letter approved by Tenant August 21, 1998, Landlord made further changes in the build out of the Additional Premises, (the "Additional 4302 Improvements") as provided for in the Second Amendment. Landlord and Tenant agreed that, from and after the Effective Date, once the actual costs of the Additional 4302 Improvements were determined, the Fixed Minimum Rent for the Additional Premises would be further increased to include the Additional 4302 Improvements costs, amortized over the Term of the Lease at 10% annual interest.
- (c) The parties further acknowledge that additional excess costs for tenant improvements have been incurred for both the Original Premises and the Additional Premises due to change orders requested by Tenant.
- (d) Pursuant to Landlord's Memo to Tenant on the subject of "Additional Tenant Improvements" dated November 5, 1998 (with attachments documenting additional excess costs incurred), the total amount of additional excess costs incurred, as provided for in subsections (a), (b) and (c) hereinabove, (collectively (the "Additional Excess Costs") is \$81,358.00. Landlord and Tenant agree, as of the Effective Date, the Fixed Minimum Rent for the Premises shall be increased to include the Additional Excess Costs, amortized over the Term of the Lease at 10% annual interest.

4. Remaining Lease Terms. Except as expressly amended by this Third Amendment, all the terms, covenants, and conditions of the Lease remain in full force and effect. In the event of any conflict between the provisions of this Third Amendment and the Lease, the provisions of this Third Amendment shall control.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Third Amendment to Lease on the date written above.

TENANT:

MIDLAND CREDIT MANAGEMENT, INC.,
a Kansas corporation

By: /s/ John A. Chandler
Its: Sr. Vice President

LANDLORD:

4405 E. BASELINE ROAD LIMITED PARTNERSHIP,
an Arizona limited partnership,

By: San Salvador Management, L.L.C.,
an Arizona limited liability company
Its General Partner

By: /s/ Garry Jestadt
Its: Member

This Fourth Amendment to Net Industrial Lease ("Fourth Amendment") is entered into as of this 6th day of November, 1998, between 4405 E. BASELINE ROAD LIMITED PARTNERSHIP, an Arizona limited partnership ("Landlord") and MIDLAND CREDIT MANAGEMENT, INC., a Kansas corporation ("Tenant").

RECITALS

Landlord and Tenant entered into that Net Industrial Lease dated November 19, 1997, that certain Commencement Date Certificate dated February 17, 1998, a First Amendment to Net Industrial Lease dated June 22, 1998, a Second Amendment to Net Industrial Lease dated August 28, 1998, and a Third Amendment to Net Industrial Lease dated November 5, 1998 (collectively, the "Lease") covering 30,000 square feet (the "Original Premises") of the building located at 4310 E. Broadway Road and 22,613 square feet (the "Additional Premises") of the building located at 4302 E. Broadway Road, (collectively, the "Premises") Phoenix, Arizona.

Landlord and Tenant wish to arrange for Tenant's lease of additional space and to make other amendments to the Lease.

Landlord and Tenant agree the Lease is amended as follows:

AGREEMENT

1. Effective Date. Except as otherwise provided herein, the effective date of the Lease amendments as set out in this Fourth Amendment is February 1, 1999 (the "Effective Date").

2. Defined Terms. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Lease.

3. Expansion Premises. Tenant will lease from Landlord the following additional space (the "Expansion Premises") on the terms and conditions set forth below:

Expansion Premises: Approximately 9,998 rentable square feet of the building located at 4302 E. Broadway, as outlined on Exhibit "A" attached hereto.

Term: Fifty-five (55) months, commencing on the Effective Date and ending August 31, 2003.

Fixed Minimum Rent:

2/1/99 - 2/28/01	\$6,998.60	@ \$.70 per rsf	NNN*
3/1/01 - 8/31/03	\$7,498.50	@ \$.75 per rsf	NNN*

*These amounts do not include rental taxes, Additional Rent, excess tenant improvements costs (if any), or any other sums payable to Landlord under the Lease, all of which sums remain payable during the term of the Lease.

Security Deposit: Tenant currently has deposited with Landlord a security deposit in the amount of \$35,400.00. Upon execution of this Fourth Amendment, Tenant will increase the security deposit by \$7,000.00 for a total security deposit in the amount of \$42,400.00.

Use: General Office and Telephone Operators.

Parking: Notwithstanding anything to the contrary contained in the Lease, as of the Effective Date, Tenant may use all the parking spaces available on the Property and the additional parking spaces located in the Wood Street lot.

Improvements: Landlord will complete tenant improvements to the Expansion Premises (the "Expansion Premises Tenant Improvements") on or prior to the Effective Date, pursuant to a space plan to be approved by both Landlord and Tenant. In the event the actual costs of the Additional Premises Tenant Improvements exceed \$19,998.00 (the "Allowance"), Landlord shall amortize any excess costs as additional Fixed Minimum Rent for the Expansion Premises over the term of the Lease of the Expansion Premises, including a 10% annual rate of interest and will adjust the Fixed Minimum Rent for the Expansion Premises accordingly. If the actual costs of the improvements are less than \$19,998, Tenant shall receive no rental abatement or other credit for the underage.

Early Occupancy: If the Expansion Premises Tenant Improvements are completed prior to the Effective Date, Tenant may occupy the Expansion Premises upon completion of the Expansion Premises Tenant Improvements for no additional rent.

As of the earlier of the Effective Date or the date of Tenant's occupancy of the Expansion Premises, the provisions of the Lease and this Fourth Amendment will apply to Tenant's lease of the Expansion Premises as if the Expansion Premises were included as part of the Premises, except as otherwise provided in this Fourth Amendment.

4. Pro Rata Share. Notwithstanding anything to the contrary in the Lease, from and after the Effective Date, Tenant's pro-rata share for all purposes under the Lease, and specifically as to Property Costs as provided for in Paragraph 5.1(b) ("Additional Rent") of the Lease, shall be 100%.

5. Option to Extend. As of the Effective Date, Landlord and Tenant hereby acknowledge and confirm that Tenant's option to extend the Term of the Lease as set out in Exhibit "F" of the Lease applies to all, and only all, of the space then under lease by Tenant on the Property, at the time Tenant provides Landlord written notice of Tenant's intent to exercise its option to extend the Lease term.

6. Remaining Lease Terms. Except as expressly amended by this Fourth Amendment, all the terms, covenants, and conditions of the Lease remain in full force and effect. In the event of any conflict between the provisions of this Fourth Amendment and the Lease, the provisions of this Fourth Amendment shall control.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Fourth Amendment to Lease on the date written above.

<p>TENANT:</p> <p>MIDLAND CREDIT MANAGEMENT, INC., a Kansas corporation</p> <p>By: /s/ John A. Chandler Its: Sr. Vice President</p>	<p>LANDLORD:</p> <p>4405 E. BASELINE ROAD LIMITED PARTNERSHIP, an Arizona limited partnership,</p> <p>By: San Salvador Management, L.L.C., an Arizona limited liability company Its General Partner</p> <p>By: /s/ David Ressor Its: Principal</p>
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THIS EXHIBIT CONTAINS CONFIDENTIAL INFORMATION WHICH HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST UNDER RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED. THE CONFIDENTIAL INFORMATION ON PAGES 2, 3, 4, 5, 6, 12, 13, 14, 15 and 21 HAS BEEN REPLACED WITH ASTERISKS.

EXHIBIT 10.17

CREDIT CARD ACCOUNTS SALE AGREEMENT

This Credit Card Accounts Sale Agreement is made and entered into among Midland Credit Management, Inc. whose address is 500 West First Street, Hutchinson, Kansas, 67501 ("Buyer"), Greenwood Trust Company ("GTC" or a "Seller") and U.S. Bank National Association as Trustee (the "Trustee") for the Discover Card Master Trust I (the "Trust" or a "Seller").

WITNESSETH

WHEREAS, Sellers desire to sell to Buyer certain Accounts as defined below, and Buyer desires to purchase such Accounts, all on the terms and conditions hereinafter set forth.

NOW, THEREFORE, Sellers and Buyer agree, on the terms and conditions herein set forth, as follows:

ARTICLE I
DEFINITIONS

1.1 "Account" means each unsecured consumer credit card account, including any receivables arising thereunder, the account relationship of which is owned by GTC and the receivables under which are owned by the Trust, which is described on an Account Schedule, which has been charged off by GTC as a loss and which was previously evidenced by one or more of the following: (a) an open-ended credit application; (b) certain signed charge slips used for purchasing goods and services by Debtor; (c) any judgments founded upon an Account to the extent attributable thereto, and any lien arising therefrom; and (d) the proprietary interest of Sellers in any Account forming the subject matter of any litigation or bankruptcy.

1.2 "Account Schedule" means, with respect to any Closing Date, the computer tape which will be delivered to Buyer setting forth all of the Accounts which Sellers have elected to sell Buyer and which Buyer has agreed to purchase on that Closing Date and shall contain for each Account the data fields listed on the attached Exhibit A.

1.3 "Account Statement" means any billing statement in GTC's possession which relates to an Account and was issued within the twelve months preceding the applicable Closing Date for an Account or, for those Accounts which do not have activity within the twelve months preceding the applicable Closing Date, a billing statement which comprises one of the most recent 12 months of billing statements for an Account; provided, however, that in no event shall the term include billing statements prior to November, 1992.

1.4 "Agreement" means this Credit Card Accounts Sale Agreement, as the same may be amended or supplemented from time to time.

1.5 "Business Day" means any day except Saturday, Sunday or other day on which banking institutions in Delaware or Illinois are authorized or required by law or executive order to close.

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1.6 "Closing Date" means May 28, 1998 on the initial purchase ("Initial Purchase Date") and three (3) Business Days after the Cut-off Date, for subsequent purchases.

1.7 "Credit Files" shall have the meaning set forth in Section 4.2 hereof.

1.8 "Cut-off Date" means the close of business on May 27, 1998 with respect to the initial purchase and, with respect to subsequent purchases, the close of business on the day GTC notifies Buyer of the Accounts to be sold to Buyer in accordance with Section 3.3(b).

1.9 "Debtor" means any obligor for, or guarantor or surety of, or any party liable for, the performance of an Account.

1.10 "Effective Date" means May 27, 1998.

1.11 "Litigation Account" means any Account which, as of the applicable Closing Date, is the subject of litigation or that forms the basis of a claim against an officer, director, employee or agent of any Seller.

1.12 "Pool I" means all Accounts which have been assigned to no more than two outside collection agencies for collection following charge-off.

1.13 "Pool II" means all Accounts which have been assigned to more than two outside collection agencies for collection following charge-off.

1.14 "Purchase Price" means (i) [*] times the Unpaid Balance with respect to each Account in Pool I and (ii) [*] times the Unpaid Balance with respect to each Account in Pool II.

1.15 "Transfer Date" means the close of business on May 29, 1998 with respect to the initial purchase and [*] Business Days after Sellers' receipt of the Purchase Price with respect to subsequent purchases.

1.16 "Uncollectible Account" means, as of the applicable Cut-Off Date for each Account purchased (a) an Account with reference to which a final judgment has been entered by a court of competent jurisdiction to the effect that no Debtor on the Account is under any enforceable obligation to pay the holder of the Account and that the holder of the Account shall take no action against any and all Debtors executing Account documentation; (b) an Account in which GTC or a predecessor in interest released all Debtors obligated on the Account from any and all liability on the Account; (c) an Account with respect to which all of the Debtors on the Account have filed bankruptcy and the bankruptcy has not been dismissed prior to the applicable Cut-off Date; (d) an Account with respect to which all Debtors on the Account were deceased; or (e) an Account in which the date the Account was declared in default and payment thereunder demanded in full occurred more than the number of years set forth in Exhibit B, for the applicable State listed in GTC's records for the address to mail Account Statements, prior to the applicable Cut-off Date.

1.17 "Unpaid Balance" means the approximate outstanding amount of the Account

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as of the applicable Cut-off Date, which will be specified as either the current balance or current principal balance. This figure may include interest (accrued or unaccrued), costs, fees, and expenses. It is possible that payments have been made by or on behalf of any Debtor prior to the applicable Cut-Off Dates which are not reflected in the Unpaid Balance. This figure may reflect payments made by or on behalf of any Debtor which have been deposited and credited to the Unpaid Balance of such Account, but which may subsequently be returned to GTC due to insufficient funds to cover such payments.

1.18 "UCC" means Uniform Commercial Code as in effect in the applicable jurisdiction.

1.19 "UCC Financing Statement" means, with respect to a Seller, a UCC financing statement, containing the information, and using the description of the property contained on Exhibit C to this Agreement with respect to GTC and Exhibit D with respect to the Trust, filed in the appropriate jurisdiction with respect to the Accounts.

ARTICLE II PURCHASE AND SALE OF ACCOUNTS

2.1 AGREEMENT TO SELL AND PURCHASE ACCOUNTS. Unless excluded under Article IX or XI each, Seller agrees to sell and Buyer agrees to buy all of such Seller's right, title, and interest in and to the Accounts which GTC shall identify during each month through [*], subject to the terms, provisions, conditions, limitations, waivers and disclaimers set forth in this Agreement.

All obligations of the Trust under this Agreement are several, and not joint. Each of GTC and the Trust agrees that GTC, as servicer of the Trust, will act as the Trust's agent for purposes of making and/or receiving payments and receiving and/or giving notices in any transaction with the Buyer under this Agreement. The Buyer may make any payment to any Seller or deliver any communication to any Seller by payment or delivery to GTC.

2.2 BILL OF SALE/BUYER'S RIGHT TO ACT. On the applicable Transfer Date, each Seller shall deliver to Buyer a Bill of Sale, in the form of Exhibit E hereto, executed by an authorized representative of such Seller, which Bill of Sale shall sell, transfer, assign, set-over, quitclaim and convey to Buyer all right, title and interest of such Seller in and to (i) each of the Accounts sold hereunder, and (ii) the proceeds of the Accounts sold hereunder, subject to Article III and Article V, received by GTC after the applicable Cut-Off Date, if any. On or before the initial Transfer Date, such Seller shall also deliver to Buyer a UCC Financing Statement for such Seller. Buyer shall have no right to communicate with any Debtor or otherwise take any action with respect to any Account or any Debtor until after the transfer of the Account to Buyer.

ARTICLE III PURCHASE PRICE AND PAYMENT

3.1 PURCHASE PRICE. The purchase price of the Accounts purchased hereunder by Buyer shall be as set forth in Section 1.14.

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3.2 ACCOUNTS EXCLUDED. If GTC excludes any Account from a sale prior to the applicable Closing Date pursuant to Article XI, the total Purchase Price to be paid by Buyer shall be reduced by the amount of the Purchase Price expressed as a percentage of the Unpaid Balance of each excluded Account.

3.3 IDENTIFICATION AND PAYMENT.

(a) INITIAL TRANSFER. On or before May 27, 1998, GTC shall identify to Buyer, the Accounts to be sold to Buyer on the Initial Purchase Date. Buyer shall pay for the initial purchase on or before 12:00 p.m. CST, May 28, 1998. All such funds must be in immediately available funds in United States Dollars by wire transfer to GTC in accordance with the wire transfer instructions provided to Buyer, or by cashier's check (without intervening endorsement) made payable to the "Greenwood Trust Company."

(b) SUBSEQUENT TRANSFERS. After the Initial Purchase Date, Seller shall notify Buyer on or about the 17th day of each month, starting with June 1998, of the total Unpaid Balance and Purchase Price of the Accounts identified by GTC and to be purchased by Buyer for that month.

Buyer shall pay for the identified Accounts on each applicable Closing Date. All such funds shall be in immediately available funds in United States Dollars by wire transfer to GTC in accordance with the wire transfer instructions provided to Buyer, or by cashier's check (without intervening endorsement) made payable to the "Greenwood Trust Company."

