

Forms and Exhibits Exhibit H-D

MPF Direct Product Exhibit H - D: Bailee Letter

Wells Fargo Bank, N.A.
751 Kasota Avenue
Minneapolis, MN 55414
Attention: Document Custody MPF Direct Client Services

E-mail: sarah.j.woods@wellsfargo.com

Re: Sale of certain mortgage loans of from _____ (“Selling PFI”) to The Federal Home Loan Bank of Chicago (the “Seller”) and from Seller to Redwood Residential Acquisition Corporation (the “Purchaser”)

Gentlemen and Gentlewomen:

This constitutes notice of an impending sale by the Selling PFI to the Seller, and the subsequent sale transaction between the Seller and the Purchaser and in consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Selling PFI, the Purchaser and Wells Fargo Bank, N.A. (the “Custodian”) hereby agree pursuant to this Bailee Letter (“Bailee Letter”) as follows:

1. Prior to the sale referenced in the paragraph above, the Selling PFI shall deliver to the Custodian, as bailee for the exclusive benefit of the Selling PFI, at the address and contact listed above, the following documents (collectively, the “Mortgage Loan Documents”) for each mortgage loan listed in Exhibit A hereto (the “Mortgage Loans”):

A. With respect to each Mortgage Loan other than a Cooperative Loan, the Mortgage Loan Documents shall consist of the following:

- (i) the original mortgage note together with any applicable riders, bearing all intervening endorsements, endorsed in blank and signed in the name of the

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Selling PFI by an officer thereof with all prior and intervening endorsements as may be necessary to show a complete chain of endorsement;

- (ii) the original assignment of Mortgage from the Selling PFI with assignee's name left blank;
- (iii) the original of any guarantee executed in connection with the mortgage note;
- (iv) the original mortgage, or a copy thereof with evidence of recording thereon, or if any such mortgage has not been returned from the applicable recording office or has been lost, or if such public recording office retains the original recorded mortgage, a photocopy of such mortgage certified by the Selling PFI to be a true and complete copy of the original recorded mortgage;
- (v) the originals of all assumption, modification, consolidation or extension agreements, if any, with evidence of recording thereon;
- (vi) the originals of all intervening assignments of mortgage, or copies thereof with evidence of recording thereon, or if any such intervening assignment of mortgage has not been returned from the applicable recording office or has been lost, or if such public recording office retains the original recorded assignments of mortgage, a photocopy of such intervening assignment of mortgage, certified by the Selling PFI to be a true and complete copy of the original recorded intervening assignment of mortgage;
- (vii) the original mortgagee title insurance policy including an Environmental Protection Agency Endorsement or if such original title insurance policy has not yet been issued, evidence binding the title insurance company to issue such title insurance policy;
- (viii) a copy of any applicable power of attorney.

B. With respect to each Mortgage Loan that is a Cooperative Loan, the Mortgage Loan Documents shall consist of the following:

- (i) the original mortgage note together with any applicable riders, endorsed in blank, and signed in the name of the Selling PFI by an officer thereof, with all prior and

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- intervening endorsements as may be necessary to show a complete chain of endorsements;
- (ii) the original security agreement, the original of all intervening assignments of security agreement, and the original assignment of security agreement signed in the name of the Selling PFI by an officer thereof, with the assignee's name left blank;
 - (iii) the original cooperative lease and an original assignment of the cooperative lease signed in the name of the Selling PFI by an officer thereof, with the assignee's name left blank;
 - (iv) the original recognition agreement and the original assignment of the recognition agreement signed in the name of the Selling PFI by an officer thereof, with the assignee's name left blank;
 - (v) the original or copy of the consent, if any;
 - (vi) the original or copy of the estoppel letter, if any;
 - (vii) the original stock certificate representing the cooperative shares and original stock power signed in the name of the Selling PFI by an officer thereof, with the assignee's name left blank;
 - (viii) the original UCC-1 financing statement with evidence of filing; and
 - (ix) the original UCC-3 assignment in blank.

Any documents, original recorded mortgages or assignments not delivered to the Custodian on the Delivery Date shall be submitted to the Custodian, as applicable, in accordance with provisions of the documents governing the sale of loans.

2. The Custodian hereby agrees to hold each Mortgage File as bailee for the exclusive benefit of the Selling PFI and to hold the Mortgage Loan Documents solely for the purpose of reviewing such Mortgage Loan Documents in connection with the proposed purchase of the related Mortgage Loans. Until such time as the Seller provides the Custodian with a copy of the Release (as defined in Paragraph 3 hereof), the Custodian shall not honor any communications from any third party relating to the Mortgage Loan Documents, or deliver the

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Mortgage Loan Documents to any third party or the Purchaser without the prior written consent of the Selling PFI. Upon receipt of the Release, the Custodian shall thereafter hold each Mortgage File for the Purchaser's benefit. Notwithstanding the foregoing, the Custodian shall, upon receipt of instructions from the Selling PFI, with confirmation from the Purchaser and a copy of this Bailee Letter, release the Mortgage Loan Documents to the Selling PFI if the Custodian has not previously received a Release for such Mortgage Loan Documents.

3. On the date mutually agreed upon by the Purchaser and the Seller, the Seller and the Purchaser shall close the transaction for the purchase of the Mortgage Loans as mutually agreed by the parties. Immediately upon receipt of the purchase proceeds as mutually agreed upon by the parties (the "Purchase Proceeds"), the Seller shall deliver to the Custodian a release in the form of an electronic list of loans (the "Release"), constituting a release of the Mortgage Loan Documents to the Purchaser. Upon receipt of such Release, the Purchaser shall be entitled to retain the Mortgage Loan Documents for its own account. Notwithstanding anything to the contrary contained herein, in the event the Seller or its designee fails to deliver the Release to the Custodian upon receipt of the Purchase Proceeds, the Custodian shall continue to hold each Mortgage File for the Mortgage Loans as bailee for, and for the benefit of, the Selling PFI, until advised otherwise in a writing signed by the Seller and the Purchaser. The Custodian may rely on and shall be protected in acting upon any certificate, instrument, opinion, notice, letter, telegram or other document delivered to it by any other person or entity and which in good faith it believes to be genuine and which has been signed by the proper party or parties. The Seller agrees that it shall use commercially reasonable efforts to provide, or cause to be provided, the Release (as contemplated above) no later than one (1) business day following the receipt of the Purchase Proceeds by the Selling PFI.

4. The agreement set forth in this Bailee Letter may not be modified, amended or altered, except by written instrument, executed by the parties hereto.

5. For the purpose of facilitating the execution of this Bailee Letter as herein provided and for other purposes, this Bailee Letter may be executed simultaneously in any number of counterparts, each of which counterparts shall be deemed to be an original, and such counterparts shall constitute and be one and the same instrument.

The parties hereto further agree that the Custodian shall not have any obligation to reimburse (out of its own funds) for, or otherwise provide (out of its own funds) for, any fees, advances, adjustment payments, out-of-pocket costs, or other amounts owing pursuant to this Bailee Letter.

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6. The sole obligation of the Custodian with respect to the Mortgage Loan Documents shall be to perform the services expressly described herein, there being no implied duties hereunder. The Custodian shall not be liable for any losses, damages, penalties, fines, forfeitures, reasonable and necessary legal fees and related costs, judgments, and other costs and expenses resulting from any claim, demand, defense or assertion based on or grounded upon, or resulting from, action taken by the Custodian consistent with written instructions provided by the Purchaser or Seller or Selling PFI or any party hereto, as applicable. The Custodian makes no representation or warranty with respect to any of the Mortgage Loans or the contents noted in Exhibit A. In no event shall the Custodian, its directors, officers, employees or agents be liable for any indirect, special or consequential damages.

[signature page follows]

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Very truly yours,

[SELLING PFI _____]

By: _____

Name: _____

Title: _____

**PLEASE CONFIRM YOUR AGREEMENT TO THE TERMS OF THIS LETTER BY SIGNING
AND RETURNING ONE OF THE ENCLOSED COPIES OF THIS LETTER.**

THE FEDERAL HOME LOAN BANK OF CHICAGO,

as Seller

By: _____

Name: _____

Title: _____

_____, as Selling PFI

ACCEPTED AND AGREED:

REDWOOD RESIDENTIAL ACQUISITION CORPORATION,

as Purchaser

By: _____

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Name: _____

Title: _____

WELLS FARGO BANK, N.A.

as Custodian

By: _____

Name: _____

Title: _____

Exhibit A to the Bailee Letter

MORTGAGE LOANS