3.4 ADJUSTMENTS TO PURCHASE PRICE. Within [*] Business Days after the applicable Transfer Date or the date Buyer receives the Account Schedule, Buyer shall notify GTC of any adjustments to the Purchase Price due to miscalculations of interest and principal, misapplied payments, unapplied payments and accounting errors. If the Purchase Price as adjusted is greater than the Purchase Price paid by Buyer, Buyer shall pay the amount of the deficiency to Sellers within [*] Business Days after Buyer notifies GTC of the adjustments to the Purchase Price. If the Purchase Price as adjusted is less than the Purchase Price paid by Buyer, GTC shall, at its election and as agent of the Trust, (i) refund the excess amount paid by Buyer to Buyer out of the proceeds of the sale received by GTC within [*] Business Days after Buyer notifies GTC of the adjustment to the Purchase Price or (ii) deduct the excess amount paid by Buyer from the Purchase Price to be paid by Buyer for Accounts purchased on the next Closing Date if said Closing Date is within [*] Business Days of the date Buyer notifies GTC of any adjustments to the Purchase Price.

3.5 DEFAULT BY BUYER. If Buyer fails or refuses to consummate the purchase of the Accounts pursuant to this Agreement prior to or on any Closing Date or fails to perform any of Buyer's other obligations hereunder either prior to or on any Closing Date for any reason, then Sellers shall have the right to (i) enforce specific performance of Buyer's obligations under this Agreement and/or (ii) exercise any other right or remedy Sellers may have at law or in equity by reason of the default, including but not limited to, re-selling any unpurchased Account and seeking any deficiency against Buyer and the recovery of attorney's fees incurred by Sellers in connection with Buyer's default.

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ARTICLE IV TRANSFER

4.1 DELIVERY AND TRANSFER. On the applicable Transfer Date, GTC shall deliver to Buyer the Account Schedule relating to the Accounts purchased by Buyer; provided that, if GTC encounters mechanical difficulties that make it impossible to deliver the Account Schedule on the Transfer Date, GTC shall provide a statement or evidence of the reasons for such difficulties to Buyer and shall use its best efforts to deliver the Account Schedule as soon as practicable, but in no event later than [*] Business Days after the applicable Closing Date.

4.2 TRANSFER OF DOCUMENTS. GTC agrees to deliver to Buyer, copies of the credit applications, affidavits in the form of Exhibit F to this Agreement, or up to three (3) months worth of Account Statements, but not all three (the "Credit Files") for [*] of the total number of Accounts sold to Buyer. Within [*] days after the applicable Transfer Date, Buyer shall deliver to GTC a separate listing of the specific Accounts for which GTC will deliver either copies of the credit applications, affidavits or the three months of Account Statements. Said list(s) shall be provided on an Application, Statement or Affidavit Request Form, as provided in Exhibit G to this Agreement and shall specify whether the Buyer wants the credit applications, affidavits or three months of Account Statements for each Account. GTC shall have [*] days from the receipt of the Buyer's request to deliver the requested credit applications, affidavits or Account Statements.

GTC will deliver to Buyer additional copies of the Credit Files for the Accounts referenced in the first paragraph of this section or copies of the Credit Files for the remaining [*] of the Accounts, upon receipt of payment of [*] per credit application, affidavit or group of three months of Account Statements requested by Buyer. Within [*] days after the applicable Transfer Date, Buyer shall deliver to GTC a listing of the specific Accounts for which GTC will deliver copies of the Credit Files, provided; however, such requests shall not exceed [*] copies per month and such requests shall not exceed [*] copies every two (2) weeks commencing from the applicable Transfer Date. GTC shall have [*] days from the receipt of the Buyer's request to deliver the requested Credit Files.

If any documents relating to the Accounts are requested or demanded from GTC by subpoena, Buyer shall be responsible for paying for such documents the fees set forth as applicable to the remaining [*] of the Accounts in the preceding paragraph before GTC is required to fulfill any such demand or request.

4.3 OTHER DOCUMENTS. Subject to the requirements and limitations set forth in this Agreement, Sellers agree, to the extent required by applicable laws, statutes, rules and regulations of all federal, state, local, governmental, or quasi-governmental entities or authorities having jurisdiction, to complete and execute any documents and to take such other actions as are reasonably necessary or appropriate to effectuate this Agreement, and only for the purposes of effectuating this Agreement. This provision shall not be construed so as to require Sellers to execute any documents other than the documents directly referenced in this Agreement. This provision shall also not be construed to require Sellers to execute or otherwise deliver a UCC financing statement in connection with the sale of Accounts under this Agreement other than as required by Section 2.2 or in the following

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sentence. Sellers shall, at Buyer's sole cost and expense, execute additional UCC Financing Statements as reasonably requested by Buyer. Buyer agrees that neither it nor its heirs, executors, administrators, representatives, successors and assigns shall file or cause to be filed any UCC financing statement or other documents evidencing the sale with any public filing agency, including but not limited to any county recorder's or secretary of state's office unless said UCC financing statement has been approved and signed by the applicable Seller.

ARTICLE V
PAYMENTS AFTER CUT-OFF DATE

5.1 PAYMENTS. Except as provided in the following paragraph, all payments received by Sellers on any Account after the applicable Cut-off Date shall belong to Buyer and shall be held by Sellers and notice thereof forwarded to Buyer within [*] days after such Seller's receipt of the payment. The payments will be forwarded to Buyer without recourse and without warranties within [*] days after such Seller's receipt of the payment. For payments received by Buyer that subsequently are deemed insufficient by GTC, GTC will notify Buyer of any such payment and Buyer will remit such payment back to GTC within [*] days of notification.

Buyer and Sellers agree that GTC retains the right to collect on any and all checks, or other negotiable instruments, which represent payments of principal, interest, or any other fees or charges under any of the Accounts purchased hereunder received by GTC prior to and including the applicable Cut-off Date, regardless of whether the checks or other negotiable instruments are collected, prior to, or subsequent to the applicable Cut-off Date.

5.2 PENDING LEGAL PROCEEDINGS. Any Litigation Account which is identified by Buyer as such within [*] days of the applicable Closing Date, shall, at Buyer's option, be substituted by GTC and the Trustee pursuant to Section IX. In the event Buyer elects not to require GTC and the Trustee to substitute the Account or fails to notify GTC that said Account is a Litigation Account within [*] days of the applicable Closing Date, Buyer agrees that it shall, to the extent applicable, at its own cost, (i) notify the Clerk of the Court, any trustee and all counsel of record in each such proceeding of the transfer of the Account from Sellers to Buyer, (ii) file pleadings to relieve Sellers' counsel of record from further responsibility in such litigation (unless said counsel has agreed, with GTC's written consent, to represent Buyer in said proceedings at Buyer's expense), and (iii) remove Sellers as parties in such action, substitute Buyer as the real party-in-interest, and change the caption thereof accordingly. Buyer agrees to notify GTC immediately in the event a claim, counterclaim or cross-claim is brought or threatened against any Seller in any litigation or bankruptcy involving an Account. In connection therewith, Buyer shall have the sole responsibility to determine the appropriate direction and strategy for such litigation or proceeding. If Buyer fails to comply with the above requirements (i)-(iii), GTC may, but is not obligated to take such actions as it deems necessary to effectuate the provisions of this paragraph. Buyer acknowledges that its failure to comply with the provisions of this paragraph may affect Buyer's rights in any such litigation or proceeding including, without limitation, any dismissal with prejudice or the running of any statute of limitations if any such action or proceeding is dismissed. Buyer shall reimburse and indemnify Sellers for any costs and legal fees incurred by Sellers in connection with such proceeding after the applicable Transfer Date, including, without limitation, any fees and costs incurred by Sellers

in connection with Buyer's failure to comply with the above requirements (i)-(iii). Sellers shall deliver notice to Buyer of any legal fees and costs billed to Sellers or incurred in connection with such proceeding after the applicable Transfer Date, whereupon Buyer shall reimburse Sellers for amounts so incurred.

ARTICLE VI
SERVICING OF THE ACCOUNTS

6.1 SERVICING AFTER APPLICABLE CLOSING DATE. The Accounts shall be sold and conveyed to Buyer on a servicing-released basis. As of the applicable Closing Date, all rights, obligations, liabilities and responsibilities accruing after the applicable Closing Date with respect to the servicing of the Accounts, shall pass to Buyer, and Sellers and/or their servicing agents shall be discharged from all liability therefor. Sellers and/or their servicing agents shall have no obligation to perform any servicing activities with respect to the Accounts from and after the applicable Closing Date, except those required by law.

6.2 INTERIM SERVICING/BUYER BOUND. Between the Effective Date and the applicable Closing Date, GTC or any servicing agent shall continue to service the Accounts to be transferred. Buyer shall be bound by the actions taken by GTC and/or servicing agent prior to the applicable Closing Date. Buyer shall take no action to communicate with any Debtor or enforce or otherwise service or manage such Accounts until the applicable Transfer Date. GTC or any servicing agent shall not be responsible for the failure to meet or toll any proof of claim, discharge, limitation, notice, hearing, trial, penalty or payment date or any other deadline in connection with an Account after the date of this Agreement. In no event shall Buyer be deemed a third party beneficiary of any servicing contract or agreement between GTC and any servicing agent and in no event shall GTC or any servicing agent be deemed a fiduciary for the benefit of Buyer with respect to the Accounts. Subject to the provisions hereof, GTC shall indemnify Buyer against and hold Buyer harmless from any and all claims, lawsuits or judgments against Buyer arising out of the gross negligence or willful failure by GTC or its servicing agent to provide the interim servicing hereunder, provided, however, that GTC shall not be required to indemnify Buyer or to hold Buyer harmless to the extent that such losses are caused in whole or in part by Buyer's actions or inactions.

6.3 SERVICER REQUIREMENTS. Buyer shall be responsible for complying with all state and federal laws, if any, with respect to the ownership and/or servicing of any of the Accounts from and after the applicable Closing Date including, without limitation, the obligation to notify any Debtor of the transfer of the Account and the servicing rights from GTC or GTC's servicing agent to Buyer.

ARTICLE VII
SELLERS' REPRESENTATIONS, WARRANTIES AND COVENANTS

7.1 REPRESENTATIONS, WARRANTIES AND COVENANTS OF GTC. GTC hereby represents and warrants that, as of the Effective Date and as of each applicable Closing Date:

- (i) GTC is a bank, duly organized, validly existing and in good standing under the laws of the State of Delaware, with full power and authority to enter into this Agreement, to sell the account relationships for the

Accounts and to carry out the terms and provisions hereof;

- (ii) GTC has taken all necessary action to authorize its execution, delivery and performance of this Agreement and has the power and authority to execute, deliver and perform this Agreement and all the transactions contemplated hereby;
- (iii) This Agreement and all the obligations of GTC hereunder are the legal, valid and binding obligations of GTC, enforceable in accordance with the terms of this Agreement, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);
- (iv) The obligations of the Trustee hereunder are authorized and permitted under the terms of the Pooling and Servicing Agreement dated as of October 1, 1993, as amended, between the Trustee and GTC (the "Pooling and Servicing Agreement") and nothing contained therein will be a legal impediment or bar to the performance by the Trustee of the obligations hereunder, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);
- (v) To the best of GTC's knowledge, the Unpaid Balance for each Account is the legal, valid and binding obligation of each Debtor and no credits or off-sets exist in said Accounts other than as may be reflected therein. Notwithstanding the foregoing, GTC makes no representation or warranty as to whether the statute of limitations can successfully be raised as a defense to any Account in any jurisdiction;
- (vi) The execution, delivery and performance of this Agreement by GTC will not violate any provision of any existing law or regulation or any order or decree of any court applicable to GTC or any provision of the Certificate of Incorporation or Bylaws of GTC, or constitute a material breach of any contract or other agreement material to GTC to which GTC is a party or by which GTC may be bound; and
- (vii) The execution, delivery and performance of this Agreement by the Trustee, on behalf of the Trust, will not constitute a material breach of any contract or other agreement material to the Trust to which the Trustee, on behalf of the Trust, is a party or by which the Trustee, on behalf of the Trust, may be bound.

7.2 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE TRUSTEE ON BEHALF OF THE TRUST. The Trustee, on behalf of the Trust, hereby represents and warrants that, as of the

Effective Date and as of each applicable Closing Date:

- (i) The Trustee has taken all necessary action to authorize its execution, delivery and performance of this Agreement and has the power and authority to execute, deliver and perform this Agreement and all the transactions contemplated hereby; and
- (ii) The Trust is a trust formed under the Pooling and Servicing Agreement and the Pooling and Servicing Agreement authorizes the Trustee to execute this Agreement and to consummate all the transactions contemplated hereby on behalf of the Trust.

7.3 REPRESENTATIONS, WARRANTIES AND COVENANTS OF GTC AS TO EACH ACCOUNT. GTC represents and warrants that, as to each Account sold or to be sold hereunder, as of the applicable Closing Date:

- (i) GTC has good, valid and marketable title to the account relationships for the Accounts to be sold by it free and clear of all liens and encumbrances (except any lien of the Trust), except as may be imposed by Buyer or any of its respective assignees or transferees;
- (ii) GTC transferred good, valid and marketable title to the receivables in the Accounts to the Trust pursuant to the terms of the Pooling and Servicing Agreement;
- (iii) the Accounts were originated and have been maintained and serviced by GTC in compliance with state and federal laws, including, without limitation, the Truth-In-Lending Act, the Equal Credit Opportunity Act, the Fair Debt Collection Practices Act and the Fair Credit Billing Act; and
- (iv) GTC has full right and authority to sell and assign its interest in the account relationship for each Account.

7.4 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE TRUSTEE ON BEHALF OF THE TRUST AS TO EACH ACCOUNT. The Trustee, on behalf of the Trust, represents and warrants that, as to each Account sold or to be sold hereunder, as of the applicable Closing Date:

- (i) The Trustee has no knowledge of any right, lien or interest affecting the receivables in the Accounts or the proceeds thereof, other than the rights or interests created under the Pooling and Servicing Agreement; and
- (ii) Under the terms of the Pooling and Servicing Agreement, the Trustee has full right and authority to sell and assign the Trust's interests in the receivables in each Account.

ARTICLE VIII

BUYER'S REPRESENTATIONS, WARRANTIES AND COVENANTS

8.1 DECISION TO PURCHASE. Buyer warrants and represents that it is a sophisticated purchaser and has knowledge and experience in financial and business matters that enable it to evaluate the merits and risks of the transaction contemplated by this Agreement, and that its bid and decision to purchase the Accounts are based upon Buyer's own independent evaluation of the transaction. In entering into this Agreement, Buyer has not relied upon any oral or written information provided by Sellers or Sellers' personnel, agents, representatives, or independent contractors and acknowledges and understands that no employee, agent, representative or independent contractor of the Sellers has been authorized to make, and that Buyer has not relied upon, any statements or representations other than those specifically contained in this Agreement. Buyer has made such independent investigations as it deems to be warranted into the nature, validity, enforceability, collectability, and value of the Accounts, and all other facts it deems material to its purchase and is entering into this transaction solely on the basis of that investigation and Buyer's own judgment, and is not acting in reliance on any representation made or information furnished by Sellers, their employees, agents, representatives, or independent contractors.

8.2 COVENANT OF BUYER. The transactions contemplated by this Agreement do not involve, nor are they intended in any way to constitute, the sale of a "security" or "securities" within the meaning of any applicable securities laws, and none of the representations, warranties or agreements of Buyer shall create any inference that the transactions involve any "security" or "securities." Buyer acknowledges, understands and agrees that the acquisition of accounts such as these Accounts involves a high degree of risk and is suitable only for persons or entities of substantial financial means who have no need for liquidity and who can hold the Accounts indefinitely or bear the partial or entire loss of the value of the Accounts.

8.3 COLLECTION PRACTICES. Buyer warrants and represents that it will not violate any law relating to unfair debt collection practices in connection with any of the Accounts transferred to Buyer pursuant to this Agreement. Buyer agrees to indemnify Sellers and the Trustee and to hold Sellers and the Trustee harmless from and against any and all claims, demands, losses, damages, penalties, fines, forfeitures, judgments, legal fees and other costs, fees and expenses heretofore or hereafter incurred by Sellers or the Trustee as a result of (i) any breach by Buyer of the aforesaid warranty and representation; or (ii) any acts and/or omissions by Buyer resulting in any claim, demand or assertion that any Seller or the Trustee, subsequent to the Closing Date, was in any way involved in, or had in any way authorized, any unlawful collection practices in connection with any of the Accounts. Each party agrees to notify the other within ten (10) Business Days of notice or knowledge of any such claim, demand or assertion.

8.4 LITIGATION. Buyer warrants, represents and agrees that it will not institute any legal action in the name of any Seller or continue to prosecute or defend in the name of any Seller any pending legal action; nor shall Buyer intentionally or unintentionally, through misrepresentation or nondisclosure, mislead any person as to, or conceal from any person, the identity of the buyer of the Accounts purchased pursuant to this Agreement; NOR SHALL BUYER USE OR REFER TO THE NAME OF GREENWOOD TRUST COMPANY,

DISCOVER CARD, PRIVATE ISSUE, BRAVO, NOVUS SERVICES, INC., SCFC RECEIVABLES CORP., DISCOVER CARD MASTER TRUST I, U.S. BANK NATIONAL ASSOCIATION, FIRST BANK NATIONAL ASSOCIATION, OR ANY NAME DERIVED THEREFROM OR SIMILAR THERETO TO PROMOTE BUYER'S MARKETING, ADVERTISING, SALE OR TRANSFER OF ANY ACCOUNT OR THE COLLECTION OR MANAGEMENT THEREOF; provided, however, that nothing herein shall be deemed to preclude Buyer from disclosing to Debtors or potential transferees of the Accounts the fact that the account relationships for the Accounts were acquired from GTC and the receivables in the Accounts were acquired from the Trust. Any settlement, whether judicial or non judicial, shall include a release of Sellers and their representatives, employees, directors, and agents by the Debtors of any claims they may have.

8.5 AUTHORITY. Buyer represents that it is duly and legally authorized to enter into this Agreement, that it has complied with all laws, rules, regulations, charter provisions and bylaws or other governance documents to which it may be subject, and that the undersigned representative is authorized to act on behalf of and bind Buyer to the terms of this Agreement. Buyer, if a corporation, will, on the Initial Purchase Date, supply Sellers with a certified copy of a resolution of its Board of Directors authorizing the Buyer's entry into this Agreement through such representative, together with such documents as Sellers may reasonably require as evidence of Buyer's good standing or as further evidence of such authority. If Buyer is not a corporation, Buyer shall, on the Initial Purchase Date, provide Sellers with such evidence as Sellers shall require of Buyer's legal authority to enter into this Agreement and purchase the Accounts.

8.6 RESALE BY BUYER. If Buyer resells any of the Accounts to any subsequent purchaser, Buyer agrees to require said purchaser to expressly assume the obligations of this Agreement as part of Buyer's contract with that purchaser. Buyer further agrees to attach this Agreement, with the purchase price redacted, as an exhibit to any such contract. Notwithstanding anything in this Agreement to the contrary, Buyer shall remain liable to Sellers for the performance of the duties and obligations of Buyer under this Agreement. This Section 8.6 shall not apply to any resale of an Account in connection with a securitization or financing so long as Buyer continues to act as servicer of the Account or, if Buyer shall not act as servicer of the Account, any such servicer shall agree to assume the obligations set forth in Articles 6, 8 and 12.

8.7 ENFORCEABILITY. Buyer represents and warrants that this Agreement and all of the obligations of Buyer hereunder are the legal, valid and binding obligations of Buyer, enforceable in accordance with the terms of this Agreement, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law).

8.8 ECONOMIC RISK. Buyer acknowledges that the Accounts may have limited or no liquidity and Buyer has the financial wherewithal to own the Accounts for an indefinite period of time and to bear the economic risk of an outright purchase of the Accounts and a total loss of the Purchase Price for the Accounts.

8.9 NONDISCLOSURE. Buyer is in full compliance with its obligations under the

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terms of any confidentiality and/or non-disclosure agreement.

8.10 STATUS OF BUYER. Buyer represents, warrants and certifies to Sellers that it is (i) a financial institution; (ii) an institutional purchaser including a sophisticated purchaser that is in the business of buying or originating accounts of the type being purchased or that otherwise deals in such accounts in the ordinary course of Buyer's business; or (iii) an entity that is defined as an accredited investor under the federal securities laws.

8.11 NOTIFICATION. Buyer shall attempt to notify each Debtor under an Account of Buyer's purchase of such Account within [*] days after the applicable Transfer Date, and direct that payments on the Account after the Closing Date be made to Buyer's place of business at the address set forth in Article XIII or such other place as Buyer may direct in writing. At the Buyer's reasonable request, GTC will provide a form letter, in a form acceptable to GTC, that the Buyer, at the Buyer's expense, may send to a Debtor confirming the transfer of the Account to the Buyer.

8.12 NOTIFICATION OF CREDIT REPORTING AGENCIES. Buyer shall report to each credit bureau with which it regularly does business any change in the status of any Account, including, but not limited to, receipt of payments, settlement, satisfaction, or sale of the Account, within [*] days after such change in status. Buyer agrees that on or after the applicable Transfer Date, Buyer shall not file any report with any credit reporting agency using the account number assigned to the Account by GTC, except as may be required by a credit reporting agency for identification purposes only. Furthermore, Buyer represents and warrants that in the event it sells, assigns or transfers ownership of any Account purchased hereunder that it will report the sale of such Account to its credit reporting agency. If Buyer reports any information to a credit bureau, including, but not limited to, any information provided by Sellers, Buyer warrants, represents and agrees that it will comply with all applicable federal, state, county and local laws, ordinances, codes and regulations, including, but not limited to the Fair Credit Reporting Act, in reporting such information. Buyer agrees to indemnify Sellers and the Trustee and hold Sellers and the Trustee harmless from and against any losses, causes of action, liabilities, claims, demands, obligations, damages, costs and expenses, including reasonable attorneys' and accountants' fees to which Sellers or the Trustee may become subject as a result of any breach by Buyer of the aforesaid warranty and representation; provided, however, that Buyer shall not be required to indemnify any Seller or the Trustee or to hold any Seller or the Trustee harmless to the extent that such losses are caused in whole or in part by such Seller's actions or inactions. GTC shall report to each credit bureau with which it regularly does business the sale of the Accounts and may at its sole discretion, after the applicable Closing Date, delete its entry with said credit bureaus.

8.13 OTHER INTERESTS. To the best of Buyer's knowledge, none of Sellers' employees has any interest, direct or indirect, in the acquisition of Accounts through this transaction.

8.14 INSTITUTION OF ACTIONS. Buyer hereby covenants and agrees that, prior to the date which is one year and one day after the Trust shall have terminated pursuant to Section 12.01 of the Pooling and Servicing Agreement, Buyer will not institute against, or join any other person in instituting against, the Trust any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the

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laws of the United States or any state of the United States.

ARTICLE IX
BUYER'S RIGHT TO REQUIRE SUBSTITUTION

Buyer shall, within [*] days from the applicable Closing Date for each Account, notify GTC of each Account with respect to which Buyer seeks substitution and shall supply GTC with evidence satisfactory to GTC that same is an Uncollectible Account or Litigation Account. GTC and the Trustee shall substitute each Uncollectible Account or Litigation Account with an Account which is from the same pool as the substituted Account or from Pool I and which has an Unpaid Balance which is equal to or greater than the Unpaid Balance of the substituted Account, but not less than the Unpaid Balance of the substituted Account by more than \$500. The aggregate Unpaid Balance of the substitute Accounts shall be equal to or greater than the aggregate Unpaid Balance of the substituted Accounts. Buyer shall pay to Sellers, within [*] Business Days after GTC and the Trustee assign the substitute Accounts to Buyer, the difference, if any, between (i) (x) [*] times the Unpaid Balance of the Pool I substitute Accounts plus (y) [*] times the Unpaid Balance of the Pool II substitute Accounts minus (ii) (x) [*] times the Unpaid Balance of the Pool I substituted Accounts plus (y) [*] times the Unpaid Balance of the Pool II substituted Accounts. Buyer shall promptly deliver all Uncollectible Accounts and Litigation Accounts, together with all related Credit Files therefor to GTC. GTC and the Trustee shall substitute the Account within [*] days from receipt of evidence satisfactory to GTC that same is an Uncollectible Account or Litigation Account. GTC shall not be obligated to substitute on an Account-by-Account basis but may elect to substitute the Account on the [*] day, or more frequently, at GTC's option. Upon substitution, Buyer shall endorse and/or re-assign the account relationship for the substituted Account to GTC and the receivables in such Account to the Trust and, upon endorsement and/or reassignment, Buyer shall represent and warrant that, as of the date Buyer re-assigns the Account, Buyer has no knowledge of any right, lien or interest affecting the Account or the proceeds thereof, other than the rights or interests created under this Agreement, and that Buyer has full right and authority to re-assign its interest in such Account. It is understood and agreed that, except for the indemnification set forth in Section 12.3, the obligation of GTC and the Trustee to substitute any Uncollectible Account or Litigation Account shall constitute the sole remedy respecting such accounts available to Buyer.

ARTICLE X
NO WARRANTIES OR REPRESENTATIONS EXPRESSED HEREIN

NO WARRANTIES. EXCEPT FOR THOSE EXPRESSED IN ARTICLE VII, NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, ARE OR HAVE BEEN MADE BY ANY SELLER, OR ANYONE ACTING ON ITS BEHALF, PARTICULARLY, WITHOUT IN ANY WAY LIMITING THE GENERALITY OF THE FOREGOING STATEMENT, NO WARRANTIES OR REPRESENTATIONS REGARDING (i) THE COLLECTABILITY OF ANY ACCOUNT; (ii) THE CREDITWORTHINESS OF ANY DEBTOR; (iii) THE FORM OR SUFFICIENCY OF ANY ACCOUNT DOCUMENTATION; (iv) THE FORM OR SUFFICIENCY OF ANY COLLATERAL OF ANY TYPE WHICH SECURES THE REPAYMENT OF ANY ACCOUNT; (v) THE TRANSFERABILITY AND ENFORCEABILITY OF ACCOUNTS; OR (vi) THE VALIDITY OF ANY

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COLLATERAL DOCUMENT OR ITS RECORDATION. EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, ALL ACCOUNTS SOLD TO BUYER UNDER THIS AGREEMENT ARE SOLD AND TRANSFERRED WITHOUT RECOURSE. EXCEPT AS SPECIFICALLY SET FORTH IN ARTICLE VII, BUYER ACKNOWLEDGES AND AGREES THAT SELLERS HAVE NOT MADE, DO NOT MAKE AND SPECIFICALLY DISCLAIM ANY REPRESENTATION, WARRANTY, PROMISE, COVENANT, AGREEMENT OR GUARANTEE OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (A) THE NATURE, QUALITY OR CONDITION OF THE ACCOUNTS, INCLUDING, WITHOUT LIMITATION TO OTHER DOCUMENTATION, (B) THE INCOME TO BE DERIVED FROM THE ACCOUNTS, (C) THE SUITABILITY OF THE ACCOUNTS FOR ANY AND ALL ACTIVITIES AND USES WHICH BUYER MAY INTEND, OR (D) ANY OTHER MATTER WITH RESPECT TO THE ACCOUNTS. THE BUYER FURTHER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION PROVIDED OR TO BE PROVIDED WITH RESPECT TO THE ACCOUNTS WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT SELLERS HAVE NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKE NO REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. EXCEPT AS SPECIFICALLY SET FORTH IN ARTICLE VII, BUYER FURTHER ACKNOWLEDGES AND AGREES THAT THE SALE OF THE ACCOUNTS AS PROVIDED HEREIN IS MADE ON AN "AS IS" CONDITION AND BASIS WITH ALL FAULTS.

ARTICLE XI

ACCOUNTS EXCLUDED FROM SALE AND SUBJECT TO SUBSTITUTION

11.1 DISCRETIONARY EXCLUSION AND SUBSTITUTION. GTC, in its sole discretion, may exclude from this sale prior to the applicable Closing Date or may require the reassignment of, at any time, after the applicable Closing Date: (a) any Account which, as of the applicable Cut-off Date, is in litigation or subject to a bankruptcy proceeding, (b) any Account that, as of the applicable Cut-off Date, forms the basis of a claim against an officer, director, employee, or agent of any Seller, (c) any Account that is subject to a written settlement agreement as of the applicable Cut-off Date, (d) any Account, the receivables of which, as of the applicable Cut-off Date, had been sold to a trust (but not including Accounts, the receivables of which are sold by the Trust hereunder), (e) an Account which, as of the applicable Closing Date, has either been re-aged by GTC, was in the process of being re-aged, was settled or for which the Debtor has claimed, through a statement in writing, that he or she did not open the Account or that the Account was fraudulently used, or (f) an Account which, as of the applicable Cut-off Date, does not meet the definition of Account. GTC and the Trustee shall, as soon as possible, but no later than thirty (30) Business Days after reassignment of the Account, substitute the Account with an Account which is from the same pool as the substituted Account or from Pool I and which has an Unpaid Balance which is equal to or greater than the Unpaid Balance of the substituted Account, but not less than the Unpaid Balance of the substituted Account by more than \$500. The aggregate Unpaid Balance of the substitute Accounts shall be equal to or greater than the aggregate Unpaid Balance of the substituted Accounts. Buyer shall pay to Sellers, within three (3) Business Days after GTC and the Trustee assign the substitute Accounts to Buyer, the difference, if any, between (i) (x) [*] times the Unpaid Balance of the Pool I substitute Accounts plus (y) [*] times the Unpaid Balance of the Pool II substitute Accounts minus (ii) (x) [*] times the Unpaid Balance of the Pool I

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substituted Accounts plus (y) [*] times the Unpaid Balance of the Pool II substituted Accounts.

11.2 BUYER'S DUTY TO PURCHASE NOT AFFECTED. GTC's exclusion or GTC's and the Trustee's substitution of one or more of the Accounts shall not affect Buyer's duty to purchase the remaining Accounts on the terms and conditions set forth in this Agreement.

11.3 TRANSFER FOLLOWING SUBSTITUTION. Buyer shall, no later than upon receipt of a substitute account, endorse and/or re-assign the account relationship for the Account to GTC and the receivables in the Account to the Trust and, upon endorsement and/or reassignment, Buyer shall represent and warrant that, as of the date Buyer re-assigns the Account, Buyer has no knowledge of any right, lien or interest affecting the Account or the proceeds thereof, other than the rights or interests created under this Agreement and that Buyer has full right and authority to re-assign its interest in such Account.

11.4 PAYMENTS RECEIVED BY BUYER FOLLOWING ACCOUNT SUBSTITUTIONS. Any payments on Accounts received by Buyer subsequent to GTC's and the Trustee's substitution of such Accounts shall belong to Sellers, and Buyer shall remit said payments to Sellers within [*] days after receipt, with negotiable instruments being endorsed by Buyer without recourse.

ARTICLE XII RELEASE AND INDEMNIFICATION

12.1 BUYER'S RELEASE OF CLAIM. Except as to any of the Accounts excluded by GTC or substituted by GTC and the Trustee pursuant to Article IX or XI, or for which indemnification is available pursuant to Section 12.3 of this Article, Buyer hereby releases and forever discharges Sellers, their agents, servants, directors, officers, employees, shareholders, successors, assigns, and affiliates, all such related persons herein collectively called the "Related Persons," of and from any and all causes of action, claims, demands, and remedies of whatsoever kind or nature that Buyer now has, or may in the future have, against Sellers, and/or any Related Persons in any manner on account of, arising out of, or related to the Accounts purchased hereunder.

12.2 BUYER'S INDEMNIFICATION. Except as to any of the Accounts excluded by GTC or substituted by GTC and the Trustee pursuant to Article IX or XI, or for which indemnification is available pursuant to Section 12.3 of this Article, Buyer hereby agrees to indemnify, hold harmless, and defend Sellers and the Trustee, together with any and all Related Persons (Sellers, the Trustee and each such Related Persons herein called, an "Indemnified Party"), from and against any losses, causes of action, liabilities, claims, demands, obligations, damages, costs and expenses, including reasonable attorneys' and accountants' fees, to which the Indemnified Party may become subject under any laws, statutes, rules, or regulations, or otherwise, of all federal, state, local, governmental, or quasi-governmental entities or authorities having jurisdiction, on account of, arising out of, or related to, any act, omission, conduct, misrepresentation, or activity of Buyer, or any of Buyer's officers, directors, employees, agents, servants, shareholders, successors, or assigns, on account of, arising out of, or related to (1) this Agreement and (2) any or all Accounts purchased hereunder.

12.3 SELLERS' INDEMNIFICATION. Each Seller hereby agrees to indemnify, hold harmless and defend Buyer (herein called an "Indemnified Party"), from and against any losses, causes of action, liabilities, claims, demands, obligations, damages, costs and expenses to which Buyer may become subject on account of, arising out of, or related to, any act, omission, conduct, misrepresentation, or activity of such Seller prior to the applicable Closing Date; provided, however, that the Trust's liability under this provision shall not exceed the lesser of (i) the Trust's assets available to pay such claim or (ii) the amount received by the Trust as payment for the receivables in the Accounts sold by the Trust.

12.4 NOTICE OF CLAIM. Promptly after receipt by the Indemnified Party under Section 12.2 or Section 12.3 above of notice of the commencement of any action to which Section 12.2 or Section 12.3 shall apply, the Indemnified Party shall notify the other party in writing of the commencement of such action if a claim in respect of such action is to be made against Buyer under Section 12.2 or any Seller under Section 12.3; but the failure to notify such party shall not relieve the other party from any liability that such party may have to the Indemnified Party, except to the extent that any such party is prejudiced by the failure of notification. In case any such action is brought against Seller or Buyer, and the Indemnified Party notifies the other party of the commencement of such action, the notified party shall be entitled to participate in such action and, to the extent that the notified party may wish to assume the defense of such action, with counsel selected by such notified party and approved by the Indemnified Party, and after notice from the notified party to the Indemnified Party of the notified party's election to so assume the defense of such action, the notified party shall not be liable to the Indemnified Party under this Article for any additional legal and other expenses subsequently incurred by the Indemnified Party in connection with the defense of such action.

12.5 INDEMNIFIED PARTY'S OWN COUNSEL. Notwithstanding any other provision of this Article XII, if, in any action or claim as to which indemnity is or may be available, the Indemnified Party reasonably determines that its interests are or may be adverse, in whole or in part, to the interests of the party or that there may be legal defenses available to the Indemnified Party that are different from, in addition to, or inconsistent with, the defenses available to the other party, the Indemnified Party may retain its own counsel in connection with such action or claim and shall be indemnified by the other party for any legal and other expenses reasonably incurred in connection with investigating or defending such action or claim. In no event, however, shall either party be liable for the fees and expenses of more than one counsel for all parties in connection with any one action or in connection with separate but similar or related actions in the same jurisdiction arising out of the same general allegations.

12.6 SETTLEMENT. Neither party shall be liable for any settlement of any such action effected without its express written consent, but if any such action is settled with the express written consent of all parties or if there is a final judgment for the plaintiff in any such action, Buyer or the applicable Seller, as the case may be, shall indemnify, hold harmless, and defend the Indemnified Party from and against any loss or liability by reason of such settlement or judgment as and in the manner described in Section 12.2 or 12.3 above.

ARTICLE XIII
MISCELLANEOUS

13.1 NOTICES. Any notices, requests, demands, or other communications between the parties hereto shall be in writing and deemed given when received, whether hand-delivered or sent by certified or registered mail, postage prepaid, return receipt requested, to such party at its address set forth below or at such other address as such party shall hereafter furnish in writing:

BUYER:

MIDLAND CREDIT MANAGEMENT, INC.
500 West First Street
Hutchinson, Kansas 67504
Attention: Frank Chandler, President

GTC:

GREENWOOD TRUST COMPANY
12 Read's Way
New Castle, DE 19720
Attention: J. Nathan Hill, President

COPY TO:

NOVUS SERVICES, INC.
2500 Lake Cook Road
Riverwoods, IL 60015
Attention: Wayne Johnson, National Director, Collections

THE TRUST:

U.S. Bank National Association, as Trustee
111 E. Wacker Drive, Suite 3000
Chicago, IL 60601
Attention: Discover Card Master Trust I

13.2 ASSIGNMENT; BINDING EFFECT. This agreement and the terms, covenants, conditions, provisions, obligations, undertaking, rights and benefits hereof, including the attachments hereto, shall be binding upon, and shall inure to the benefit of, the undersigned parties and their respective heirs, executors, administrators, representatives, successors and assigns. Neither party may assign this Agreement or any of its rights in this Agreement without the other's prior written consent, which consent shall not be unreasonably withheld. It being understood, however, that Buyer is free to assign, pledge, hypothecate or otherwise transfer or dispose of the individual Accounts sold herein without the express or prior written consent of Sellers, except that, Sellers' duties and obligations under this Agreement shall not inure to the benefit of any transferee of the Accounts, without the prior written consent of such Seller, which shall not be unreasonably withheld.

13.3 INFORMATIONAL TAX REPORTING. With respect to the 1998 and subsequent tax years, Buyer hereby agrees to perform all obligations of Sellers with respect to Federal and State income tax reporting relating to the Accounts sold under this Agreement, including obligations with respect to Internal Revenue Code Forms 1098 and 1099 and back-up withholding.

13.4 SEVERABILITY. If any provision of this Agreement shall be determined to be invalid or unenforceable, the remaining provisions of this Agreement shall not be affected thereby, and every provision of this Agreement shall remain in full force and effect and enforceable to the fullest extent permitted by law.

13.5 HEADINGS. The headings appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of any article or section of this Agreement.

13.6 SURVIVAL. Except as otherwise provided in this Agreement, Sellers and Buyer agree that the covenants, warranties, and representations herein contained shall survive the applicable Closing Dates.

13.7 WAIVER. None of the parties' waiver of the other's breach of any term, covenant or condition contained in this Agreement shall be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition in this Agreement.

13.8 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

13.9 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with all applicable federal laws and regulations, and, to the extent applicable, the laws of the State of Delaware.

13.10 CONFIDENTIALITY. The parties hereto agree that the pricing terms of this Agreement shall be kept confidential and will not be disclosed by Buyer or Sellers without the prior written consent of the other parties, which consent shall not be unreasonably withheld; provided, however, that Buyer and Sellers may disclose such pricing terms without such consent (i) to such parties' respective shareholders, directors, officers, affiliates, employees, accountants, attorneys, financing sources, rating agencies, agents, representatives or advisors, provided such persons shall be informed of the confidential nature of such information and agree to treat such information confidentially and (ii) to the extent such disclosure is required by law or the rules and regulations of any applicable stock exchange.

13.11 ENTIRE AGREEMENT; MODIFICATION. This Agreement and the materials incorporated herein by reference constitute the entire agreement of the parties, superseding all other and prior agreements and understandings between or among the parties relating to the subject matter of this Agreement. If there is any inconsistency between the terms of this Agreement and any material incorporated herein by reference, the terms of this Agreement shall govern. There are no promises or other agreements, oral or written,

express or implied, between the parties, their employees, agents, representatives or independent contractors other than as set forth in this Agreement. No change or modification of, or waiver under, this Agreement shall be valid unless it is in writing and signed by duly authorized representatives of Sellers and Buyer.

13.12 FACSIMILE SIGNATURES. All signatures to this Agreement may be delivered by facsimile and such facsimile signatures shall be binding and shall have the full force and effect of original signatures.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the Effective Date.

MIDLAND CREDIT MANAGEMENT, INC.

GREENWOOD TRUST COMPANY

By: /s/ FRANK CHANDLER

By: /s/ J. N. HILL

Title: President

Title: President

U.S. BANK NATIONAL ASSOCIATION, as
Trustee for the Discover Card Master Trust I

By: /s/ PATRICIA MORAN TRLACK

Title: Vice President

DATA FIELDS

Account Number
Cardmember Name
Cardmember Address
City
State
Zip
Line of Credit (LOC)
Cycle Code
Expiration Date
Open Date
Cycles Delinquent 1
Cycles Delinquent 2
Cycles Delinquent 3
Current Balance
Last Payment Date
Days Delinquent

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EXHIBIT B TO CREDIT CARD ACCOUNTS SALE AGREEMENT

STATE	# OF YEARS	STATE	# OF YEARS	STATE	# OF YEARS
Alabama	[*]	Maine	[*]	Pennsylvania	[*]
Alaska	[*]	Maryland	[*]	Puerto Rico	[*]
Arizona	[*]	Massachusetts	[*]	Rhode Island	[*]
Arkansas	[*]	Michigan	[*]	South Carolina	[*]
California	[*]	Minnesota	[*]	South Dakota	[*]
Colorado	[*]	Mississippi	[*]	Tennessee	[*]
Connecticut	[*]	Missouri	[*]	Texas	[*]
Delaware	[*]	Montana	[*]	Utah	[*]
Dist. of Columbia	[*]	Nebraska	[*]	Vermont	[*]
Florida	[*]	Nevada	[*]	Virginia	[*]
Georgia	[*]	New Hampshire	[*]	Washington	[*]
Hawaii	[*]	New Jersey	[*]	West Virginia	[*]
Idaho (Do not collect)	[*]	New Mexico	[*]	Wisconsin	[*]
Illinois	[*]	New York	[*]	Wyoming	[*]
Indiana	[*]	North Carolina	[*]		
Iowa	[*]	North Dakota	[*]		
Kansas	[*]	Ohio	[*]		
Kentucky	[*]	Oklahoma	[*]		
Louisiana	[*]	Oregon	[*]		

EXHIBIT C TO CREDIT CARD ACCOUNTS SALE AGREEMENT

SCHEDULE I TO FINANCING STATEMENT

1. Debtor/Seller:

Greenwood Trust Company
12 Read's Way
New Castle, DE 19720

2. Secured Party/Purchaser:

Midland Credit Management, Inc.
500 West First Street
Hutchinson, KS 67502

3. Description of Property covered:

This financing statement covers all the right, title and interest of Debtor/Seller in and to the following, whether now existing or hereafter arising and whether now owned or hereafter acquired:

1. Each Sold Account and any amount owing by the obligors under a Sold Account from time to time, including, without limitation, amounts owing for the payment of goods and services, cash advances, finance charges and other charges; and
2. All proceeds of the foregoing, including cash proceeds.

The following terms used in this Schedule I have the following meanings:

"Credit Agreement" means, with respect to a Sold Account, the contract governing such Sold Account.

"Trust" means Discover Card Master Trust I, as established pursuant to a Pooling and Servicing Agreement dated as of October 1, 1993, as amended, by and between Debtor/Seller and U.S. Bank National Association (formerly First Bank National Association, successor Trustee to Bank of America Illinois, formerly Continental Bank National Association), as Trustee, as amended from time to time (the "Pooling and Servicing Agreement").

"Sold Account" means an account listed on the Account Schedule (as defined in the Credit Card Accounts Sale Agreement described below), as such Account Schedule may be amended from time to time, including any accounts receivables thereunder, established pursuant to a Credit Agreement between Debtor/Seller and any other person, the account relationship of which is transferred by Debtor/Seller and the receivables under which are transferred by the Trustee, on behalf of the Trust, to Secured Party/Purchaser pursuant to

the Credit Card Accounts Sale Agreement with an Effective Date of May 27, 1998 among Debtor/Seller, the Trustee, on behalf of the Trust, and Secured Party/Purchaser (the "Credit Card Accounts Sale Agreement"). Each Sold Account is to be identified on the computer records of Debtor/Seller with either a 50, a 51, a 52 or a 53 in the field captioned "CHD-Portfolio-No." Secured Party/Purchaser and Debtor/Seller hereby acknowledge that the phrase "Sold Account" shall not include any accounts the receivables of which have been transferred to (i) the Trust pursuant to the Pooling and Servicing Agreement, which accounts are identified on the computer records of Debtor/Seller with a 42 in the field captioned "CHD-Portfolio-No.", except for accounts that (a) have become "Charged-Off Accounts" (as defined in the Pooling and Servicing Agreement) and (b) are listed as accounts, the account relationship of which is being sold by Debtor/Seller and the receivables under which are being sold by the Trustee, on behalf of the Trust, under the Credit Card Accounts Sale Agreement, (ii) Discover Card Trust 1991 F pursuant to that certain Pooling and Servicing Agreement dated as of November 1, 1991, among Discover Receivables Financing Group, Inc. as Seller, Greenwood Trust Company as Servicer and Wilmington Trust Company as trustee, as amended from time to time, which accounts are identified on the computer records of Debtor/Seller with a 31 in the field captioned "CHD-Portfolio-No.", (iii) Discover Card Trust 1991 D pursuant to that Pooling and Servicing Agreement dated as of October 1, 1991, among Discover Receivables Financing Group, Inc. as Seller, Greenwood Trust Company as Servicer and Wilmington Trust Company as trustee, as amended from time to time, which accounts are identified on the computer records of Debtor/Seller with a 29 in the field captioned "CHD-Portfolio-No.", (iv) Discover Card Trust 1992 B pursuant to that Pooling and Servicing Agreement dated as of December 1, 1992, among Discover Receivables Financing Group, Inc. as Seller, Greenwood Trust Company as Servicer and Wilmington Trust Company as trustee, as amended from time to time, which accounts are identified on the computer records of Debtor/Seller with a 34 in the field captioned "CHD-Portfolio-No.", (v) Discover Card Trust 1993 B pursuant to that Pooling and Servicing Agreement dated as of February 1, 1993, among Discover Receivables Financing Group, Inc. as Seller, Greenwood Trust Company as Servicer and Wilmington Trust Company as trustee, as amended from time to time, which accounts are identified on the computer records of Debtor/Seller with a 4 in the field captioned "CHD-Portfolio-No.", and (vi) Discover Card Trust 1993 A pursuant to that Pooling and Servicing Agreement dated as of February 1, 1993, among Discover Receivables Financing Group, Inc. as Seller, Greenwood Trust Company as Servicer and Wilmington Trust Company as trustee, as amended from time to time, which accounts are identified on the computer records of Debtor/Seller with a 5 in the field captioned "CHD-Portfolio-No."

EXHIBIT D TO CREDIT CARD ACCOUNTS SALE AGREEMENT

SCHEDULE I TO FINANCING STATEMENT

1. Debtor/Seller:

U.S. Bank National Association, solely in its capacity as Trustee for
Discover Card Master Trust I (the "Trust")
One Illinois Center
111 East Wacker Dr., Suite 3000
Chicago, IL 60601

2. Secured Party/Purchaser:

Midland Credit Management, Inc.
500 West First Street
Hutchinson, KS 67502

3. Description of Property Covered:

This financing statement covers all the right, title and interest of Debtor/Seller in and to the following, whether now existing or hereafter arising and whether now owned or hereafter acquired:

1. Amounts payable (the "Receivables") from time to time under each Sold Account; and
2. All proceeds of the foregoing, including cash proceeds.

The following terms used in this Schedule I have the following meanings:

"Credit Agreement" means, with respect to a Sold Account, the contract governing such Sold Account.

"Greenwood" means Greenwood Trust Company, a Delaware banking corporation, and its successors and assigns.

"Sold Account" means an account listed on the Account Schedule (defined in the Credit Card Accounts Sale Agreement described below), as such Account Schedule may be amended from time to time, including any accounts receivable thereunder, established pursuant to a Credit Agreement between Greenwood and any other person, the account relationship of which is transferred by Greenwood and the receivables under which are transferred by Debtor/Seller to Secured Party/Purchaser pursuant to the Credit Card Accounts Sale Agreement with an Effective Date of May 27, 1998, among Debtor/Seller, Greenwood and Secured Party/Purchaser (the "Credit Card Accounts Sale Agreement"). Each Sold Account is to be identified on the computer records of Greenwood with either a 50, a 51, a 52 or a 53 in the field captioned "CHD-Portfolio-No." Secured Party/Purchaser

and Debtor/Seller hereby acknowledge that the phrase "Sold Account" shall not include any accounts the receivables of which have been transferred to (i) the Trust pursuant to the Pooling and Servicing Agreement, dated as of October 1, 1993, between Greenwood Trust Company as Master Servicer, Servicer and Seller, and U.S. Bank National Association (formerly First Bank National Association, successor trustee to Bank of America Illinois, formerly Continental Bank, National Association), as trustee, as amended from time to time (the "Pooling and Servicing Agreement"), which accounts are identified on the computer records of Greenwood with a 42 in the field captioned "CHD-Portfolio-No.", except for accounts that (a) have become "Charged-off Accounts" (as defined in the Pooling and Servicing Agreement) and (b) are listed as accounts, the receivables under which are being sold by Debtor/Seller and the account relationship of which is being sold by Greenwood under the Credit Card Accounts Sale Agreement, (ii) Discover Card Trust 1991 F pursuant to that certain Pooling and Servicing Agreement dated as of November 1, 1991, among Discover Receivables Financing Group, Inc. as Seller, Greenwood Trust Company as Servicer and Wilmington Trust Company as trustee, as amended from time to time, which accounts are identified on the computer records of Greenwood with a 31 in the field captioned "CHD-Portfolio-No.", (iii) Discover Card Trust 1991 D pursuant to that Pooling and Servicing Agreement dated as of October 1, 1991, among Discover Receivables Financing Group, Inc. as Seller, Greenwood Trust Company as Servicer and Wilmington Trust Company as trustee, as amended from time to time, which accounts are identified on the computer records of Greenwood with a 29 in the field captioned "CHD-Portfolio-No.", (iv) Discover Card Trust 1992 B pursuant to that Pooling and Servicing Agreement dated as of December 1, 1992, among Discover Receivables Financing Group, Inc. as Seller, Greenwood Trust Company as Servicer and Wilmington Trust Company as trustee, as amended from time to time, which accounts are identified on the computer records of Greenwood with a 34 in the field captioned "CHD-Portfolio-No.", (v) Discover Card Trust 1993 B pursuant to that Pooling and Servicing Agreement dated as of February 1, 1993, among Discover Receivables Financing Group, Inc. as Seller, Greenwood Trust Company as Servicer and Wilmington Trust Company as trustee, as amended from time to time, which accounts are identified on the computer records of Greenwood with a 4 in the field captioned "CHD-Portfolio-No.", and (vi) Discover Card Trust 1993 A pursuant to that Pooling and Servicing Agreement dated as of February 1, 1993, among Discover Receivables Financing Group, Inc. as Seller, Greenwood Trust Company as Servicer and Wilmington Trust Company as trustee, as amended from time to time, which accounts are identified on the computer records of Greenwood with a 5 in the field captioned "CHD-Portfolio-No."

BILL OF SALE

Each of Greenwood Trust Company ("Greenwood" or a "Seller") and U.S. Bank National Association (formerly First Bank National Association as Trustee (the "Trustee") for the Discover Card Master Trust I (the "Trust" or a "Seller"), for value received, and pursuant to the terms and conditions of the Credit Card Accounts Sale Agreement with an Effective Date of May 27, 1998 (the "Agreement") among Greenwood, the Trustee, on behalf of the Trust, and Midland Credit Management, Inc. ("Buyer"), transfers, sells, assigns, conveys, grants and delivers to Buyer, its successors and assigns all the Seller's right, title and interest in and to (i) the unsecured consumer credit card accounts (including any accounts receivable thereunder) (the "Accounts"), judgments or evidences of debt which are described on computer files furnished by Greenwood to Buyer in connection herewith, and (ii) all proceeds of such Accounts after the close of business on May 28, 1998, except that the term "Account" shall not include any accounts, the receivables of which have been transferred to (i) the Trust pursuant to the Pooling and Servicing Agreement, dated as of October 1, 1993, between Greenwood Trust Company as Master Servicer, Servicer and Seller, and U.S. Bank National Association (formerly First Bank National Association, successor trustee to Bank of America Illinois, formerly Continental Bank, National Association), as trustee, as amended from time to time (the "Pooling and Servicing Agreement"), which accounts are identified on the computer records of Greenwood with a 42 in the field captioned "CHD-Portfolio-No.", except for accounts that (a) have become "Charged-off Accounts" (as defined in the Pooling and Servicing Agreement) and (b) are listed as accounts, the receivables under which are being sold by the Trustee, on behalf of the Trust, and the account relationship of which is being sold by Greenwood under the Agreement, (ii) Discover Card Trust 1991 F pursuant to that certain Pooling and Servicing Agreement dated as of November 1, 1991, among Discover Receivables Financing Group, Inc. as Seller, Greenwood Trust Company as Servicer and Wilmington Trust Company as trustee, as amended from time to time, which accounts are identified on the computer records of Greenwood with a 31 in the field captioned "CHD-Portfolio-No.", (iii) Discover Card Trust 1991 D pursuant to that Pooling and Servicing Agreement dated as of October 1, 1991, among Discover Receivables Financing Group, Inc as Seller, Greenwood Trust Company as Servicer and Wilmington Trust Company as trustee, as amended from time to time, which accounts are identified on the computer records of Greenwood with a 29 in the field captioned "CHD-Portfolio-No.", (iv) Discover Card Trust 1992 B pursuant to that Pooling and Servicing Agreement dated as of December 1, 1992, among Discover Receivables Financing Group, Inc. as Seller, Greenwood Trust Company as Servicer and Wilmington Trust Company as trustee, as amended from time to time, which accounts are identified on the computer records of Greenwood with a 34 in the field captioned "CHD-Portfolio-No.", (v) Discover Card Trust 1993 B pursuant to that Pooling and Servicing Agreement dated as of February 1, 1993, among Discover Receivables Financing Group, Inc. as Seller, Greenwood Trust Company as Servicer and Wilmington Trust Company as trustee, as amended from time to time, which accounts are identified on the computer records of Greenwood with a 4 in the field captioned "CHD-Portfolio-No.", and (vi) Discover Card Trust

1993 A pursuant to that Pooling and Servicing Agreement dated as of February 1, 1993, among Discover Receivables Financing Group, Inc. as Seller, Greenwood Trust Company as Servicer and Wilmington Trust Company as trustee, as amended from time to time, which accounts are identified on the computer records of Greenwood with a 5 in the field captioned "CHD-Portfolio-No." .

This Bill of Sale is executed without recourse and without representation of or warranty of title, collectability, or otherwise, express or implied, except as set forth in the Agreement.

Executed as of the 28 day of May, 1998.

GREENWOOD TRUST COMPANY

By: /s/ J. N. Hill

Name: J. N. Hill

Title: President

U.S. BANK NATIONAL ASSOCIATION
as Trustee for the Discover Card Master
Trust I

By: /s/ Patricia M. Trlak

Name: Patricia Moran Trlak

Title: Vice President

EXHIBIT F TO CREDIT CARD ACCOUNTS SALE AGREEMENT

AFFIDAVIT OF CLAIM

STATE OF _____)

SS

COUNTY OF _____)

The undersigned, _____, being duly sworn, doth depose and say that (s)he is _____ of NOVUS SERVICES, INC.

And that the annexed statement of the account of:

(NAME OF DEBTOR) _____
Is just, true and correct, and that as of (CLOSING DATE) THE SUM OF _____ Dollars is due Greenwood Trust Company, an affiliate of NOVUS SERVICES, INC., and no part thereof has been paid or satisfied, and that there are no defenses or credits thereto to the knowledge or behalf of Deponent.

WITNESS MY HAND AND SEAL THIS ____ day of _____, 19__.

(SIGNED)

Sworn and Subscribed to before me this ____ day of _____, 19__.

Notary Public

THIS EXHIBIT CONTAINS CONFIDENTIAL INFORMATION WHICH HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST UNDER RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED. THE CONFIDENTIAL INFORMATION ON PAGES 1 AND 2 HAS BEEN REPLACED WITH ASTERISKS.

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

EXHIBIT 10.18

FIRST AMENDMENT TO CREDIT CARD ACCOUNTS SALE AGREEMENT

THIS FIRST AMENDMENT ("Amendment") to the Credit Card Accounts Sale Agreement is entered into this 31st day of December, 1998 (the "Effective Date") among Midland Credit Management, Inc. ("Buyer"), Greenwood Trust Company ("GTC" or a "Seller"), and U.S. Bank National Association as Trustee (the "Trustee") for the Discover Card Master Trust I (the "Trust" or a "Seller")

WHEREAS, Sellers and Buyer have entered into that certain Credit Card Accounts Sale Agreement with an Effective Date of May 27, 1998 (the "Agreement"); and

WHEREAS, in consideration of Seller's agreeing to identify accounts to sell to Buyer during the month of December. Sellers and Buyer desire to amend the Agreement to increase the purchase price paid by Buyer for such Accounts for the month of December.

NOW, THEREFORE, in consideration of the mutual agreements set forth in the Agreement and below, the parties agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined have the respective meanings assigned to them in the Agreement.
2. Amendments to Agreement. The Agreement shall be amended as follows:
 - 2.1 Paragraph 1.14 of the Agreement is amended by adding "Notwithstanding the foregoing, for the month of December, 1998 only, the Purchase Price shall be (i) [*] times the Unpaid Balance with respect to each Account in Pool I and (ii) [*] times the Unpaid Balance with respect to each Account in Pool II." after the first sentence in said Paragraph.
 - 2.2 Article IX of the Agreement is amended by adding the following new sentence after the fourth sentence in said Paragraph "Notwithstanding the foregoing, for those Accounts purchased by Buyer during the month of December 1998 only, Buyer shall pay to Sellers, within [*] Business Days after GTC and the Trustee assign the substitute Accounts to Buyer, the difference, if any, between (i)(x) [*] times the Unpaid Balance of the Pool I substitute Accounts plus (y) [*] times the Unpaid Balance of the Pool II substitute Accounts minus (ii) (x) [*] times the Unpaid Balance of the Pool I substituted Accounts plus (y) [*] times the Unpaid Balance of the Pool II substituted Accounts.
 - 2.3 Article XI of the Agreement is amended by adding the following new sentence after the fourth sentence in said Paragraph: "Notwithstanding

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

the foregoing, for those Accounts which were purchased by Buyer during the month of December, 1998 only, Buyer shall pay to Sellers, within [*] Business Days after GTC and the Trustee assign the substitute Accounts to Buyer, the difference, if any, between (i) (x) [*] times the Unpaid Balance of the Pool I substitute Accounts plus (y) [*] times the Unpaid Balance of the Pool II substitute Accounts minus (ii) (x) [*] times the Unpaid Balance of the Pool I substituted Accounts plus (y) [*] times the Unpaid Balance of the Pool II substituted Accounts.

3. Miscellaneous Provisions

- 3.1 Reaffirmation. As hereby amended, the Agreement is hereby ratified and reaffirmed by each of the parties thereto, provided, however, this Reaffirmation (as well as the other terms of this Amendment) shall only operate to modify the rights, obligations and duties of the Parties hereto as it relates solely to the December 1998 purchase of Accounts under the Agreement and the Parties acknowledge and agree that this Amendment shall not (and does not) waive any rights, obligations or remedies available under the Agreement (that is, the May 27, 1998 Credit Card Accounts Sale Agreement) (except as modified by this Amendment) and the Parties hereto reserve all rights contained therein (except as modified by this Amendment). In the event of any irreconcilable conflict between the provisions of this Amendment and the provisions of the Agreement, the terms of this Amendment shall prevail.
- 3.2 Captions. The various captions in this Amendment are included for convenience only and shall not affect the meaning or interpretation of any provision of this Amendment.
- 3.3 Governing Law. This Amendment shall be construed in accordance with the laws of the state of Delaware, without reference to the conflict of law provisions of such state, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.
- 3.4 Execution in Counterparts. This Amendment may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Amendment.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the date first written above.

BUYER: U.S. BANK NATIONAL ASSOCIATION as
Trustee for the Discover Card
Master Trust I

By: /s/ Gregory G. Meredith

Name: Gregory G. Meredith
Title: Vice President

By: /s/ Martha L. Sanders

Name: Martha L. Sanders
Title: Vice President

SELLER:
GREENWOOD TRUST COMPANY

By: /s/ J. N. Hill

Name: J. N. Hill
Title: President

THIS EXHIBIT CONTAINS CONFIDENTIAL INFORMATION WHICH HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST UNDER RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED. THE CONFIDENTIAL INFORMATION ON PAGES 1 AND 2 HAS BEEN REPLACED WITH ASTERISKS.

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

Exhibit 10.19

SECOND AMENDMENT TO CREDIT CARD ACCOUNTS SALE AGREEMENT

THIS SECOND AMENDMENT ("Amendment") to the Credit Card Accounts Sale Agreement is entered into this 27th day of January, 1999 (the "Effective Date") among Midland Credit Management, Inc. ("Buyer"), Greenwood Trust Company ("GTC" or a "Seller"), and U.S. Bank National Association as Trustee (the "Trustee") for the Discover Card Master Trust I (the "Trust" or a "Seller")

WHEREAS, Sellers and Buyer have entered into that certain Credit Card Accounts Sale Agreement with an Effective Date of May 27, 1998, as amended by the First Amendment to the Credit Card Accounts Sale Agreement (the "Agreement"); and

WHEREAS, the Agreement does not require Sellers to sell to Buyer a minimum amount or percentage of Accounts each month; and

WHEREAS, Sellers and Buyer desire to amend the Agreement to require Sellers to sell to Buyer a minimum amount or percentage of Accounts each month and to extend the term of the Agreement; and

WHEREAS, in consideration of Sellers agreeing to extend the term of the Agreement and to sell to Buyer a minimum amount of Accounts each month, Sellers and Buyer desire to amend the Agreement to increase the purchase price paid by Buyer for such Accounts.

NOW, THEREFORE, in consideration of the mutual agreements set forth in the Agreement and below, the parties agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined have the respective meanings assigned to them in the Agreement.
2. Amendments to Agreement The Agreement shall be amended as follows:
 - 2.1 Paragraph 1.14 of the Agreement is amended by deleting [*] appearing in the first line of said Paragraph and replacing it with [*] and deleting [*] appearing in the second line of said Paragraph and replacing it with [*]
 - 2.2 Paragraph 2.1 of the Agreement is amended by deleting [*] appearing in the third line of said Paragraph and replacing it with [*].
 - 2.3 Paragraph 3.3(b) of the Agreement is amended by adding the following new sentences after the first sentence in said Paragraph: "For the months beginning with [*] through and

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

including [*], Sellers agree to sell to Buyer at least [*] of all accounts which are available for sale, meet the definition of an Account and fall within Pool I. Beginning with [*] through [*], Sellers agree to sell to Buyer at least [*] of all accounts which are available for sale, meet the definition of an Account and fall within Pool I. GTC, as Seller and Servicer of the Accounts, agrees that the Accounts within Pool I will not be selected in such a manner that a preference as to the geographic distribution or credit quality of the Accounts is given to any purchaser of Accounts.

- 2.4 Paragraph 8.3 of the Agreement is amended by adding the following to the end of the first sentence of said Paragraph: "; nor shall Buyer bring or threaten to bring any legal proceeding against any Debtor in an effort to collect a debt which is barred by the applicable statute of limitations."
- 2.5 Article IX of the Agreement is amended by adding the following new sentence after the fourth sentence in said Paragraph:
"Notwithstanding the foregoing, for those Accounts purchased by Buyer from and after January 1999, Buyer shall pay to Sellers, within [*] Business Days after GTC and the Trustee assign the substitute Accounts to Buyer, the difference, if any, between (I) (x) [*] times the Unpaid Balance of the Pool I substitute Accounts plus (y) [*] times the Unpaid Balance of the Pool II substitute Accounts minus (ii) (x) [*] times the Unpaid Balance of the Pool I substituted Accounts plus (y) [*] times the Unpaid Balance of the Pool II substituted Accounts."
- 2.6 Article XI of the Agreement is amended by adding the following new sentence after the fourth sentence in said Paragraph:
"Notwithstanding the foregoing, for those Accounts purchased by Buyer from and after December, 1998, Buyer shall pay to Sellers, within [*] Business Days after GTC and the Trustee assign the substitute Accounts to Buyer, the difference, if any, between (I) (x) [*] times the Unpaid Balance of the Pool I substitute Accounts plus (y) [*] times the Unpaid Balance of the Pool II substitute Accounts minus (ii) (x) [*] times the Unpaid Balance of the Pool I substituted Accounts plus (y) [*] times the Unpaid Balance of the Pool II substituted Accounts."
- 2.7 Adding the new Paragraph 13.13 to the Agreement:
"13.13 TERMINATION. This Agreement may be terminated by either Seller at any time and shall be of no further force and effect upon the occurrence of the following: (I) Buyer's breach or default in the performance of any covenant, agreement, representation or

warranty hereunder; (ii) Buyer becomes insolvent or generally fails to pay, or admits in writing its inability to pay, its debts as they become due; or Buyer applies for, consents to, or acquiesces in the appointment of, a trustee, receiver or other custodian for the Bankrupt Party or any property thereof, or makes a general assignment for the benefit of creditors; or in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for the Buyer or for a substantial part of its property and is not discharged within thirty (30) days; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, liquidation, or similar proceeding, is commenced by the Buyer, is consented to or acquiesced in by the Buyer or remains undismissed for thirty (30) days; or the Buyer takes any corporate action to authorize, or in furtherance of, any of the foregoing; or (iii) either Seller reasonably determines that the continued sale of Accounts to Buyer is likely to adversely affect such Seller's public image due to industry misconduct on the part of Buyer, its parent company or affiliates. If either Seller elects to terminate this Agreement pursuant to this Section 13.13, no further sales of Accounts shall be made by Sellers to Buyer under this Agreement; it being understood that no termination of this Agreement shall release or be construed as releasing Buyer from any liability or damage to either Seller arising out of, in connection with or otherwise relating to, directly or indirectly, Buyer's breach or default of any of its representations, warranties, covenants, agreements, duties or obligations arising hereunder.

3. Miscellaneous Provisions

- 3.1 Reaffirmation. As hereby amended, the Agreement is hereby ratified and reaffirmed by each of the parties thereto. In the event of any irreconcilable conflict between the provisions of this Amendment and the provisions of the Agreement, the terms of this Amendment shall prevail.
- 3.2 Captions. The various captions in this Amendment are included for convenience only and shall not affect the meaning or interpretation of any provision of this Amendment.
- 3.3 Governing Law. This Amendment shall be construed in accordance with the laws of the state of Delaware, without reference to the conflict of law provisions of such state, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

3.4 Execution in Counterparts. This Amendment may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Amendment.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the date first written above.

BUYER:

By: /s/ Frank Chandler

Name: Frank Chandler
Title: President

SELLER:
GREENWOOD TRUST COMPANY

By: /s/ J. N. Hill

Name: J. N. Hill
Title: President

U.S. BANK NATIONAL ASSOCIATION, as
Trustee for the Discover Card Master Trust I

By: /s/ Martha L. Sanders

Name:
Title:

THIS EXHIBIT CONTAINS CONFIDENTIAL INFORMATION WHICH HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST UNDER RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED. THE CONFIDENTIAL INFORMATION ON PAGES 3, 23, 24 AND 29 HAS BEEN REPLACED WITH ASTERISKS.

Exhibit 10.20

RECEIVABLE PURCHASE AGREEMENT

RECEIVABLE PURCHASE AGREEMENT, dated as of August 28, 1998, between MONTGOMERY WARD CREDIT CORPORATION, a Delaware corporation, with offices located at 880 Grier Drive, Las Vegas, Nevada 89119 ("MWCC"), MONOGRAM CREDIT CARD BANK OF GEORGIA, a Georgia banking corporation with offices located at 7840 Roswell Road, Atlanta, Georgia 30350 ("Monogram") and MIDLAND CREDIT MANAGEMENT, INC., a Kansas corporation with offices located at 500 West First Street, Hutchinson, Kansas 67504 ("Buyer").

W I T N E S S E T H:

WHEREAS, each Seller (as hereinafter defined) wishes to sell to Buyer, on each Periodic Purchase Date, certain secured and unsecured receivables owned by such Seller, which receivables arose in connection with the use of MW or Lechmere (both as hereinafter defined) credit cards and were written off by such Seller during the Write-Off Period corresponding to such Periodic Purchase Date; and

WHEREAS, Buyer wishes to purchase the aforementioned receivables on each Periodic Purchase Date on the terms and conditions herein set forth;

NOW, THEREFORE, in consideration of the premises and the mutual agreements of the parties hereto, and for other good and valuable consideration, Sellers and Buyer hereby agree as follows:

Section 1. Definitions. As used in this Agreement, the following terms shall have the following meanings unless otherwise defined herein and, wherever from the context it appears appropriate, all terms expressed herein in the singular or the plural shall include the singular and the plural:

"Account" means any retail credit card account with respect to which there is a Receivable.

"Account Debtor" means any person obligated on an Account.

"Account Document" means any application, agreement, billing statement, abstract of cardholder account, remittance check, notice, correspondence or other information relating to an Account that is in Sellers' possession, in whatever form, if any, it exists in Sellers' possession.

"Affiliate" means, with respect to any entity, each corporation that controls, is controlled by, or is under common control with that entity.

"Agreement" means this Receivable Purchase Agreement, including any Exhibits or Schedules hereto.

"Bill of Sale" means a document substantially in the form of Exhibit A hereto.

"Business Day" means a day other than a Saturday, a Sunday or a day on which banks are required or permitted to be closed in New York.

"Buyer" shall have the meaning assigned to such term in the introductory paragraph hereto.

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

"Cut-Off Date" means, for any Periodic Purchase Date, the date two days prior to such Periodic Purchase Date or, if the date two days prior to such Periodic Purchase Date is not a Business Day, the Business Day immediately preceding such date.

"Financing Statement" means a UCC-1 financing statement substantially in the form of Exhibit B hereto.

"Future Sales" shall have the meaning assigned to such term in Section 13.1 hereof.

"Lechmere" means Lechmere, Inc.

"Monogram" shall have the meaning assigned to such term in the introductory paragraph hereto.

"MW" means Montgomery Ward & Co., Incorporated.

"MWCC" shall have the meaning assigned to such term in the introductory paragraph hereto.

"Non-Conforming Accounts" shall have the meaning assigned to such term in Section 8.1 hereof.

"Periodic Purchase Date" shall mean July 31, 1998, August 10, 1998, September 10, 1998, September 25, 1998, November 10, 1998, December 10, 1998 and December 31, 1998 (or, with respect to any such date, such earlier date as may be agreed to by the parties in writing), each of which days Sellers shall sell, and Buyer shall purchase, the Receivables on the Periodic Receivables Schedule for such date.

"Periodic Purchase Price" means, on each Periodic Purchase Date, an amount equal to (a) [*] multiplied by (b) the balance of the Receivables being sold on such Periodic

Purchase Date as of the Cut-Off Date, as reflected on the Periodic Receivable Schedule (as indicated by Sellers prior to such Periodic Purchase Date).

"Periodic Receivable Schedule" means, for each Periodic Purchase Date, the specific computer-generated master file list on an electronic medium (e.g., tape, CD or cartridge) prepared by Sellers identifying receivables relating to the MW or Lechmere credit cards which were written off by Sellers during the Write- Off Period corresponding to such Periodic Purchase Date, each of which listing shall contain the following information as maintained on Sellers' master file as of 11:59 p.m. on the CutOff Date: Account Debtor's account number, date of write-off, name and social security number (where known) of the Account Debtor, the write-off balance (as indicated in the field labeled ACAMT), the outstanding balance as of the Cut-Off Date (as indicated by adding the amounts in the fields labeled ACBAL, ABL1, ABL2, ABL3, ABL4 and ABL5) and such other information, if any, as is maintained by Sellers on their master file(s).

"Receivables" means certain of the retail credit card receivables relating to MW and Lechmere credit cards and written off by Sellers pursuant to their accounting practices which are being sold to Buyer pursuant to the terms of this Agreement, all to the extent such receivables are listed on a Periodic Receivable Schedule for a Periodic Purchase Date, whether Sellers' interest arises as owner, co-owner, cosigner, secured party or otherwise, together with all cash and non-cash proceeds/

products thereof including, but not limited to, notes, drafts, checks, instruments, credit insurance proceeds, indemnity proceeds, warranty and guaranty proceeds.

"Required Affidavit" means an affidavit required by (i) a court where suit relating to a Receivable purchased by Buyer hereunder is to be filed, or (ii) the attorney collecting a Receivable purchased by Buyer hereunder after consultation with Buyer as to the necessity for such affidavit, any of which shall be in a form substantially similar to Exhibit C hereto.

"Securities Laws" shall have the meaning set forth in Section 2.6 hereof.

"Seller" means MWCC and Monogram, each with respect to the Receivables owned by it and sold to Buyer hereunder.

"To the Best of [a party's] Knowledge" means the party has made a reasonably best effort inquiry to determine the facts with respect to which the knowledge is asserted, including talking to current employees who in the normal scope of their employment should have knowledge of the matter and taking such other actions, if reasonably necessary, to discover the facts with respect to which knowledge is asserted.

"Write-Off Period" means the following for each

Periodic Purchase Date:

September 4, 1998 (or such earlier date as may be agreed to in writing) the period commencing March 1, 1998 through and including May 28, 1998

September 25, 1998 (or such earlier date as may be agreed to in writing) the period commencing May 29, 1998 through and including August 15, 1998

Periodic Purchase Date: October 30, 1998 (or such earlier date as may be agreed to in writing)	the period commencing August 16, 1998 through and including October 22, 1998
November 28, 1998 (or such earlier date as may be agreed to in writing)	the period commencing October 23, 1998 through and including November 25, 1998
December 31, 1998 (or such earlier date as may be agreed to in writing)	the period commencing November 26, 1998 through and including December 28, 1998

Section 2. Purchase and Sale of Receivables; Payment
and Transfer.

Section 2.1 Purchase and Sale. On the terms and subject to the conditions set forth below, each of Sellers agrees to sell to Buyer, without recourse and without warranty of any kind (including, without limitation, warranties pertaining to title, validity, collectability, accuracy or sufficiency of information) except as specifically set forth herein, and Buyer agrees to purchase from Sellers on each Periodic Purchase Date, free and clear of all liens, subordinations and security interests, the Receivables listed on the Periodic Receivable Schedule for that Periodic Purchase Date.

Section 2.2 Payment and Transfer. On each Periodic Purchase Date, Buyer will remit to MWCC an amount equal to the Periodic Purchase Price. Payment of each Periodic Purchase Price shall be made by Buyer via wire transfer of federal funds to a bank designated by MWCC.

Section 2.3 Bill of Sale and UCC Financing Statements.
After MWCC's receipt of payment in full of each Periodic Purchase Price on each Periodic Purchase Date, (i) Sellers will execute

and deliver to Buyer a Bill of Sale relating to the Receivables sold on such Periodic Purchase Date, (ii) each Seller will execute and deliver to Buyer a Financing Statement relating to the Receivables it sold on such Periodic Purchase Date for state and local filing in the state and county where its chief executive office is located, and (iii) Sellers will deliver to Buyer a copy of the Periodic Receivables Schedule corresponding to such Periodic Purchase Date. At Buyer's reasonable request, Sellers shall execute any additional financing statements prepared by Buyer and necessary to evidence the transactions contemplated herein.

Section 2.4 No Assumption of Liabilities Relating to Sellers.

Buyer, in acquiring Receivables pursuant to this Agreement, is not assuming any liability or obligation of any Seller including, without limitation, any liability or obligation in respect of any outstanding net credit balance or any litigation threatened, pending or instituted against such Seller for any event, act or omission undertaken or committed by such Seller or its agents prior to the Periodic Purchase Date for the Receivables at issue, provided, however, that, on each Periodic Purchase Date, Buyer assumes any and all liability and any and all obligation for events, acts or omissions undertaken or committed by Buyer or its agents (including litigations caused as a result thereof) that occur in respect of such Receivables after the Periodic Purchase Date for such Receivables.

Section 2.5 Use of Receivables. Buyer, any purchaser of Receivables permitted under Section 9.1 hereof and any person acting on behalf of Buyer or such purchaser shall only collect the Receivables and shall not use, sell or transfer any information with respect to Receivables or Account Debtors other than for purposes of collection. Without limiting the generality of the foregoing, it is agreed that Buyer, any purchasers of Receivables permitted under Section 9.1 hereof and any person acting on behalf of Buyer or such person shall not use, sell or transfer any information with respect to the Receivables or Account Debtors for any other purposes whatsoever, including without limitation, marketing to Account Debtors or marketing the names and/or addresses of Account Debtors. Notwithstanding the foregoing, but subject to its confidentiality obligations hereunder, Buyer may provide to a third party such information as may be necessary to assign, pledge, sell or securitize the Receivables to the extent permitted hereunder.

Section 2.6 Purchaser's Intention. With respect to each purchase of Receivables hereunder, Buyer is purchasing the Receivables for its own account, for investment purposes and not with a view to the distribution thereof. Buyer will not, directly or indirectly, offer, transfer, sell, assign, securitize, pledge, hypothecate or otherwise dispose of any Receivables (or solicit any offers to buy, purchase, or otherwise acquire any Receivables) or any direct or indirect interests therein, except to the extent applicable in compliance with federal and/or state

securities and Blue Sky laws, rule, regulations and requirements (collectively, the "Securities Laws").

Section 2.7 Receivables Not Securities. Buyer acknowledges and agrees that (i) each proposed sale of Receivables does not involve, nor is it intended in any way to constitute, the sale of a "security" within the meaning of the Securities Laws and (ii) it is not contemplated that any filing will be made with the Securities and Exchange Commission or pursuant to the Securities Laws of any jurisdiction.

Section 2.8 Accredited Investor. Buyer is an "accredited investor" (as that term is defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended) by reason of its business and financial experience. Buyer has such knowledge, sophistication and experience in business and financial matters as to be capable of evaluating both the information made available with respect to Receivables and the merits and risks of each prospective purchase, is able to bear the economic risk of each purchase, is able to bear the risk that Buyer may be required to hold each Receivable for an indefinite period of time and is able to afford a complete loss of each Periodic Purchase Price for Receivables listed on the corresponding Periodic Receivables Schedule.

Section 2.9 Opportunity to Ask Questions. As of each Periodic Purchase Date, Buyer has been afforded the opportunity: (i) to ask such questions as it has deemed necessary of, and to receive answers from, representatives of Sellers concerning the

terms and conditions of the offering of each Receivable listed on the corresponding Periodic Receivables Schedule and the merits and risks of buying such Receivables; and (ii) to obtain such additional information that Sellers possess or can acquire.

Section 3. Conditions Precedent to Purchase and Sale of Receivables.

(a) It shall be a condition precedent to Buyer's obligation to purchase Receivables on any Periodic Purchase Date that the following shall be true on such Periodic Purchase Date:

(i) Representations and Warranties. The representations and warranties of Sellers set forth in this Agreement, including Section 4, shall be true and correct in all material respects.

(ii) Compliance with Covenants and Agreements. Each Seller shall have complied in all material respects with each of its covenants and agreements set forth in this Agreement as applicable to the Receivables being sold by such Seller on such Periodic Purchase Date.

(iii) No Violation of Law. The consummation of such purchase and sale shall not violate any order of any court or governmental body having jurisdiction or any law or regulation that applies to Buyer or any Seller.

(iv) Approvals, Consents and Notices. Any approvals, consents or other actions by, and any notices to or filings with, any governmental authority, or any other person or entity required for the consummation of such purchase and sale

shall have been obtained or made as applicable to the Receivables being sold on such Periodic Purchase Date.

(b) It shall be a condition precedent to Sellers' obligation to sell Receivables on any Periodic Purchase Date that the following shall be true on such Periodic Purchase Date:

(i) Representations and Warranties. The representations and warranties of Buyer set forth in this Agreement, including Sections 2.6 through 2.9 and Section 5, shall be true and correct.

(ii) Compliance with Covenants and Agreements. Buyer shall have complied in all material respects with each of its covenants and agreements set forth in this Agreement.

(iii) No Violation of Law. The consummation of such purchase and sale shall not violate any order of any court or governmental body having jurisdiction or any law or regulation that applies to Buyer or Sellers.

(iv) Approvals, Consents and Notices. Any approvals, consents or other actions by, and any notices to or filings with, any governmental authority, or any other person or entity required for the consummation of such purchase and sale shall have been obtained or made as applicable to the Receivables being sold on such Periodic Purchase Date.

Section 4. Representations and Warranties of Sellers. As to each periodic purchase, each Seller hereby makes the following representations and warranties to Buyer:

(a) Due Organization; Authorization, Etc. Such Seller is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and, at all relevant times, had all necessary power and authority to originate and/or acquire the Receivables. The execution, delivery and performance by such Seller of this Agreement and the transactions contemplated hereby are within its respective corporate powers and have been duly authorized by all necessary corporate action. This Agreement has been duly executed and delivered by such Seller and constitutes the legal, valid and binding obligation of such Seller, enforceable against such Seller in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium and other similar laws and general equitable principles.

(b) No Conflict. The execution, delivery and performance by such Seller of this Agreement and the transactions contemplated hereby do not and will not violate, conflict with or result in a breach or default under the certificate of incorporation or bylaws of such Seller, any state or federal law or regulation applicable to such Seller or any agreement or other document to which such Seller is a party or by which it or any of its property is bound.

(c) Consents. No authorization, approval, consent or other action by, and no notice to or filing with, any governmental authority or regulatory body or other person is or

will be required to be obtained or made by such Seller for the due execution, delivery and performance of this Agreement and the transactions contemplated hereby that has not been obtained or made by such Seller.

(d) Title to the Receivables. Such Seller is the lawful owner of, or has the right to sell, each Receivable being sold by it on a Periodic Purchase Date. To the Best of such Seller's Knowledge as of any Periodic Purchase Date, the debt represented by each such Receivable was, at the time of its origination, the legal, valid and binding obligation of the Account Debtor thereon. Upon the purchase by Buyer of each Receivable owned by such Seller and listed on a Periodic Purchase Schedule, Buyer shall acquire free, clear and unencumbered title in and to each such Receivable. As of the Cut-Off Date, such Seller has performed all of its obligations with respect to each Receivable being sold by it on such Periodic Purchase Date and there is no requirement for future advances or performance by such Seller.

(e) Receivables. To the Best of such Seller's Knowledge, (i) each Periodic Receivable Schedule to be delivered to Buyer on the Periodic Purchase Date shall be true and correct as of the Cut-Off Date for such Periodic Purchase Date, (ii) as of the Cut-Off Date, each Receivable being sold by such Seller is not a Non-Conforming Receivable, (iii) as of the Cut-Off Date, each Receivable being sold by such Seller represents a bona fide indebtedness of the Account Debtor with respect thereto and (iv)

when originating and servicing each Receivable owned by it, such Seller complied in all material respects with all federal and state laws.

(f) No Brokers or Finders. Such Seller has not employed any investment banker, broker or finder in connection with the transaction contemplated hereby who might be entitled to a fee or commission upon consummation of the transaction contemplated by this Agreement.

Section 5. Representations and Warranties of Buyer. Buyer hereby makes the following representations and warranties to Sellers, which representations and warranties shall be deemed to be restated and remade on each Periodic Purchase Date:

(a) Due Organization; Authorization, Etc. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation. The execution, delivery and performance by Buyer of this Agreement and the transactions contemplated hereby are within its powers and have been duly authorized by all necessary action. This Agreement has been duly executed and delivered by Buyer and constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium and other similar laws and general equitable principles.

(b) No Conflict. The execution, delivery and performance by Buyer of this Agreement and the transactions

contemplated hereby do not and will not violate, conflict with or result in a breach or default under the certificate of incorporation or by laws of Buyer, any state or federal law or regulation applicable to Buyer or any agreement or other document to which Buyer is a party or by which it or any of its property is bound.

(c) Consents. No authorization, approval, consent or other action by, and no notice to or filing with, any governmental authority or regulatory body or other person is or will be required to be obtained or made by Buyer of the due execution, delivery and performance of this Agreement and the transactions contemplated hereby.

(d) Investigation of Receivables. Buyer has made such an independent investigation as Buyer has deemed necessary as to the nature, validity, collectability and value of the Receivables being purchased on each Periodic Purchase Date, and as to all other facts that Buyer deems material to such purchase. Buyer is making such purchase solely on the basis of such investigation and its own judgment and the representations, warranties and other information expressly set forth herein. Buyer is not acting in reliance on any representation by Sellers except those set forth herein.

(e) Reporting Requirements. Buyer shall be solely responsible for any reporting requirements and/or filings required by any federal, state or local law or rule, with respect to the Receivables.

(f) No Brokers or Finders. Buyer has not employed any investment banker, broker or finder in connection with the transaction contemplated hereby who might be entitled to a fee or commission upon consummation of the transaction contemplated in this Agreement.

Section 6. Conduct of Business After Each Periodic Purchase Date.

Section 6.1 Notice to Account Debtors. Following each Periodic Purchase Date, any Seller, at no cost to Buyer, may, but shall not be obligated to, give any Account Debtor written or oral notice of the transfer of the Receivables to Buyer.

Section 6.2 Retrieval of Account Documents; Requests for Oral Information on Accounts.

(a) Account Documents and Affidavits.

(i) From time to time and in accordance with subsections (ii) and (iii) below, as applicable, Buyer may, with respect to any Receivable, submit to the Seller of such Receivable: (a) reasonable requests for Account Documents, which requests substantially shall be in the form of Exhibit D hereto, and (b) reasonable requests for Required Affidavits. Such Seller shall provide to Buyer each requested Account Document (to the extent such document is in the possession of such Seller) and each signed Required Affidavit within sixty (60) days after its receipt of Buyer's reasonable request therefor.

(ii) During the first twelve (12) months after each applicable Periodic Purchase Date, each Seller shall provide

to Buyer, at no additional charge to Buyer (other than specified postage charges): (a) the number of Account Documents not to exceed ten percent (10%) of the number of Accounts sold by such Seller on the applicable Periodic Purchase Date, provided that Buyer pays to such Seller within five (5) days after receipt of an invoice therefor, all postage paid by such Seller in respect of provision of such Account Documents, and (b) the number of signed Required Affidavits not to exceed ten percent (10%) of the number of Accounts sold by such Seller on the applicable Periodic Purchase Date, provided that Buyer submits said Required Affidavits to such Seller completed by Buyer using information from such Seller, with returned postage prepaid by Buyer.

(iii) At all times (a) after the date twelve months after each applicable Periodic Purchase Date or (b) during the first twelve months after each applicable Periodic Purchase Date but in excess of the amounts specified in subsection (ii) above or not in accordance with the requirements of subsection (ii) above, the Seller of Receivables shall provide Buyer with any requested Account Documents or signed Required Affidavits if Buyer pays to such Seller the following: (1) \$.20 per Required Affidavit so provided if such affidavit has been prepared by Buyer based on information from such Seller and returned postage has been prepaid by Buyer, (2) \$.50 per Required Affidavit so provided if such affidavit was prepared by and/or mailed at the expense of such Seller (which fee shall be increased by the amount of any United States Postal Service rate increases for

first class mail effective after the first Periodic Purchase Date), (3) \$2.00 per automated purchase summary so provided, which such automated purchase summary shall only be supplied for Receivables less than approximately thirty six (36) months old (it being understood that accounts greater than thirty six (36) months old shall require an account history transcript at the price specified in subsection (b) below); (4) \$10.00 per duplicate document, including an account agreement, invoice or billing statement; and (5) \$20.00 per account history transcript.

(iv) Any contrary provision contained in this Section 6.2(a) notwithstanding, the parties acknowledge and agree that: (a) if, during any thirty (30) day period, Buyer reasonably requests from Sellers Account Documents and/or Required Affidavits totalling, in the aggregate, more than one thousand (1000), Sellers may provide the requested Account Documents and Required Affidavits within a commercially reasonable time after Sellers' receipt of each reasonable request by Buyer therefor, and (b) Sellers have no obligation to provide to Buyer any document or information (including Account Documents) not in the possession of Sellers and any failure to provide such document or information in respect of a Receivable shall not render such Receivable a Non-Conforming Receivable, constitute a breach of any Seller's obligations hereunder, or otherwise subject any Seller to liability.

(b) Oral Information. Neither Sellers nor Buyer will be obligated to furnish the other with any oral information. If

a Seller or Buyer requests oral information from the other and the person to whom the request is made has information that it elects to provide, the person requesting oral information will pay such other person at the hourly rate of \$25.00 for the time and effort of such other person in collecting and communicating to the person requesting oral information the information requested.

Section 6.3 Collection of Receivables; Reporting to Credit Reporting Agencies. If Buyer, any purchaser of Receivables permitted under Section 9.1 hereof or any other person acting on behalf of Buyer or such person collects or attempts to collect Receivables, Buyer or such person will at all times:

(a) Comply with all state and federal laws applicable to debt collection, including, without limitation, the federal Consumer Credit Protection Act, the federal Fair Credit Reporting Act and the federal Fair Debt Collection Practices Act;

(b) With respect to any Account for which the statute of limitations has expired, not falsely represent directly or by implication that a lawsuit may or will be filed if the Account Debtor thereon does not pay;

(c) Not increase the amount of the Receivables above the face amount purchased from Sellers or add additional or other charges or fees to the amount of the Receivables except as permitted by law; and

(d) Not repossess or threaten to repossess any items securing the Receivables (i) without first obtaining a judgment or order of replevin or other similar judicial process or (ii) as part of a bankruptcy proceeding, provided however that Buyer may accept a voluntary surrender by the Account Debtor of the item subject to the security interest where such surrender has not been requested by Buyer. Buyer acknowledges that Sellers may in their sole discretion, at their cost, report Receivables to the appropriate credit reporting agencies as either transferred, transferred to another lender, charged off transferred, sold, charged off sold or a similar designation. If Buyer elects to report Receivables to the appropriate credit reporting agencies, Buyer shall, at its cost, report Receivables to such agencies as Buyer and transferee of Receivables.

Section 6.4 Seller as Witness. Buyer shall not subpoena any officers or employees of any Seller to appear at any trial, hearing or deposition relating to a legal action instituted by Buyer to collect a Receivable.

Section 6.5 Receipt of Funds. Within fifteen (15) days after the end of each calendar month, each Seller shall provide Buyer with information indicating the amounts of payments received by such Seller in respect of Receivables previously purchased by Buyer (all to the extent such amounts were received after the Cut-Off Dates for the applicable Receivables) and shall remit to Buyer such amounts within thirty (30) days after its provision of such report.

Section 7. Use of Sellers' Names and Other Names. Buyer and any permitted assignee of Buyer will not use or refer to "Monogram Credit Card Bank of Georgia," "Montgomery Ward & Co., Inc.," "Lechmere, Inc." "Montgomery Ward Credit Corporation", "Montgomery Ward Credit Services, Inc.," the names of any Affiliates of the foregoing or any similar name, for any purpose relating to any Receivable including, without limitation, the collection, promotion, marketing, advertising, sale or transfer of any Receivable. In collecting the Receivables, Buyer, purchasers of Receivables permitted under Section 9.1 or any other person acting on behalf of Buyer or such purchaser shall only use their own names and shall not imply that they are connected in any manner with, or acting on behalf of, any person or entity operating under any of the foregoing names. However, Buyer, purchasers of Receivables permitted under Section 9.1 and any other person acting on behalf of Buyer or such purchaser may use the name of MW or Lechmere (as appropriate) solely for purposes of identifying a Receivable in communications with the Account Debtor obligated in respect of such Receivable in order to collect amounts outstanding thereon, in connection with filing suit in identifying such Receivable, in connection with the sale of such Receivable in identifying it or in connection with entering into any servicing arrangement in identifying the Receivable. In contacting an Account Debtor, filing suit, or selling Receivables, neither Buyer nor any purchaser of each Receivables permitted under Section 9.1 hereof nor any person

acting on behalf of Buyer or any permitted purchaser will state or represent in any way that it is taking such action for or on behalf of any Seller.

Section 8. Non-Conforming Receivables.

Section 8.1 Definition. For purposes of the Agreement, a Receivable shall be considered a "Non-Conforming Receivable" if any of the following conditions apply to such Receivable:

(a) on or before the Cut-Off Date for such Receivable, the Account Debtor on such Receivable either was deceased or had filed for protection under the bankruptcy laws;

(b) on or before the Cut-Off Date for such Receivable, the Receivable, in the reasonable opinion of a Seller, was created as a result of fraud or forgery or a Seller's mistake;

(c) on or before the Cut-Off Date for such Receivable, the debt represented by such Receivable was satisfied;

(d) on or before the Cut-Off Date for such Receivable, a final judgment was entered by a court of competent jurisdiction with respect to the debt represented by such Receivable;

(e) on or before the Cut-Off Date for such Receivable, the Account Debtor on such Receivable was released from liability on the Receivable by a Seller;

(f) on or before the Cut-Off Date for such Receivable, a representation or warranty of a Seller made herein as to such Receivable was untrue or incorrect in any material respect; and

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

(g) at any time, a Seller has determined, in its reasonable legal opinion, that, as a result of actions taken or not taken on or prior to the Cut-Off Date in respect of any Receivable (including, without limitation, any actions in respect of legal compliance), such Receivable should not be collected or should not have been sold.

Section 8.2 Duty/Right to Repurchase.

(a) During the [*] after each applicable Periodic Purchase Date, Buyer (i) shall notify Sellers of any determination by Buyer in its reasonable judgment that a Receivable is a Non-Conforming Receivable because the Account Debtor on such Receivable had filed for protection under the bankruptcy laws, and (ii) may notify Sellers of any other determination by Buyer in its reasonable judgment that a Receivable is a Non-Conforming Receivable. Any such notification shall include the information contained on Exhibit E hereto and shall be transmitted to Sellers in a comma delimited format either electronically or on a compact disk or 3 1/2" diskette. Unless a Seller produces an automated purchase summary, billing statement, transcript, any document signed by the Account Debtor or any other similar document with respect to such Receivable which, in such Seller's opinion, indicates that such Receivable is not a Non-Conforming Receivable (which documentation shall be paid for by Buyer in accordance with the fees set forth in Section 6.2 hereof), within [*] following such Seller's confirmation of Buyer's determination, such Seller shall

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

purchase such Receivable for an amount equal to (i) the original Periodic Purchase Price for such Receivable, less (ii) any recoveries on such Receivable that Buyer may have received or for which a credit was given to Buyer. In the event that the sum of recoveries and credit given on the Receivable as specified in (ii) in the previous sentence exceeds the Periodic Purchase Price for such Receivable, such Seller shall pay Buyer nothing and Buyer shall pay such Seller in cash the difference between the sum of the recoveries and credit given on the Receivable and the original Periodic Purchase Price for such Receivable. In the event that Buyer fails to properly notify a Seller of any determination by Buyer that a Receivable is a Non-Conforming Receivable within [*] after the original Periodic Purchase Date (and no Seller has exercised its rights under subsection (b) in respect thereof), said Non-Conforming Receivable shall be solely the responsibility of Buyer and Sellers shall have no obligation to repurchase such Non-Conforming Receivable.

(b) In the event that a Seller at any time determines that a Receivable is a Non-Conforming Receivable, such Seller may advise Buyer that it wishes to repurchase the same, in which event such Seller shall purchase such Receivable for an amount equal to (i) the original Periodic Purchase Price thereof, less (ii) any recoveries on such Receivable that Buyer may have received or for which a credit was given to Buyer. In the event that the sum of recoveries and credit given on the Receivable as

specified in (ii) in the previous sentence exceeds the Periodic Purchase Price for such Receivable, such Seller shall pay Buyer nothing and Buyer, on the date specified by such Seller for repurchase, shall pay such Seller in cash the difference between the sum of the recoveries and credit given on the Receivable and the original Periodic Purchase Price for such Receivable.

(c) In the event that a Seller repurchases Receivables, Buyer shall execute and deliver to such Seller a UCC financing statement relating to the Receivables repurchased for the state and local filing in the state and county where Buyer's chief executive office is located.

Section 9. Buyer's Right of Resale.

Section 9.1 Buyer may sell or transfer any of the Receivables to a third party provided Buyer uses its best efforts to assure that any subsequent purchaser is a reputable entity that shall provide Buyer with industry typical indemnifications, and provided Buyer requires every subsequent purchaser of all or part of the Receivables to agree to the same representations, warranties, and terms (including those in respect of Non-Conforming Accounts) and be subject to the same indemnities of Buyer as set forth in this Agreement, including but not limited to this Section, as though the third party buyer and any subsequent buyer were Buyer, and any agreement for the sale of all or part of the Receivables by Buyer and any subsequent buyer shall provide further that each Seller shall have a direct right of action against all subsequent purchasers of all or part of the

Receivables with respect to such representations, warranties, terms and indemnities, and Buyer shall use no lower standards in selecting third party purchasers of Receivables than it typically uses for its other receivable portfolios. Buyer shall promptly inform Sellers of the identities of any potential purchasers to whom Buyer furnishes any of the information with respect to the Receivables, and of any subsequent purchasers of the Receivables and Buyer shall only sell Receivables after making a good faith investigation of and a determination that the potential purchaser's integrity and financial reliability conform to the standards set forth in Exhibit F. Sale of some or all Receivables shall not relieve Buyer of any obligation that Buyer has undertaken under this Agreement and Buyer shall be liable to Sellers for the breach of any representation, warranty or covenant or with respect to any indemnity that Buyer is obligated to require that all subsequent buyers adhere to as specified above. This Section 9.1 shall not apply to any resale, transfer or assignment of a Receivable in connection with a securitization or financing so long as Buyer continues to act as servicer of, and otherwise take all actions in respect of, the Receivables (it being understood that, under such circumstances, Buyer shall not be relieved of any obligation that Buyer has undertaken under this Agreement and Buyer shall be liable to Sellers for any actions of other persons involved in the securitization or financing). If Buyer does not continue to act as servicer of, and otherwise take all actions in respect of, the Receivables

resold, transferred or assigned in connection with the securitization or financing, the other persons involved in the securitization or financing shall be treated as subsequent purchasers for purposes of this Agreement.

Section 10. Indemnification.

Section 10.1 By Buyer. With respect to each periodic purchase, Buyer shall indemnify and hold harmless Sellers, Sellers' Affiliates and any of their respective shareholders, officers, directors, agents, employees, representatives or assignees from and against any claim, loss, cost, liability, damage or expense (including, without limitation, reasonable attorney's fees and costs of suits) that arise from (a) any breach by Buyer or any subsequent buyer of the representations, warranties, covenants or other responsibilities set forth in this Agreement, or (b) any other act or omission by Buyer or any of its respective officers, directors, agents, employees, representatives or assignees with respect to the Receivables.

Section 10.2 By Sellers. With respect to each periodic purchase, each Seller shall indemnify and hold harmless Buyer, Buyer's Affiliates and any of their respective share holders, officers, directors, agents, employees, representatives or assignees from and against any claims, loss, cost, liability, damage or expense (including, without limitation, reasonable attorney's fees and costs of suits) that arise from (a) any breach by such Seller of its representations warranties, covenants or other responsibilities set forth in this Agreement,

or (b) any other act or omission by Seller or any of its respective officers, directors, agents, employees, representatives or assignees with respect to the Receivables.

Section 10.3 Indemnification Procedure. Whenever any claim of the type which would occasion indemnification under Section 10 hereof is asserted or threatened against any party hereto, that party shall promptly notify the other party hereto. The notice shall include, if known, the facts constituting the basis for such claim, including, if known, the amount or an estimate of the amount of the liability arising therefrom. In the event of any claim for indemnification hereunder resulting from or in connection with the claim or legal proceedings of a claimant not a party to this Agreement, the indemnifying party shall have the right, at its option, at its expense and with its own counsel (which counsel shall be reasonably satisfactory to the party seeking indemnification) to assume the defense of any such claim or any litigation resulting from such claim or to participate with its own counsel (which counsel shall be reasonably satisfactory to the indemnified party) in the compromise or defense thereof. If the indemnifying party undertakes to assume the defense of any such claim or litigation or participate in the compromise thereof, it shall promptly notify the indemnified party of its intention to do so, and, as a condition to the indemnifying party's indemnification obligation, the indemnified party shall cooperate reasonably with the indemnifying party and its counsel (but at the sole expense of

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

the indemnifying party) in the defense against or compromise of any such claim or litigation. Anything in this Section 10.3 to the contrary notwithstanding, the indemnified party shall not compromise or settle any such claim or litigation without the prior written consent of the indemnifying party, which consent will not be unreasonably withheld; provided, however, that if the indemnified party shall have any potential liability with respect to, or may be adversely affected by, such claim or litigation, the indemnifying party shall not settle or compromise such claim or litigation without the prior written consent of the indemnified party.

Section 10.4 Insurance. With respect to each periodic purchase, Buyer shall from and after the date of this Agreement and at all times that Buyer owns or has obligations in respect of the Receivables, carry and maintain, at Buyer's sole cost and expense, standard commercial general liability insurance, including premises/operations, products, completed operations, personal and advertising liability, including libel and slander, and contractual liability coverages, naming Sellers as additional insureds by endorsement to the policy, to afford protection to the limits of not less than [*] in the aggregate, which requirement may be satisfied if such insurance is maintained by a servicer or by a party to whom Buyer sells or assigns all of the Receivables. Such insurance shall be effected under a valid enforceable policy (or policies) issued by an insurer of recognized responsibility which is licensed in the

States of Connecticut, Georgia, Illinois, Nevada and New York. Buyer shall, contemporaneously with the execution of this Agreement, furnish to Sellers an original certificate evidencing such coverage, and naming Sellers as additional insureds, which certificate shall state that such insurance may not be changed or cancelled without thirty (30) days prior written notice to Buyer and Sellers, and thereafter a certificate of renewal shall be delivered to Sellers not less than thirty (30) days prior to the expiration of the original policy or preceding renewal.

Section 11. Notice of Claims.

Section 11.1 Buyer shall notify Sellers immediately of any claim or threatened claim that may affect any Seller that is discovered by Buyer.

Section 11.2 Sellers shall notify Buyer immediately of any claim or threatened claim that may affect Buyer that is discovered by Sellers.

Section 12. Confidentiality. All oral and written information about Sellers and Buyer, their credit card businesses, their customers, including Account Holders, and this Agreement (including the Periodic Purchase Price) (collectively, the "Records"), are valuable and proprietary assets. Sellers and Buyer, their employees and their agents shall treat the Records as strictly confidential and will not disclose such Records to anyone, provided Buyer may disclose such Records to any subsequent or potential purchaser of the Receivables (or any agents of Buyer retained by Buyer to facilitate a purchase) to

the extent such Records directly relate to the Receivables purchased or proposed to be purchased, provided that Buyer requires said subsequent or potential purchaser (or such agent) to agree to the terms of this confidentiality provision. Each party hereto will use its best efforts to ensure that its employees and agents maintain such confidentiality. Each party hereto will notify the other party hereto immediately upon receiving a subpoena or other legal process about the other party's Records and will cooperate with the other party thereto to comply with or oppose the subpoena or legal process.

This Section 12 will not apply to information, documents, and material that are in the public domain other than through a wrongful act or omission of a party hereto.

Section 13. Termination.

Section 13.1 Termination. Notwithstanding any provision in this Agreement to the contrary, the parties hereto acknowledge and agree that any party may terminate this Agreement with respect to all purchases scheduled to be made thereafter under this Agreement ("Future Sales") on sixty (60) days' notice to the other parties, in which event the parties shall be released of any obligations in respect of such Future Sales.

Section 14. Miscellaneous.

Section 14.1 Notices. All notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified

Building E, Suite 300
Atlanta, Georgia 30328
Attention: Manager, Asset Management Group

if to Buyer to:

Midland Credit Management, Inc.
500 West First Street
Hutchinson, Kansas 67504
Attention: Frank Chandler

Any party hereto may change the person, address or telecopier number to which notice shall be sent by giving written notice of such change to the other party in the manner provided herein.

Section 14.2 Assignment. Except as provided in Section 9.1 hereof in respect of Buyer's Resale of Accounts, Buyer may not assign any of its rights or obligations hereunder without Sellers' prior written consent, except that this Section 13.2 shall not be deemed to prohibit Buyer from granting a security interest in the Receivables (other than Non-Conforming Receivables) to a lender or lenders in connection with a financing of the purchases made by Buyer hereunder. Any Seller freely may assign its rights and/or obligations hereunder without Buyer's consent.

Section 14.3 Expenses. Except as otherwise expressly provided in this Agreement, Buyer and each Seller will each bear its own out-of-pocket expenses in connection with the transaction contemplated by this Agreement.

Section 14.4 Entire Agreement. This Agreement contains the entire agreement and understanding between the parties with regard to the subject matter hereof, and supersedes all prior agreements and understanding relating to the subject matter of this Agreement. The parties make no representations or

warranties to each other, except as specifically set forth in or specified by this Agreement. All prior representations and statements made by any party or its representatives, whether verbally or in writing, are deemed to have been merged into this Agreement.

Section 14.5 Amendment. Neither this Agreement nor any of its provisions may be changed, waived or discharged orally. Any change, waiver or discharge may be effected only by a writing signed by the party against which enforcement of such change, waiver or discharge is sought.

Section 14.6 Governing Law; Severability. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York. If any one or more of the provisions of this Agreement, for any reason, is held to be invalid, illegal or unenforceable, the invalidity, illegality or unenforceability will not affect any other provision of this Agreement, and this Agreement will be construed without this invalid, illegal or unenforceable provision.

Section 14.7 Waivers, Etc. No waiver of any single breach or default of this Agreement shall be deemed a waiver of any other breach or default of this Agreement. All rights and remedies, either under this Agreement or by law or otherwise afforded to a party, will be cumulative and not alternative.

Section 14.8 Remedies. If Buyer does not pay the full amount due and owing Sellers on a Periodic Purchase Date or if Buyer otherwise is in default under this Agreement, Sellers shall

not be obligated to tender any and all remaining Receivables and Sellers may sell the Receivables to another person. In such event, Buyer shall pay Sellers, notwithstanding any other rights and remedies available to Sellers by law or under this Agreement, for Sellers' damages resulting from Buyer's failure to comply with the terms of this Agreement, all of Sellers' reasonable expenses, including attorneys' fees to enforce this Agreement, and including without limitation, the payment or enforcement of any obligations of Buyer and interest at the highest lawful rate calculated on an annualized basis for the period of time during which all sums due and owing under this Agreement remain unpaid. Sellers' damages shall include, but shall not be limited to, the monetary difference, if any, between what the Receivables are sold for and the amount Buyer is otherwise obligated to pay Sellers under this Agreement. If Sellers do not pay the full amount due and owing Buyer pursuant to this Agreement or if Sellers otherwise are in default under this Agreement, Buyer shall have all rights and remedies available to Buyer by law or under this Agreement.

Section 14.9 Survival. All the representations, warranties, terms and covenants, including but not limited to indemnifications, shall survive the sale of the Receivables from Sellers to Buyer.

Section 14.10 Headings. Paragraph headings are for reference only, and will not affect the interpretation or meaning of any provision of this Agreement.

Section 14.11 Counterparts. This Agreement may be signed in one or more counterparts, all of which taken together will be deemed one original.

Section 14.12 Offsets. Any payment required to be made by a Seller to Buyer may be offset by any payment required to be made by Buyer to any Seller.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized officers as of the date first shown above.

MONTGOMERY WARD CREDIT CORPORATION

By: /s/ DEBORAH S. GALLAGHER

MONOGRAM CREDIT CARD BANK OF GEORGIA

By: /s/ RICK BREWER

MIDLAND CREDIT MANAGEMENT, INC.

By: /s/ FRANK CHANDLER

THIS EXHIBIT CONTAINS CONFIDENTIAL INFORMATION WHICH HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST UNDER RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED. THE CONFIDENTIAL INFORMATION ON PAGE 1 HAS BEEN REPLACED WITH ASTERISKS.

* Confidential information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

Exhibit 10.21

Dated As Of _____, 1999

Mr. Frank Chandler
Midland Credit Management, Inc.
500 West First Street
Hutchinson, Kansas 67504

Re: Amendment of Receivable Purchase Agreement

Dear Frank:

This letter agreement, by and between MONTGOMERY WARD CREDIT CORPORATION AND MONOGRAM CREDIT CARD BANK OF GEORGIA (collectively, the "Sellers") AND MIDLAND CREDIT MANAGEMENT, INC. (the "Buyer"), amends that certain Receivable Purchase Agreement, dated as of AUGUST 28, 1998, by and between the Sellers and the Buyer, as such agreement has been amended by prior letter agreements of September 1998 and January 1999 (the "Agreement"). Capitalized terms used but not otherwise defined herein have the meaning ascribed to such terms in the Agreement.

1. For purposes of the sale and purchase of Receivables transactions between the Sellers and the Buyer in 1999, the definitions set forth in Section 1 of the Agreement with respect to "Periodic Purchase Date", "Periodic Purchase Price" and "Write Off Period", shall be amended as follows:

"Periodic Purchase Date" means February 26, 1999, March 26, 1999, April 30, 1999, May 28, 1999, June 25, 1999, July 30, 1999, August 27, 1999, September 24, 1999, October 29, 1999, November 26, 1999, and December 29, 1999 (or with respect to any such date, such earlier date as may be agreed to by the parties in writing), and on each of such date Sellers shall sell, and Buyers shall purchase, the Receivables listed on the Periodic Receivables Schedule for such date.

"Periodic Purchase Price" means on each Periodic Purchase Date, an amount equal to (a) [*] multiplied by (b) the balance of the Receivables being sold on such Periodic Purchase Date as of the Cut-Off Date, as reflected on the Periodic Receivable Schedule (as indicated by Sellers prior to such Periodic Purchase Date).

"Write-Off Period" means the following for each Periodic Purchase Date:

February 26, 1999 (or such earlier date as The period commencing January 1, 1999 through and may be agreed to in writing) including February 19, 1999

March 26, 1999 (or such earlier date as may be agreed to in writing)
The period commencing February 20, 1999 through and including March 19, 1999

April 30, 1999 (or such earlier date as may be agreed to in writing)
The period commencing March 20, 1999 through and including April 23, 1999

May 28, 1999 (or such earlier date as may be agreed to in writing)
The period commencing April 24, 1999 through and including May 21, 1999

June 25, 1999 (or such earlier date as may be agreed to in writing)
The period commencing May 22, 1999 through and including June 18, 1999

July 30, 1999 (or such earlier date as may be agreed to in writing)
The period commencing June 19, 1999 through and including July 23, 1999

August 27, 1999 (or such earlier date as may be agreed to in writing)
The period commencing July 24, 1999 through and including August 20, 1999

September 24, 1999 (or such earlier date as may be agreed to in writing)
The period commencing August 21, 1999 through and including September 17, 1999

October 29, 1999 (or such earlier date as may be agreed to in writing)
The period commencing September 18, 1999 through and including October 22, 1999

November 26, 1999 (or such earlier date as may be agreed to in writing)
The period commencing October 23, 1999 through and including November 19, 1999

December 29, 1999 (or such earlier date as may be agreed to in writing)
The period commencing November 20, 1999 through and including December 24, 1999

2. Section 6.3(b) of the Agreement shall be replaced with the following:

(b) Determine whether the statute of limitations with respect to the Receivables has expired, and if Buyer determines to collect or attempt to collect Receivables, if any, as to which the statute of limitations has expired, Buyer shall do so only to the extent and in a manner permitted by law;

3. At the end of Section 8.1 of the Agreement (i.e. after subsection 8.1(g)), add the following paragraph: ----

For the avoidance of doubt and notwithstanding anything otherwise provided herein, the parties hereto acknowledge and agree that a Receivable shall not constitute a Non-Conforming Receivable, or that a representation or warranty of Seller shall be untrue or breached, solely because the statute of limitations applicable to the Receivable has expired.

- 4. Except as provided herein, all of the terms and conditions of the Agreement shall continue in full force and effect, and shall be fully binding on the parties hereto to the extent applicable in the Agreement prior to execution of this letter agreement. Upon execution of this letter agreement, each reference to "this Agreement", 'hereunder', "hereof", or words of like import, shall mean and be a reference to the Agreement as amended hereby.
- 5. This letter agreement may be executed in multiple counterparts, all of which when taken together shall constitute one and the same document, and any of the parties hereto may execute this letter agreement by signing any such counterpart.
- 6. If the foregoing correctly states your understanding of the agreement between the Sellers and the Buyer, kindly acknowledge the same by signing this letter agreement and returning it to the undersigned.

MONTGOMERY WARD CREDIT CORPORATION

MONOGRAM CREDIT CARD BANK OF GEORGIA

MIDLAND CREDIT MANAGEMENT, INC.

By:

By:

By:

/s/ BRENT P. WALLACE

/s/ LAUREN K. POOREY

/s/ FRANK CHANDLER

Title:

Title:

Title:

VICE PRESIDENT

VP-COMPLIANCE & OPERATIONS

PRES.

Subsidiaries of MCM Capital Group, Inc. *

Subsidiary -----	State of Incorporation -----
Midland Credit Management, Inc.	Kansas
Midland Receivables 98-1 Corporation	Delaware
Midland Funding 98-A Corporation	Delaware

- -----
* Represents structure following merger of Midland Corporation of Kansas into MCM Capital Group, Inc. which will occur prior to this offering.